uniper

Annual Report 2020

Financial Results

Performance Indicators at a Glance

Financial and Non-Financial Indicators for the Uniper Group[1]

	Unit	2020	2019	2018	2017	2016
Power procurement and owned generation	Billion kWh	558.0	616.8	709.0	728.2	693.8
Electricity sales	Billion kWh	552.9	612.7	707.0	725.9	691.3
Gas volume sold	Billion kWh	2,205.9	2,179.3	2,019.3	1,944.8	1,725.7
Direct carbon emissions fuel combustion	Million t CO_2	42.6	47.0	59.5	63.3	72.7
Carbon intensity[2]	g/kWh	453	445	499	506	502
Sales[3]	€ in millions	50,968	65,804	91,813	72,238	67,285
Adjusted EBIT[4]	€ in millions	998	863	865	1,114	1,362
For informational purposes: Adjusted EBITDA[4]	€ in millions	1,657	1,561	1,543	1,741	2,122
Net income/loss[1]	€ in millions	402	644	-442	-538	-3,234
Earnings per share[3 5 6]	€	1.08	1.67	-1.10	-1.79	-8.79
Dividend proposal / Dividend per share[4]	€	1.37	1.15	0.90	0.74	0.55
Cash provided by operating activities (operating cash flow)	€ in millions	1,241	932	1,241	1,385	2,184
Adjusted net income[4]	€ in millions	774	614	N/A	N/A	N/A
Investments	€ in millions	743	657	642	843	781
Growth	*€ in millions*	*406*	*297*	*325*	*451*	*381*
Maintenance and replacement	*€ in millions*	*336*	*361*	*317*	*392*	*400*
Economic net debt[7]	€ in millions	3,113	2,650	2,509	2,445	4,167
Employees as of the reporting date		11,751	11,532	11,780	12,180	12,635
Proportion of female employees	%	25.2	24.6	24.2	23.9	24.1
Average age	Years	45	45	44	44	44
Employee turnover rate	%	3.7	4.5	4.7	5.0	4.0

[1]Comparative disclosures are not restated when the scope of consolidation changes.

[2]Uniper's carbon intensity is defined as the ratio between direct fossil-fuel-derived CO_2 emissions from electricity and heat generation from Uniper's fully consolidated stationary facilities (financial control approach) and Uniper's generation volume. This indicator does not include facilities that produce only heat and/or steam.

[3]The comparative figures shown have been restated based on changes in accounting and presentation methods for 2018 only. The figures for 2017 and 2016 continue to be presented as originally reported.

[4]Adjusted for non-operating effects.

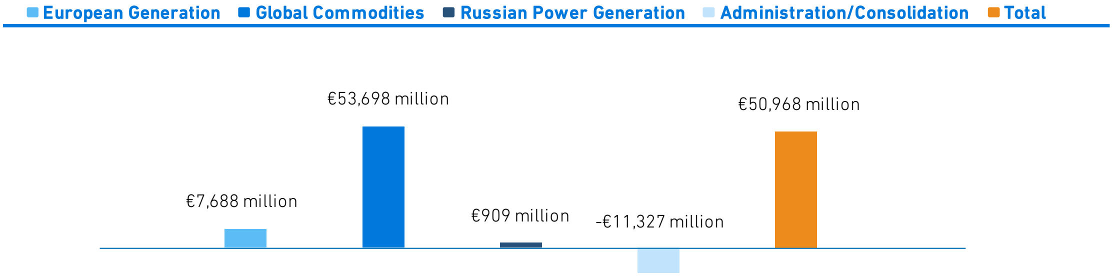
[5]Basis: outstanding shares as of reporting date.

[6]For the respective fiscal year.

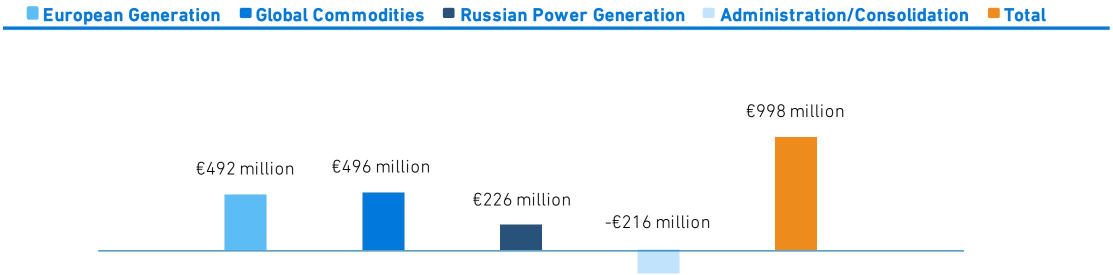
[7]Beginning in 2019, margining receivables are reported as part of economic net debt for the first time. Economic net debt as of December 31, 2018, has been adjusted for consistency. Additional information on this topic can be found in the Financial Condition section of the Annual Report.

Selected Financial Performance Indicators by Segment

External Sales Revenues



Adjusted EBIT



Only the German version of this Annual Report is legally binding.

This Annual Report, and especially the Forecast Report section, contains certain forward-looking statements that are based on current assumptions and forecasts made by Uniper SE management and on other information currently available to Uniper SE management. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial condition, development or performance of the Company to differ materially from that anticipated in the estimates given here. Risks and chances of this nature include, but are not limited to, the risks and chances specifically described in the Risk and Chances Report. Uniper SE does not intend, and specifically disclaims any obligation, to update such forward-looking statements or to revise them in line with future events or developments.

Content

Dear Shareholders,

Uniper had a successful year in 2020. The course for the Company's transformation towards a greener future was set in good time after the German government's decision on the coal phase-out in Germany. At the same time, talks on cooperation with Fortum, the majority shareholder, were resumed. The initial areas of cooperation were identified, based in part on the fact that the two companies' strategies focus on comparable areas. The task is now to deepen the cooperation for the benefit of both companies and their shareholders and to follow up the announcements with action.

There was a change in Supervisory Board membership in April 2020 after Fortum increased its stake in Uniper to over 73%. The former Chairman and four other shareholder representatives on the Supervisory Board resigned their mandates on April 3, 2020. Five new members of the Supervisory Board were initially appointed by the court and then confirmed by ordinary election at the Annual General Meeting on May 20, 2020.

In June 2020, the Management Board team was completed with the appointment of Niek den Hollander to the position of Chief Commercial Officer.

The fiscal year was overshadowed by the Covid-19 pandemic, which presented both Uniper and the entire economy and society with major challenges. Uniper was able to respond quickly and appropriately to the situation and successfully ensured the Company's continuous business operations. Increasing digitalization within the Company ensured that numerous business processes could also be successfully managed remotely and that a large proportion of employees, particularly in administration, could work from their home offices.

In the 2020 fiscal year, the Supervisory Board of Uniper SE carefully performed all its duties and obligations under law, the Company's Articles of Association, and its own rules of procedure. It thoroughly examined the Company's situation and discussed in depth the consequences of its continually changing energy policy and economic environment.

The Supervisory Board advised the Management Board regularly about the Company's management and continually monitored the Management Board's activities. The Supervisory Board assured itself that the Company's management was legal, purposeful, and orderly. The Supervisory Board was closely involved in all business transactions of key importance to the Company and discussed these transactions thoroughly based on the Management Board's reports, among other things.

The Management Board regularly provided the Supervisory Board with timely and comprehensive information in both written and oral form. At its plenary meetings and in its committees, the Supervisory Board had sufficient opportunity to actively discuss the Management Board's reports, motions, and proposed resolutions. Where required by law, the Company's Articles of Association, or the rules of procedure, the Supervisory Board decided on the resolutions proposed by the Management Board after thoroughly examining and discussing them.

The Supervisory Board dealt with issues of relevance to the Company and, where necessary, adopted resolutions on these issues in four ordinary and six extraordinary meetings. A detailed list of meetings and the corresponding individual meeting attendance can be found on page 6 of the Annual Report.

Key Topics of the Supervisory Board's Discussions

With respect to the Group's operating business, the Supervisory Board discussed in detail the price movements in the national and international energy markets and the business situation of the Group, about which the Management Board provided continuous information. More specifically, the Supervisory Board discussed Uniper's and the Uniper Group's current assets, financial condition and earnings, as well as workforce developments and the earnings opportunities and risks for the Group. At regular intervals the Supervisory Board also discussed the development of currencies relevant for Uniper.

The Supervisory Board was also provided information on a regular basis about the Company's health, (occupational) safety, and environmental and sustainability performance. This included reports on progress in the implementation of the Company-wide HSSE & S (Health, Safety, Security, Environment and Sustainability) improvement plan and the development of accident figures and greenhouse gas emissions. Other focal points in the area of sustainability were the topics of diversity in the Company and dialog with non-governmental organizations.

Other central topics of the discussions included developments in European and German energy policy, the ongoing development of the regulatory environment, and the macroeconomic and economic-policy situation in the countries in which Uniper is active, especially as regards their impact on each of Uniper's various business areas. In particular, the Supervisory Board dealt with Uniper's position on the coal phase-out in Germany, which is of considerable importance for the continuation of Uniper's business. Uniper's first success in the German Federal Network Agency's tender process to reduce the generation of electricity from hard-coal-fired plants and small-scale lignite-fired plants was the award of a contract to close its Heyden power plant in North Rhine-Westphalia by December 31, 2020.

The Management Board reported in detail to the Supervisory Board on the equity story for the capital market as well as on the status of strategy implementation and necessary adjustments to the strategy. A particular focus was on Uniper's transformation, with its market entry into the renewable energies business and the expansion of the hydrogen business.

Current developments in Uniper's business activities were thoroughly discussed. The Management Board informed the Supervisory Board about generation activities, including the commissioning of the Datteln 4 hard-coal-fired power plant in Germany, which has now been completed. Furthermore, the Supervisory Board was continuously informed by the Management Board about the progress of the reconstruction of the Russian Berezovskaya 3 power plant and the associated capacity contracts.

Regarding the global trading business, the Supervisory Board was informed in detail about new procurement and supply contracts as well as price renegotiation requests from major gas suppliers. Reports were also provided on an ongoing basis on Uniper's involvement in the Nord Stream 2 pipeline project – particularly in light of possible sanction risks.

The Management Board discussed the Uniper Group's financing requirements with the Supervisory Board in detail and continuously discussed the Company's current and future rating situation in depth. In addition, the Supervisory Board was continuously informed about the performance of the Uniper share on the market and analysts' ratings.

The Supervisory Board discussed in detail with the Management Board the Uniper Group's medium-term planning for the years 2021 to 2023 based on updated assumptions regarding the long-term development of energy and commodity prices, capacity market premiums, and seasonal price differences, and approved the budget for 2021 following in-depth discussions.

Finally, at several ordinary and extraordinary meetings in 2020, the Supervisory Board again dealt intensively with Fortum's entry as a major shareholder and the legal, strategic, regulatory and financial consequences for Uniper resulting from the changed shareholder structure.

In the second half of the reporting year, the Supervisory Board dealt in particular with the principles of cooperation in the so-called de facto Group with Fortum and with the structure of potential cooperation areas and initiatives.

The Supervisory Board also dealt with the summarized separate non-financial report as of December 31, 2020 prepared by the Management Board. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, conducted an audit ("limited assurance") and issued an unqualified opinion on an audit to obtain limited assurance on the combined non-financial report. Following its examination, the Supervisory Board had no objections.

Finally, we also discussed the activity reports of the Supervisory Board's committees.

Report on Relationships with Affiliated Companies 2020

The Management Board of Uniper SE prepared a report on Uniper SE's relationships to affiliated companies for the period from January 1, 2020 to December 31, 2020 in accordance with Section 312 AktG and immediately submitted it to the Supervisory Board.

The auditor has issued the following opinion on the report on relationships with affiliated companies:

> "In accordance with our mandate, we have audited the report of the Management Board pursuant to Section 312 AktG on relationships with affiliated companies pursuant to Section 313 AktG for the reporting period from January 1, 2020 to December 31, 2020. Since the results of our audit did not give rise to any objections, we are issuing the following audit report in accordance with Section 313 (3) sentence 1 AktG:
>
> Following our audit and assessment in accordance with professional standards, we confirm that
>
> 1. the factual statements in the report are correct,
>
> 2. the consideration paid by the Company for the legal transactions listed in the report was not unreasonably high."

The Supervisory Board has examined the report of the Management Board on relationships with affiliated companies. It discussed the report in detail with the Management Board at its meeting on March 3, 2021; the auditor attended this meeting and reported on the key findings of its audit.

On the basis of its examination, the Supervisory Board has come to the conclusion that the report of the Management Board on relationships with affiliated companies complies with the legal requirements. Following the final result of the Supervisory Board's examination, there are no objections raised to the declaration of the Management Board at the end of the report on relationships with affiliated companies.

Corporate Governance

In January 2020, the Supervisory Board dealt in detail with the German Corporate Governance Code and, on this basis, jointly with the Management Board issued the annual declaration of compliance with the German Corporate Governance Code (GCGC) pursuant to section 161 of the German Stock Corporation Act (AktG) for Uniper SE, which was updated on December 22, 2020. Since then, it has been publicly accessible on Uniper SE's website. Further information on corporate governance is available in the Corporate Governance Declaration.

Committee Work

To fulfill its duties carefully and efficiently, the Supervisory Board has created the committees described in detail below. Information about the committees' composition and responsibilities can also be found in the Corporate Governance Declaration. Within the scope permissible by law, the Supervisory Board has transferred to the committees the authority to adopt resolutions on certain matters. Committee chairs reported the agenda and results of their respective committee's meetings to the full Supervisory Board on a regular basis, typically at the Supervisory Board meeting subsequent to their committee meeting.

- The Executive Committee of the Supervisory Board met a total of four times in the 2020 fiscal year. All members of the committee attended each of these meetings. This committee mainly prepared the meetings of the full Supervisory Board. It also prepared the appointment of new members to individual Management Board positions and approved the corresponding adjustment to the allocation of responsibilities of the Management Board. In addition, the Executive Committee prepared the Supervisory Board's resolutions to determine that the Management Board met its targets for 2020 and to set the targets for 2021. Furthermore, it discussed Management Board compensation and did comprehensive preparatory work for the Supervisory Board's resolutions on these matters.

- The Audit and Risk Committee met five times in the 2020 fiscal year. One member of the committee did not attend one meeting, and all members attended the remaining meetings. In an in-depth examination – taking into account the auditor's reports and in discussion with the auditor – the committee dealt in particular with the annual financial statements and consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) for the 2020 fiscal year and, each quarter, the interim reports of Uniper SE in 2020, including the quarterly statements. The committee discussed the proposal for the appointment of the auditor and gave instructions for its audit services, defined the focal points and costs of the audit as well as reviewed the quality of the audit, the auditor's qualification and its independence in accordance with the requirements of the German Corporate Governance Code. The committee also discussed in detail the Combined Management Report and the proposal for the appropriation of profits, prepared the corresponding recommendations to the Supervisory Board and reported to the Supervisory Board. The Audit and Risk Committee also intensively addressed market conditions, especially market changes, as well as regulatory and political developments and the resulting impairment consequences for Uniper's activities.

  Extensive discussions were also held on issues relating to accounting, the internal control system (ICS) and the audit of risk management, the Company's risk-bearing capacity and quality assurance of the risk management system. This examination was based on consultations with the independent auditor and, among other things, reports from the Company's Risk Committee. On the basis of the quarterly risk reports, the committee determined that no risks were identifiable in each case that could jeopardize the continued existence of the Group or individual segments. The committee also addressed in detail the work performed by internal audit, including the audits conducted in 2020, and dealt with audit planning and the determination of audit priorities. Furthermore, the committee discussed the compliance reports and the compliance system, as well as other issues related to auditing. The Management Board also reported on ongoing proceedings and on legal and regulatory risks for the Uniper Group's business. The Committee regularly discussed the current status and development of Uniper's rating.

  The Chairman of the Audit Committee also maintained a dialog with the auditors and the Management Board outside the meetings.

- The Special Committee on Takeover Matters met one time in 2020 and dealt mainly with the implications of the planned majority acquisition by Fortum. All members of the committee attended this meeting. The committee was dissolved on April 22, 2020 following the replacement of the Supervisory Board.

- The Nomination Committee did not meet in the 2020 fiscal year.

The following overview shows the individual participation of the members of the Supervisory Board in the meetings of the Supervisory Board and its committees; in each case as the participation of that member in the meetings of the Supervisory Board during the term of office or committee activity of the respective member:

Overview of the Attendance of Supervisory Board Members at Meetings of the Supervisory Board and Its Committees

Supervisory Board member	Supervisory Board meetings	Executive Committee	Audit and Risk Committee	Special Committee on Takeover Activities	Nomination Committee[1]
Prof. Dr. Klaus-Dieter Maubach	6/6	2/2	–	–	–
Dr. Bernhard Reutersberg	3/3	2/2	–	1/1	–
Ingrid Marie Åsander	10/10	–	–	–	–
Oliver Biniek	10/10	–	4/5	–	–
Prof. Dr. Werner Brinker	6/6	2/2	–	–	–
Jean-François Cirelli	3/3	2/2	–	1/1	–
David Charles Davies	3/3	–	2/2	–	–
Dr. Bernhard Günther	6/6	–	3/3	–	–
Dr. Marion Helmes	3/3	–	2/2	1/1	–
Barbara Jagodzinski	10/10	4/4	–	1/1	–
André Muilwijk	10/10	–	5/5	1/1	–
Rebecca Ranich	3/3	–	–	–	–
Markus Rauramo	10/10	4/4	–	–	–
Immo Schlepper	10/10	4/4	–	–	–
Harald Seegatz	10/10	4/4	–	1/1	–
Sirpa-Helena Sormunen	6/6	–	–	–	–
Tiina Tuomela	6/6	–	3/3	–	–

[1]No session in 2020.

Examination and Approval of the Annual Financial Statements, Approval of the Consolidated Financial Statements, Proposal for Profit Appropriation for the Year Ended December 31, 2020

PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Düsseldorf, the independent auditor chosen by the Annual Shareholders Meeting and appointed by the Supervisory Board, audited and submitted an unqualified opinion on the Annual Financial Statements of Uniper SE and the Combined Management Report for the year ended December 31, 2020.

Furthermore, the auditor examined Uniper SE's early-warning system regarding risks. This examination revealed that the Management Board has taken appropriate measures to meet the requirements of risk monitoring and that the early-warning system regarding risks is fulfilling its tasks.

At the meeting of the Supervisory Board on March 3, 2021, we thoroughly discussed – in the presence of the independent auditor and with knowledge of, and reference to, the Independent Auditor's Report and the results of the preliminary review by the Audit and Risk Committee – Uniper SE's Annual Financial Statements, Consolidated Financial Statements, Combined Management Report, and the Management Board's proposal for profit appropriation. The independent auditor was available for supplementary questions and answers. After concluding its own examination, the Supervisory Board determined that there are no objections to the findings. We therefore acknowledged and approved the Independent Auditor's Report.

The Supervisory Board approved the Annual Financial Statements of Uniper SE prepared by the Management Board and the Consolidated Financial Statements. The Annual Financial Statements are thus adopted. The Supervisory Board agrees with the Combined Management Report and, in particular, with its statements concerning the Company's future development.

The Supervisory Board examined the Management Board's proposal for profit appropriation, which includes a cash dividend of €1.37 per ordinary share, also taking into consideration the Company's liquidity and the financing and investment planning. The proposal is in the Company's interest with due consideration for the shareholders' interests. After examining and weighing all arguments, the Supervisory Board agrees with the Management Board's proposal for profit appropriation.

Personnel Changes on the Supervisory Board and Its Committees

On April 3, 2020, Dr. Bernhard Reutersberg, Jean-François Cirelli, David Davies, Dr. Marion Helmes and Rebecca Ranich resigned from the Supervisory Board as a result of the majority takeover by Fortum.

On April 17, 2020, Prof. Dr. Klaus-Dieter Maubach, Prof. Dr. Werner Brinker, Dr. Bernhard Günther, Sirpa-Helena Sormunen and Tiina Tuomela were appointed by the court as new members of the Supervisory Board with effect until the end of the Annual General Meeting on May 20, 2020.

On April 22, 2020, Prof. Dr. Klaus-Dieter Maubach was elected Chairman of the Supervisory Board, Chairman of the Executive Committee and member of the Nomination Committee. On the same day, Dr. Bernhard Günther was elected as a member of the Audit and Risk Committee, Prof. Dr. Werner Brinker was elected as a member of both the Executive Committee and the Nomination Committee, and finally Tiina Tuomela was elected as a member of the Audit and Risk Committee. In addition, Dr. Bernhard Günther was elected as Chairman of the Audit and Risk Committee on May 4, 2020.

On May 20, 2020, the Annual General Meeting of Uniper SE elected Prof. Dr. Klaus-Dieter Maubach, Prof. Dr. Werner Brinker, Dr. Bernhard Günther, Sirpa-Helena Sormunen and Tiina Tuomela as ordinary members of the Supervisory Board. With the termination of the court appointments, the memberships in the corresponding committees also ended.

Effective May 20, 2020, Prof. Dr. Klaus-Dieter Maubach was re-elected Chairman of the Supervisory Board, Chairman of the Executive Committee and member of the Nomination Committee. Also effective May 20,2020, Prof. Dr. Werner Brinker was reelected as a member of the Executive Committee and the Nomination Committee, and Tiina Tuomela was reelected as a member of the Audit and Risk Committee. Finally, Dr. Bernhard Günther was reelected as Chairman of the Audit and Risk Committee effective May 21, 2020.

The Supervisory Board sincerely thanks the members of the Management Board and of the Works Councils, as well as all the employees of the Uniper Group, for their dedication and hard work in the 2020 fiscal year.

Düsseldorf, March 3, 2021

The Supervisory Board

Sincerely,

Prof. Dr. Klaus-Dieter Maubach
Chairman

Uniper Stock

- Uniper share recovers from temporary decline in price
- Major shareholder Fortum increases Uniper shareholding above 75%
- Dividend proposal of €1.37 per share for the 2020 fiscal year (2019 fiscal year: €1.15)

Stock Market Year Dominated by the Covid-19 Pandemic

The Covid-19 pandemic led to a massive global economic downturn in the second quarter and sharp drops in demand as a result of widespread lockdowns. Economic and monetary policy countermeasures on an unprecedented scale, as well as less strict lockdown restrictions imposed later, led to the first signs of recovery in the global economy in the third quarter of 2020. The international stock markets began to recover ahead of these developments: after recording historic price declines at the end of the first quarter, share prices started to rise significantly in April. The faster-than-expected development and provision of vaccines against the Covid-19 virus bolstered optimism at the stock exchanges from late autumn 2020 that the global economy would enter a significant recovery phase in 2021.

Utilities Sector Outperforms European Market

The European stock market recorded an overall decline of only 1% in 2020, despite the economic turmoil and temporary drops in earnings. The energy utility sector significantly outperformed the European stock market index (STOXX Europe 600) for the fourth time in a row with a gain of 12%. Many companies proved comparatively resilient in the face of economic distortions caused by the Covid-19 pandemic.

2020 was a significant year for the energy utility sector as the energy transition gained significant momentum. The EU tightened its decarbonization targets and published specific plans for clean hydrogen for the first time. However, climate policy has not been limited to Europe, but is increasingly becoming a global trend. Major Asian countries set specific targets for achieving climate neutrality for the first time, and in the U.S., too, a shift towards more climate-friendly policies is emerging with the new administration.

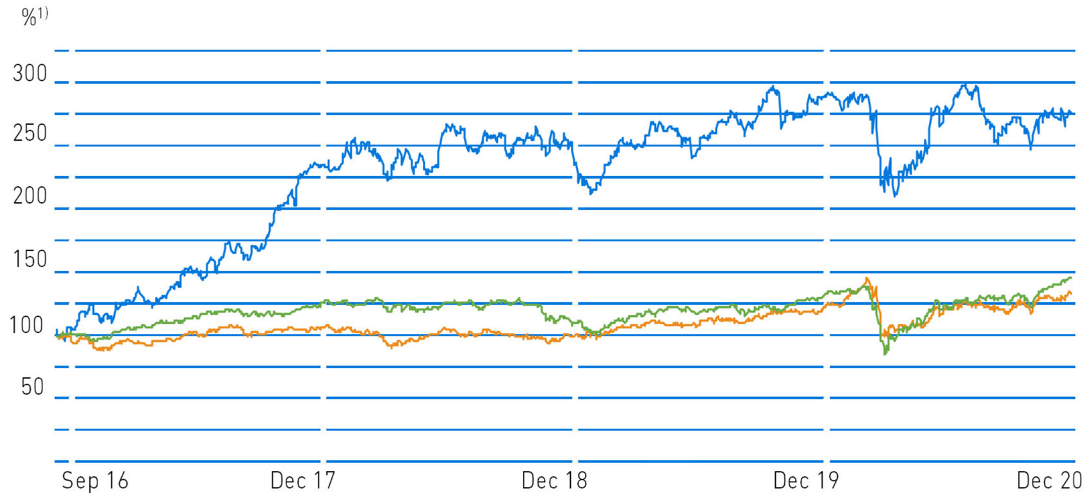
Due to the associated improvement in prospects for sustainable growth, the focus of capital investors has shifted significantly to the energy utility sector.

Uniper Share on Par with the Overall European Market

The Uniper share recovered strongly from its low in March 2020 after the Covid-19-related share price drop and surpassed its previous record high in July 2020. This rise was accompanied by positive news from the Company: In spring 2020, Uniper published ambitious targets to accelerate the coal phase-out and to achieve carbon neutrality in the European power generation business. In addition, the results published for the first half of the year made it clear that Uniper has a robust business model even in uncertain times. Overall, the Uniper share recovered from a temporary price decline of around 30%. Looking at 2020 as a whole, the Uniper share performed at the same level as the European stock market index.

Performance of Uniper Stock Since Initial Listing September 12, 2016, through December 2020

Uniper **STOXX Europe Utilities** **MDAX**



[1]Total return of Uniper stock and of the MDAX and STOXX Europe Utilities; indexed, 100 = Xetra closing price on September 12, 2016.
Source: Bloomberg

On March 26, 2020, Fortum announced that it had closed the first tranche of the agreement to purchase the Uniper SE shares held by Elliott Management Corporation and its affiliates ("Elliott") and by Knight Vinke Energy Advisors Limited and its affiliates ("Knight Vinke"). Fortum held 69.6% of the voting rights in Uniper after completion of the first tranche. Fortum closed the second and final tranche of the agreement to purchase the remaining 3.8% of Uniper SE shares held by Elliott on May 8, 2020. Effective May 8, 2020, Fortum held 73.4% of the shares and voting rights in Uniper SE. On August 17, 2020, Fortum announced that its shareholding in Uniper had increased to 75.01% as of this date.

Attractive Uniper Dividend

For the 2020 fiscal year, Uniper plans a total dividend payout of €501,4°million and confirms the dividend target issued in the annual outlook of March 2020. The Management Board and the Supervisory Board intend to propose to the Annual General Meeting on May 19, 2021 that the net income available for distribution be used to pay a dividend totalling €1.37 per share on the dividend-paying capital stock. This corresponds to an increase in the dividend of 19% compared to the previous year. In relation to the adjusted net income, this corresponds to a payout ratio of ~65% for the 2020 fiscal year.

Facts and Figures on Uniper Stock

	Unit	2020	2019	2018	2017	2016
Year-end closing price[1]	€	28.24	29.51	22.60	26.00	13.12
High for the year[1]	€	30.70	30.64	27.74	26.00	13.19
Low for the year[1]	€	21.54	22.30	21.55	12.31	9.8
Number of shares	Millions	365.96	365.96	365.96	365.96	365.96
Market capitalization[2]	€ in billions	10.3	10.8	8.27	9.51	4.8
Dividend	€	1.37[3]	1.15	0.90	0.74	0.55
Total distribution	€ in millions	501.4[3]	420.9	329.4	270.8	201.3
Dividend yield[3]	%	4.9	3.9	4.0	2.8	4.2

[1] Xetra prices.

[2] Based on the year-end price.

[3] Proposal to Uniper shareholders for Annual Shareholders Meeting on May 19, 2021.

Strategy and Targets

Strategic Priorities

Climate change is one of the biggest challenges of today's world. To overcome it, countries set targets to reduce emissions to reach the goals of the Paris agreement. Globally, 189 countries ratified or otherwise joined the agreement. In early 2020, the European Parliament approved a resolution increasing the EU's climate ambition and aiming to reduce CO2 emissions by 55% by 2030 and reach climate neutrality by 2050.

Uniper strives to contribute to a more sustainable and decarbonized world and sees its purpose as to empower energy evolution. In March 2020, Uniper announced a new strategy which foresees gradual transformation into a greener company, while continuing to maximize Uniper's value.

With the new strategy, Uniper is committed to become carbon neutral by 2050. Following the announcement of the new strategy, Uniper presented its transition agenda for each of its reporting segments – European Generation, Global Commodities, and Russian Power Generation – and started strategy implementation.

European Generation

In the European Generation segment, Uniper is self-committed to reduce emissions by at least 50% by 2030 compared to 2019. Furthermore, Uniper aims to reach carbon neutrality in the European Generation by 2035. A total of 5 GW of carbon-free hydro generation in Germany and Sweden as well as nuclear generation in Sweden represent a backbone of Uniper's future generation portfolio. The path to reach the decarbonization goals comprises mainly a clearly defined coal phase-out strategy and decarbonization of the gas-fired generation fleet.

Uniper currently still owns and operates nearly 9 GW of coal-fired capacity in Europe. In Germany, Uniper is actively managing the coal phase-out. In early 2020, it presented an ambitious shutdown plan for its hard-coal-fired power plants, which will save up to 18 million tons of CO_2 per year. The decision to submit a bid for the Heyden 4 hard-coal-fired power plant (875 MW) in the first coal generation shutdown tender was the first step taken. In line with the positive auction outcome, the plant had already ceased commercial electricity production at the end of 2020.

The plan also outlines the intention to close the hard-coal-fired plants of Scholven (760 MW) and Wilhelmshaven (757 MW) by year-end 2022 at the latest, and Staudinger 5 (510 MW) by 2025 at the latest. In 2020, Uniper also signed an agreement to sell its 58% stake in the Schkopau lignite-fired power plant (900 MW) by October 2021. Uniper's last coal-fired plant in Germany, Datteln 4, due to its modern and efficient technology will remain in operation until 2038.

In the UK and the Netherlands, Uniper will follow the national coal phase-out plans, closing Ratcliffe (2,000 MW) by the end of 2025 at the latest and Maasvlakte 3 (1,070 MW) by the end of 2029, respectively.

In gas-fired generation, Uniper owns and operates power plants in Germany, the Netherlands, the UK and Hungary with a total capacity of approximately 9 GW. To reach the 2035 carbon-neutrality target, Uniper started working jointly with General Electric and Siemens Energy on alternatives to reduce the CO_2 footprint of these assets. The joint work includes, for example, assessment of viability of using hydrogen in gas turbines and compressors.

Besides that, Uniper is assessing feasibility of carbon capture and storage (CCS) and carbon capture and utilization (CCU) as potential contributors to reaching the 2035 target.

In response to market demand, Uniper continues to develop its sites and assets. This includes transforming the power plant locations. For example, Uniper's project of site conversion from coal-fired to gas-fired generation at Scholven is in full swing. Other examples include development of sites to provide data center hubs. With these solutions, Uniper aims to support industrial customers in reducing their own carbon footprint. Furthermore, Uniper plans to develop up to 1 GW of renewable power capacities on and around its sites by 2025.

Uniper has always been a reliable partner in providing security of supply to individual customers and broader energy systems and, by consequence, an enabler of the European renewables build-out. Due to the increasing share of intermittent renewable energy, transmission system operators (TSO) face challenges to maintain the balance in the electricity grid. Uniper helps TSOs to address these challenges and ensure security of supply. In response to the TSO demand for grid services in Germany, Uniper is constructing a new gas-fired power plant, Irsching 6 (300 MW), which is expected to be commissioned in the last quarter of 2022.

In the UK, Uniper was awarded four six-year contracts to deliver innovative grid stability services in Killingholme and Grain starting from 2021.

Finally, Uniper will be offering a new solution for grid stability in Sweden based on large-scale batteries at hydroelectric power plants, helping the Swedish TSO to control frequency deviations in the system. The first hydro battery projects have been implemented at the hydroelectric power plants of Edsele (6 MW) and Lövön (9 MW).

Global Commodities

In the Global Commodities segment, Uniper aims to actively reduce carbon emissions. In 2021, the Company is planning to develop Scope 3 targets for its commodity trading business. Uniper also aims to sustain strong financial performance demonstrated in the recent years. Besides its position as one of Europe's leading gas midstream players, Uniper is actively expanding its LNG business to benefit from the growing global trading activity. LNG is supposed to be one effective way to reduce carbon emissions in power generation systems outside Europe that are today still dominated by coal-fired power plants. In parallel, the Company is aiming to actively reduce carbon emissions of natural gas-based businesses by exploring ways to decarbonize related up- and downstream emissions. For example, Uniper seeks to actively manage environmental impact – for example, methane leakage – of its LNG business across the full value chain.

In addition to the newly established helium business, Uniper aims to apply its position as a leading gas player to implement the decarbonization agenda by adding new hydrogen and hydrogen-related commodities to its global business portfolio. For example, Germany put forward a plan to achieve 5 GW green hydrogen capacity by 2030, translating into approx. 14 TWh production. At the same time, the country's hydrogen demand in 2030 is expected to be 90-100 TWh. Accordingly, Uniper expects a significant gap and the resulting need for hydrogen imports. Uniper is continuously working on innovative business ideas to supply the import needs identified by Germany's hydrogen strategy.

Besides the gas trading activities, Uniper trades green power. Uniper continues to grow the already well established long-term solar and wind power purchase agreements (PPA) portfolio, reaching 5 TWh per annum by 2023. These long-term PPA help renewables developers to realize their projects and enable Uniper to grow the renewables portfolio based on long-term contracts.

As described in more detail below, Uniper defined hydrogen and renewables as its two new growth areas; in this context, Uniper's expertise in traded power and gas markets will play an increasingly important role.

Also, as most of Uniper's customers strive to green their businesses as well, the growing renewables portfolio is one building block of the wholesale sales activities to support industrial companies in their decarbonization roadmaps. Structuring volatile power generation from renewable sources like wind and solar to the needs of industrial and commercial customers is one core competence of Uniper's trading and wholesales sales business.

Russian Power Generation

Similar to the Global Commodities segment, Uniper aims at reducing carbon emissions in the Russian Power Generation segment as well.

Unipro, Uniper's subsidiary in Russia, is actively pursuing ways to modernize its portfolio. The transformation towards a more sustainable business is already under way. Unipro will make significant investments in the modernization of three large units at the Surgutskaya 2 power plant totaling 2.5 GW. Furthermore, Unipro received preliminary results of the latest round of modernization auctions where one more unit at Surgutskaya 2 was selected for modernization.

As the regulatory framework in Russia becomes more conducive for renewable energy sources, from 2021 onwards Unipro will focus on exploring options to develop renewables under the capacity scheme.

New Growth Areas: Hydrogen and Renewables Generation

To achieve the ambitious transformation, Uniper will focus on two new growth areas: hydrogen and renewables generation.

Uniper already has considerable experience in operating hydrogen facilities as it was one of the first German energy utilities to produce green hydrogen based on electrolysis processes. Currently, Uniper's hydrogen assets comprise the Falkenhagen and Hamburg-Reitbrook facilities, in operation since 2013 and 2015, respectively.

Uniper has developed a vast pipeline of green hydrogen projects and in the coming years will focus its efforts on realization of the pipeline. One example is a 25 MW project in the south of Sweden, developed in cooperation with Fortum.

Uniper estimates that there will be a gap between the hydrogen demand and the volumes that will be supplied by green hydrogen facilities in Germany in 2030. This means hydrogen of other "colors" – and imports thereof – will be needed to satisfy the growing market demand.

In this context, Uniper's infrastructure and superior capabilities in origination, optimization, trading and risk management position the Company very well in the emerging hydrogen market.

In the area of renewable power generation, Uniper intends to enter and expand the renewable generation business in parallel to the already existing power purchase agreements. Uniper's ambition is to develop beyond the 1 GW renewable asset portfolio on and around its existing sites by 2025 and expand it to 3 GW in the years thereafter. The cooperation with Fortum is expected to allow Uniper to further enhance its ambitious plan.

Combined Management Report

- Adjusted EBIT and adjusted net income significantly higher year over year
- Lower net financial position, however higher economic net debt due to interest-related higher pension provisions
- Dividend proposal of €501.4 million (€1.37 per share)
- Outlook for 2021:
  Adjusted EBIT between €0.7 billion and €0.95 billion;
  Adjusted net income between €0.55 billion and €0.75 billion expected
- Direct CO_2 emissions (Scope 1) down by 9.4% compared to prior year to 42.6 million tons

Corporate Profile

Business Model

Uniper is a parent-owned international energy company with operations in more than 40 countries and with 11,751 employees. Its business is the secure provision of energy and related services in an increasingly decarbonizing environment. The parent company of the Uniper Group is Uniper SE; the corporate headquarters are in Düsseldorf, Germany. The majority shareholder of Uniper SE, with an indirect interest of more than 75%, is Fortum Oyj, Espoo, Finland ("Fortum"). As a separate listed group, Uniper publishes its quarterly statements, its half-year interim financial statements, and its consolidated annual financial statements, all of which are also included in Fortum's respective consolidated financial statements. The majority shareholder of Fortum is the Republic of Finland.

The shares of Uniper SE are traded on the Frankfurt Stock Exchange's regulated market in its subsegment with additional post-admission obligations (the "Prime Standard") and are included in the MDAX and various MSCI equity indices.

The Uniper Group is composed of three operating business segments: European Generation, Global Commodities, and Russian Power Generation. The Russian Power Generation operating segment was previously called International Power Generation. Combined separately under Administration/Consolidation are administrative functions that are performed centrally across segments, as well as the consolidations required to be carried out at Group level.

Management System

Uniper uses adjusted EBIT and, since fiscal 2020, adjusted net income for the financial management of the Uniper Group.

Adjusted EBIT

Unadjusted earnings before interest and taxes (EBIT) represents the Uniper Group's income/loss before financial results and taxes in accordance with IFRS with net income/loss from equity investments added back. Unadjusted EBIT is adjusted for certain non-operating effects (see table) in order to increase its meaningfulness as an indicator of the operating performance of Uniper's business.

Adjusted EBIT

Adjustment	Explanation	Income statement items
Certain book gains/losses	Sum of book gains and losses from disposals	Other operating income and expenses
Gains and losses from the fair value measurement of derivative financial instruments used in hedges	• Hedges entered into as part of the energy trading business • no impact on adjusted EBIT until realization	Other operating income and expenses
Certain effects resulting from the measurement of physically settled contracts within the scope of IFRS 9, which are measured at the market price at physical settlement instead of the contractually hedged price	• According to IFRS IC, physically settled forward purchases or sales must be realized at the market price applicable at the time of physical settlement, i.e. they must be accounted for like physical spot contracts with a financial hedge and the hedged margin must be realized in EBIT before physical settlement • As a result, revenues and cost of materials are not not measured at the contractually agreed prices • Adjustment of EBIT by the difference between the economically and contractually hedged contract price and the spot price on the settlement date that is relevant for income and expense recognition under IFRS	Revenues/cost of materials
Expenses for (and income from) restructuring and cost-management programs	• Additional expenses and income that are not directly attributable to the operating business	Various income statement items
Impairment charges/reversals in the context of impairment tests	Based on: • Non-current assets • Companies accounted for under the equity method • Other financial assets • Goodwill	Various income statement items
Other contributions to non-operating earnings	• Unique or rare in nature • Depending on the particular case, such income and expenses may affect different line items in the income statement	Various income statement items

Adjusted Net Income

Since the 2020 fiscal year, the Uniper Group has been using adjusted net income as an additional internal management indicator and as a further key indicator of the after-tax and financial result profitability of its operations – one that also takes into account important income and expense components that are not included in adjusted EBIT but aggregated as economic interest and tax result– as well as for determining the variable compensation of the Management Board and of all executive personnel, non-pay-scale employees, and pay-scale employees.

Unadjusted net income is earnings after financial results and income taxes. To focus this indicator on the operating business and increase its meaningfulness, unadjusted net income is adjusted for certain non-operating effects.

The starting point for these further adjustments is adjusted EBIT, which is adjusted for the following selected non-operating items:

- Net non-operating interest income
- Other financial results
- Income taxes on non-operating earnings
- Non-controlling interests in non-operating earnings

Included in other financial results are effects such as measurement effects from changes in the fair value of securities and of the KAF (the Swedish Nuclear Waste Fund; "Kärnavfallsfonden"). Not being a component of adjusted EBIT, other financial results are added back to adjusted EBIT in a first step to determine adjusted net income, together with net interest income, so that all earnings components of the income statement are also shown in the reconciliation to adjusted net income. They are then eliminated in a second step, together with non-operating interest expense and income. Other financial results thus have no effect on adjusted net income. Non-operating interest effects include, for example, interest on provisions financed through the KAF, which are eliminated correspondingly with other financial results. Also eliminated are measurement effects on liabilities to minority shareholders. The adjustments additionally include, among other things, the related income taxes, and the overall result is adjusted net income.

Additional Performance Indicators

Alongside those most important management indicators, Uniper also presents additional financial and non-financial performance indicators in the Combined Management Report to highlight developments in the operating business and in the context of responsibility to all stakeholders – its employees, customers, shareholders and creditors, as well as the Uniper companies. The Group's financial condition, for example, is monitored using the additional financial performance indicators operating cash flow before interest and taxes, economic net debt, net financial position, and cash-effective investments.

Indicators of non-financial performance used by Uniper include the proportion of women in leadership positions within the Uniper Group and, since fiscal 2020, direct CO_2 emissions and the HSSE&S improvement plans. The Non-Financial Performance Indicators section contains explanatory information about these performance indicators. The combined total recordable incidents frequency ("combined TRIF") used as a non-financial performance indicator in fiscal 2019 is no longer used for management purposes.

Business Report

Macroeconomic and Industry Environment

Macroeconomic Environment

The Covid-19 pandemic plunged the global economy into its deepest recession in almost a century. The Organisation for Economic Co-operation and Development (OECD) has estimated that global gross domestic product will probably have shrunk by around 4.2% in 2020. The prospects for a path out of the crisis have improved significantly with the development and approval of effective vaccines. Nevertheless, the short-term outlook remains fraught with uncertainty, as there are significant logistical challenges to introducing a vaccine globally.

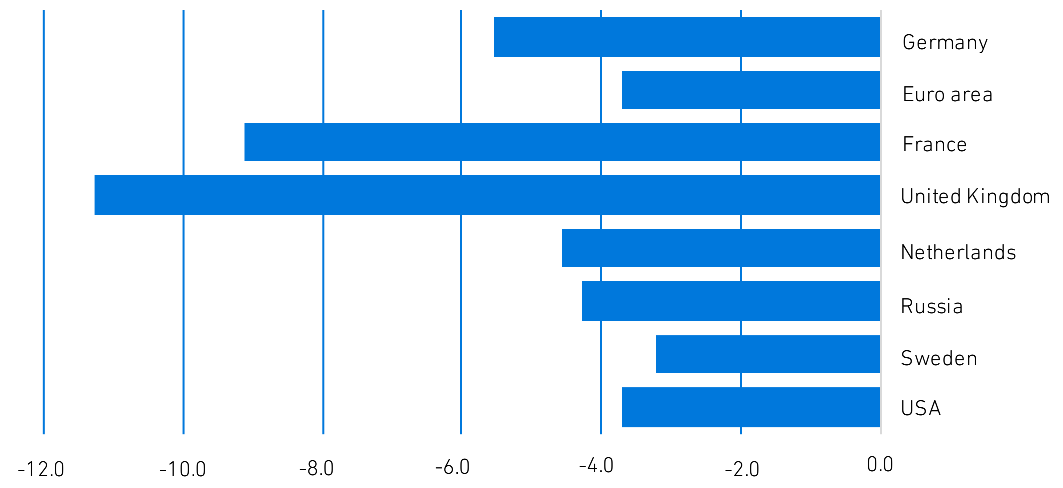
Europe had already been heavily affected by the first Covid-19 wave due to its international links and the age structure of its population. Repeated outbreaks in many countries and renewed lockdown measures since the end of summer 2020 are likely to lead to renewed declines in production in the short term. However, decisive action at the EU level prevented an even worse outcome for the European economy. For example, the European Central Bank (ECB) continued to provide ample liquidity and made large-scale asset purchases. At the same time, it signaled its readiness to increase support if needed. Given the recent slowdown and the subdued outlook for inflation, the ECB's key interest rates are expected to remain unchanged in the coming years. SURE (Support to mitigate Unemployment Risks in an Emergency), an EU loan facility to support national short-time work programs, has already been heavily used. In addition, in July 2020, the European Council reached an agreement on the Next Generation EU economic recovery plan, which provides funding of €750 billion (about 5.5% of EU27 GDP in 2019), mainly in the form of loans (€360 billion) and grants (almost €380 billion) to member states.

As a major exporter, Germany was hit particularly hard by the collapse in global trade in spring 2020, but its export sector benefited from the comparatively robust global recovery when the climate in other sectors turned cloudy again with the second wave of infections in Europe in fall 2020. The economic downturn was particularly severe in the UK due to the long lockdown there. This was compounded by ongoing uncertainties about reaching a trade agreement with the EU. The British pound fell to its lowest level in ten years against the euro in March 2020, and came under renewed pressure at the end of the year after a temporary recovery. Although there was no hard lockdown in the country, Sweden was also unable to escape the global recession. However, the downturn there was less significant. The Netherlands also recorded its deepest economic slump of the post-war period in the second quarter of 2020. A significant recovery in the summer of 2020 was followed by renewed downturn when the second wave hit in the fall of 2020. The Russian economy was additionally hurt by the global drop in the price of oil, its main export, as well as by geopolitical risks specific to the country, and the threat of sanctions. These factors led to the sharp depreciation of the Russian ruble.

In the United States, the recession in 2020 will likely turn out to have been comparatively mild, although the country was hit particularly hard by the pandemic. This relatively good performance was due to a variety of monetary and fiscal support measures, including additional unemployment insurance, one-time payments to families and financial assistance to state governments. The Federal Reserve Bank cut interest rates to 0-0.25% and announced the resumption of large-scale securities purchases. In September 2020, the Federal Open Market Committee announced a new inflation target of 2% on average and said it would not raise policy rates until this target was reached. The US dollar depreciated sharply against the euro following this announcement, and reached the 1.20 mark again at the end of the year.

2020 GDP Growth in Real Terms

Annual change in percent



Source: OECD (December 2020)

Energy Policy and Regulatory Environment

European Union

Energy and climate policy was dominated by the Green Deal in 2020. In March 2020, the European Commission published its proposal for the first European climate law that will anchor the goal of climate neutrality by 2050 in European law, as set out in the European Green Deal. In an effort to achieve a climate-neutral economy by 2050, the Commission published its 2030 Climate Action Plan in September 2020, proposing to reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels and to include this target in European climate law. In order to accelerate emission reductions by 2030, all relevant EU policies need to be aligned with the overall target. To this end, several policies relevant to the energy sector will be revised, including reviews of the EU Emissions Trading Scheme (EU ETS), the Renewable Energy Directive and the Energy Taxation Directive. These policies are complemented by the revision of the third gas energy package "to regulate competitive markets for decarbonized gases". The climate law is currently the subject of discussions between the European Parliament and the Council. Final adoption is expected in the first half of 2021.

The "European Hydrogen Strategy" was published on July 8, 2020. It describes the European Commission's vision for the use of hydrogen as an energy source and aims to increase the share of hydrogen in the European Union (EU) energy mix from its current level of 2% to 14% by 2050. The strategy provides for the creation of the right market conditions and financial incentives to accelerate the use of hydrogen and achieve an installed electrolyzer capacity of six GW in the EU by 2024 and 40 GW by 2030. The strategy focuses on renewable hydrogen, but low-carbon hydrogen is still recognized as significant in the transition phase. The European Clean Hydrogen Alliance (ECH2A), which was also launched on July 8, 2020, is expected to start its activities in early 2021. It will contribute to the implementation of the European Hydrogen Strategy by proposing projects to be supported by the EU and an investment agenda. Uniper will be represented in the ECH2A as a member of the working group "Renewable and Low-Carbon Production".

The EU Taxonomy Regulation, which came into force in June 2020, aims to create a uniform EU classification system – a taxonomy – that identifies economic activities that companies and investors may consider environmentally sustainable. It will therefore have an impact on all future investments in the energy sector, in particular gas, hydroelectric power and nuclear power plants. Under the Taxonomy Regulation, the European Commission will publish several delegated acts to further implement the classification system. A delegated act identifying measures to achieve climate change mitigation targets and adaptation is expected in the first quarter of 2021.

Germany

The main energy policy concern in 2020 was the coal phase-out in Germany. On July 3, 2020, the coal phase-out law was passed by the German Bundestag and Bundesrat, which, in addition to the phase-out of lignite-fired power generation, also regulates the phase-out path for hard-coal-fired power plants. At the same time, the Structural Development Act was passed. Among other things, this act is intended to support structural change at the sites of coal-fired power plants and provide the necessary financial resources. The first auction for the decommissioning of hard-coal-fired power plants as part of the phase-out of hard-coal-fired power generation took place on September 1, 2020. On December 1, 2020, the German Federal Network Agency announced the results of the auction for a total of 4.8 GW, including Uniper's Heyden power plant. All power plants awarded in the auction may no longer be used for commercial electricity generation from January 1, 2021 and will be decommissioned on July 1, 2021 unless they are classified as a systemically important reserve power plant by the Federal Network Agency. The second auction for 1.5 GW took place on January 4, 2021. The announcement of the auction results is expected by the beginning of April 2021 at the latest.

In the second quarter of 2020, the German government presented its "National Hydrogen Strategy", which describes the development and expansion of a hydrogen economy in Germany for the coming years. A National Hydrogen Council (NWR), which Uniper will work closely with, has also been established in connection with this strategy.

The Renewable Energy Sources Act (EEG) 2021 was passed on December 18, 2020. It stipulates that the share of electricity generated in Germany from renewable energies in gross electricity consumption should increase to 65% by 2030 and that all electricity generated in Germany should be greenhouse gas neutral by 2050. In addition to numerous adjustments in the area of support for renewable installations, the act paves the way for the exemption of electrolyzers from payment of the EEG surcharge. The EEG includes a regulation authorization in this regard. This regulation may define requirements in terms of content, space, or time to ensure that hydrogen is considered green hydrogen only if it is credibly produced from renewable energy.

The Netherlands

The Dutch government presented the draft law on limiting coal use (implementation of the Urgenda ruling) on December 8, 2020. This bill provides for a restriction on the use of coal by setting a cap of 35% on carbon emissions compared to the year 1990 associated with the use of coal as a fuel. According to the current draft, this cap will come into force from the second quarter of 2021 and will initially apply until the end of 2024. Coal-fired power plant operators will be compensated for their lost operating cash flow during the years of reduced generation. The Dutch Minister of Economic Affairs has asked the parliament to start the process quickly and to initiate the debate on this bill as soon as possible. However, due to the resignation of the government in January 2021, it is not certain that the bill will be passed in the near future. Onyx, the owner of one of the three large coal-fired power plants, has in the meantime voluntarily decided on an earlier permanent closure from 2021. The closure is still subject to approval by the European Commission.

Russia

In Russia, the mechanism for auctioning competitive capacity for the modernization of thermal power plants (KOMMod) was introduced by a government decree on January 25, 2019. The selection of power plants to be included in the KOMMod mechanism for 2026 was originally scheduled for the end of June 2020, but has been postponed several times by the Russian government in recent months. The current auction dates are February 15, 2021 for KOM 2026 (auction for older power plants) and April 1, 2021 for KOMMod 2027 (including KOMMod 2027-2029 for innovative CCGT projects). The auction for the selection of power plants to be included in the 2026 modernization program took place on December 1, 2020. The Surgutskaya-2 power plant modernization project with a volume of 3,805 MW was included and selected by the Russian grid operator.

Sweden

During 2020, there was an intense energy debate in Sweden about the future electricity market and the need to secure stabilizing system services, including in the form of frequency regulation, rotational energy and voltage regulation, which will be required by the planned power generation. In the autumn of 2020, the government instructed the Swedish transmission system operator SVK to propose new compensation models and rule changes to ensure the stability and capacity of the electricity system.

In order for Sweden to achieve the goal of a completely climate-neutral society in 2045, the electrification of the country is currently underway. As part of this work, the government has appointed an Electrification Commission to focus on the electrification of the transport sector, which includes the role of hydrogen in transport. The government has also started work on developing an electrification strategy that takes a holistic approach to energy sector conditions to enable greater electrification. The aim is to increase the pace of electrification so that Sweden can become the world's first fossil fuel-free society.

United Kingdom

At the end of 2020, the UK government presented its ten-point plan for a "green industrial revolution" and published its White Paper for energy along with a number of other publications, including a consultation on bringing forward the date of closure of coal-fired power plants by one year to October 1, 2024. It also finalized the EU-UK Agreement on Trade and Cooperation with the European Union (Future Relationship Act 2020), which came into force on December 31, 2020 and governs cooperation post-Brexit and from January 1, 2021.

The government supports new plants for nuclear power as well as offshore and onshore wind, electric vehicles, carbon capture, use and storage (CCS), and hydrogen production. Measures provided for include a quadrupling of the system's offshore wind capacity to 40 GW by 2030, and low-carbon hydrogen production of 5 GW and four carbon capture and storage clusters by 2030, with 1 GW of hydrogen production and two of the clusters by 2025. The government's goal is to attract private investment, make the energy system greener, and create jobs.

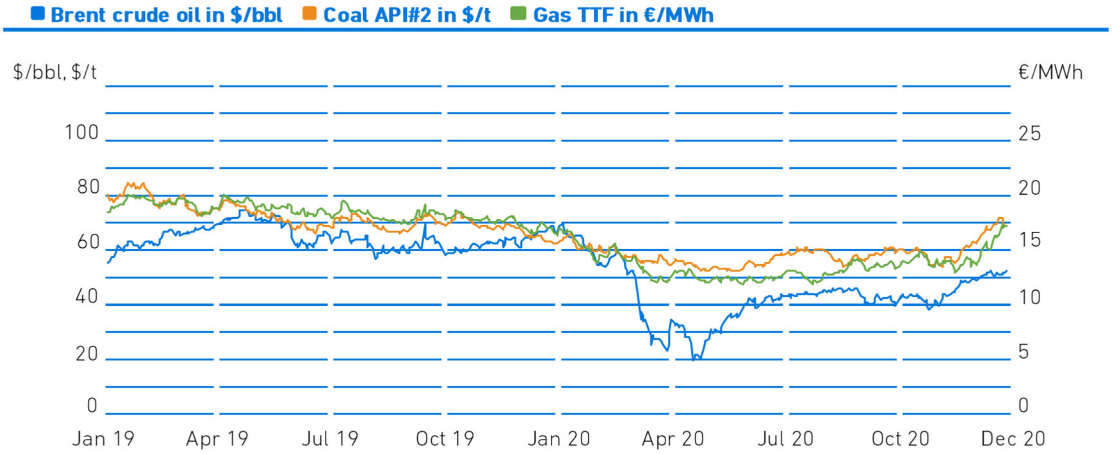
In its White Paper on energy, the UK government announced its decision to introduce a UK Emissions Trading Scheme (ETS) from January 1, 2021 to replace the EU ETS. The government remains open to linking the program internationally. The trade agreement with the EU covers cooperation between the UK and the EU on carbon pricing, including by considering linking their carbon pricing systems.

Energy Prices

The energy markets in Europe were driven by four main factors in 2020:

- International commodity prices (especially oil, gas, coal and emission allowance prices)
- Macroeconomic and sector developments, which were largely shaped by the Covid-19 pandemic
- The relatively mild weather conditions
- The substitution of more renewable energies in the energy mix

Energy Price Movements for Oil, Coal and Gas in Uniper's Core Markets



Coal and gas: front-year contracts, Brent crude: front-month contracts

The lockdown measures in response to the global coronavirus pandemic led to massive decreases in mobility at times, causing global oil demand to plummet. The price of Brent crude oil fell below $20 per barrel in April 2020 due to the impact of the global coronavirus pandemic. OPEC, together with Russia (OPEC+), countered by cutting production in order to tighten the oil supply. This action, combined with a decline in U.S. shale oil production estimated at 3.1%, or 7.5 million barrels per day, year-on-year, brought about a price recovery in the course of the year. Spurred by reports of the efficacy of the new vaccines, oil prices rose 30% from early November 2020 to mid-December 2020, with the Brent front-month contract then returning to price regions above $50 per barrel in December 2020. Nevertheless, these prices were still roughly 20% below the prices at the beginning of 2020.

European coal prices (for delivery in the next 90 days) fell during the year from $48/t at the beginning of 2020 to below $35/t at the end of May 2020. The main reason for the sharp drop in prices on the coal market was a significant drop in global demand as a consequence of the Covid-19 pandemic, as well as low gas and high carbon prices in Europe. Coal prices did not stabilize until the middle of 2020, after mine operators adjusted their production volumes to the changes in demand. Prices did not begin to recover until the fourth quarter of 2020, after an undersupply of domestic thermal coal on the Chinese market led to a revival in global import demand.

Gas consumption in the EU fell in the first two quarters of 2020. While the decrease in the first quarter of 2020 was only around 5%, it grew to approximately 10% in the second quarter of 2020 compared with the prior-year quarters. These decreases were mainly due to reduced heating demand due to the mild winter weather, declining gas consumption in power generation and, from March 2020, the introduction of lockdowns leading to lower gas demand in industry. At the end of March 2020, the level of gas storage in the EU was at its highest level in the last nine years at that point in the year. This resulted in lower storage-related demand for gas in the summer quarters of 2020. Gas demand and wholesale prices began to recover in June 2020 as pandemic-related restrictions were lifted.

With the later start of the heating season and the simultaneous reintroduction of lockdowns, a strong recovery in gas demand was seen, due in part to people working both in their offices and from home. Gas production in the EU continued to decline overall, due in part to further restrictions on Dutch gas production in the Groningen region.

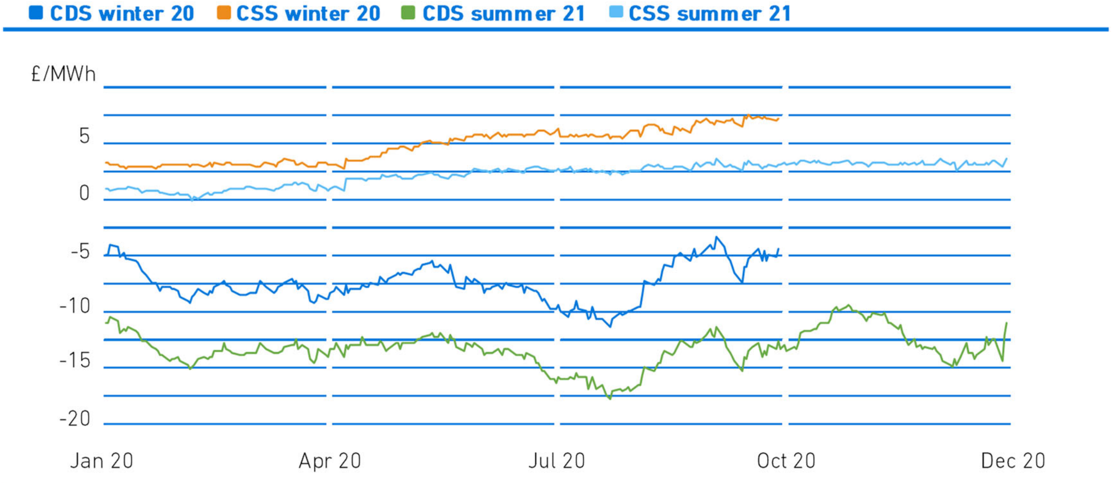
Spot prices at European gas hubs had already fallen sharply in the first quarter of 2020 due to oversupply on the gas markets. In the second quarter of 2020, prices were 50-60% below the previous year's level. By the end of May 2020, the TTF spot price had fallen to €3.5/MWh, the lowest level since trading began at this hub. A sharp increase in Asian spot LNG prices from November 2020 to over $12/MMBtu for the January 2021 contract resulted in lower supplies of LNG to Europe. The increase in Asian gas prices resulted in part from outages at LNG terminals, and was compounded by strong LNG demand and rising charter rates. This was also one cause of rising quotations for European gas prices, especially in the fourth quarter of 2020, with day-ahead quotations for NCG recovering from their low of €3.60/MWh in May 2020 to €19.20/MWh on December 28, 2020.

European Union Allowance Price Movements

Price in €/t for front-year contracts

Carbon prices in European emissions trading were very volatile during 2020, but reached record highs at the end of 2020. The price of the benchmark contract (December 2020 future) fell from €24.63/t at the beginning of 2020 to below €15/t in March 2020 as a result of the Covid-19 pandemic. After the sharp declines in infection rates following the first lockdown, the carbon price recovered in parallel with the equity markets and rose to over €30/t in July 2020. One negative factor throughout 2020 was the increased auction volume as a result of several postponements from previous years. An additional major factor was the negotiations to raise the EU's climate target and the associated expectation of an additional supply shortage in the future. From September 2020 onwards, temporary delays in the negotiation process, combined with problems in the negotiations between the EU and the UK on future relations as well as uncertainties about the outcome of the US elections, led to a renewed drop in prices to below €23/t in November 2020. Success in both negotiation processes and the expected supply shortage from 2021 onwards caused the price (December 2021 future) to rise to over €33/t at the end of the year.

Movement of Clean Dark Spreads and Clean Spark Spreads in the UK



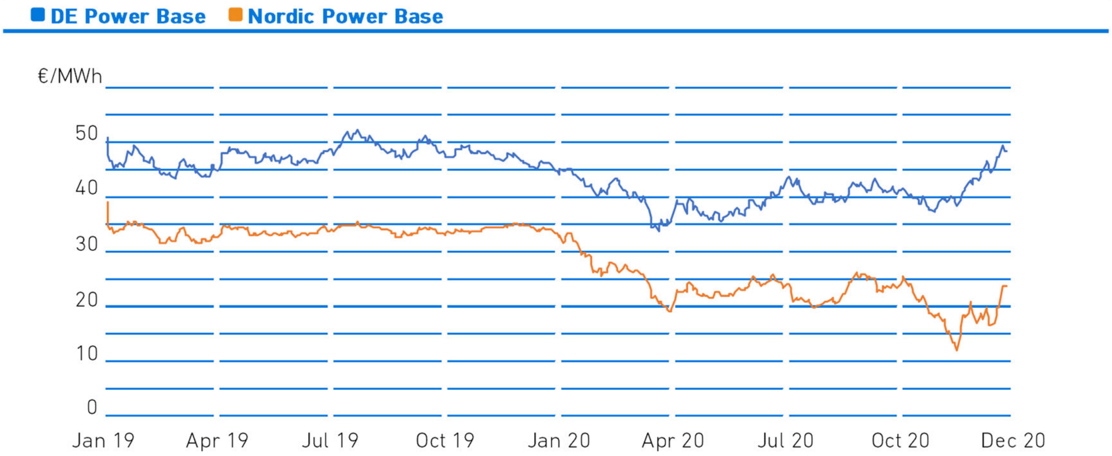
Electricity and gas: winter/summer contracts, coal: quarterly contracts, carbon: annual contracts incl. UK Carbon Price Support

CDS: Clean Dark Spread (efficiency 36.5%, emission factor: 0.33 t/MWh_{th})

CSS: Clean Spark Spread (efficiency 49.13%, emission factor: 0.195 t/MWh_{th})

Electricity generation in the UK amounted to 274 TWh in 2020, a decrease of 6% compared to the previous year. The reduced demand due to the Covid-19 pandemic and the measures introduced as a result were especially noticeable in the second quarter of 2020. Renewable energy sources such as wind, photovoltaics, biomass and water continued to gain in importance, producing a total of 105 TWh. This corresponds to an increase of 13% compared to the previous year and a share of 38% of total electricity generation. In contrast, conventional electricity production from gas, coal and nuclear energy and the share of electricity imports stood at 169 TWh, a 14% decline. The falling demand for electricity, coupled with the increase in renewables in the electricity mix, has also had an impact on electricity pricing, leading to an 18% drop in the average price for the year compared to the previous year, to £35.26/MWh. However, a look at the development of the clean spark and clean dark spreads on a forward basis, i.e. the price difference between the market price and the variable costs for electricity generation with gas or coal as the energy source, including the costs for emission certificates, suggests that the current trend will continue: gas-fired power generation serves to cover the base load, while coal-fired power plants are only needed and used in extreme market conditions such as periods of low wind in winter.

Electricity Price Movements in Uniper's Core Markets

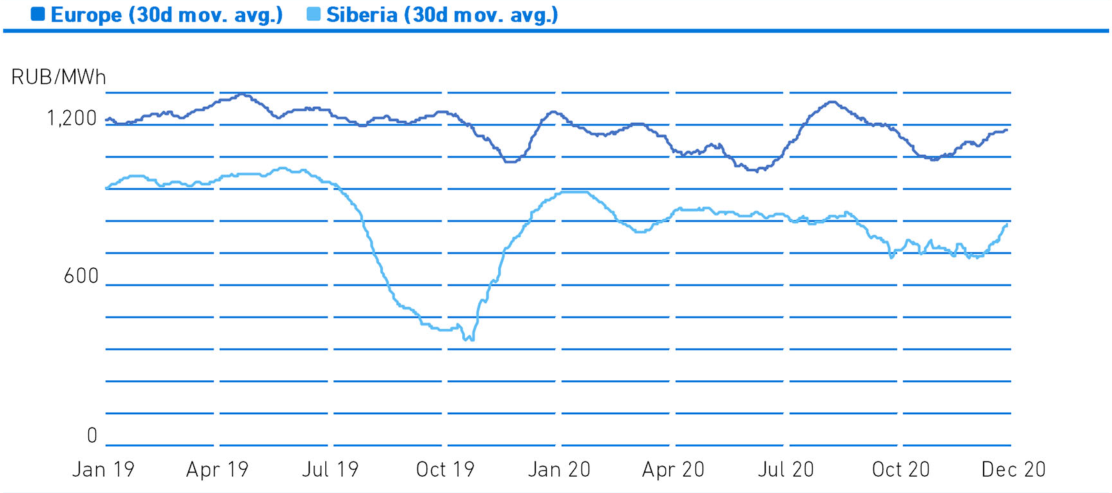


Prices in €/MWh for front-year-contracts

The monthly average spot price for electricity in Germany reached a record low of €17/MWh in April 2020. This had several causes: First, the decline in demand for electricity as a result of the coronavirus lockdown, second, high feed-in from renewable energies and, in addition, lower prices for fuels and, in particular, falling carbon prices compared to the previous period. Later in 2020, electricity prices stabilized so that the annual average of German spot prices was around €30/MWh, about €7/MWh below the previous year. A similar trend was seen on the futures market. The front-year product traded below €35/MWh at times in March 2020. With the recovery of carbon prices, this contract was last traded for €48/MWh at the end of December 2020. The electricity generation costs of an average gas-fired power plant were mostly below the costs of a hard-coal-fired power plant, in terms of both spot and forward prices; as a consequence, electricity generation from hard-coal-fired power plants declined by 26% compared to the previous year. As generation from nuclear and lignite-fired power plants was also lower than in the previous year, net exports from Germany fell from 33 TWh in 2019 to 16 TWh in 2020.

At the turn of the year 2019/20, there was extraordinarily abundant precipitation in Scandinavia, which significantly increased the amount of snow in the Norwegian and Swedish reservoir regions. The situation of a long snowmelt combined with substantial water inflow and high reservoir levels well into 2020 became apparent very early in January 2020. This significantly influenced the spot prices and the quarterly products for 2020 during the year. The average spot prices for the system price in the months from March to August 2020 were thus significantly below 10€/MWh. When prices first fell in April 2020, the front years also fell sharply in price. For example, the 2021 calendar year was trading at below €20/MWh after starting the year at around €33/MWh. This excessive supply situation led to a turnaround in the forward curve structure. The contracts for calendar years 2022 and 2023 also dropped sharply during this phase. From the end of August 2020, prices once again developed very dynamically: After prices stabilized in autumn 2020, however, a period with significant precipitation and wind in combination with increasing nuclear power availability was sufficient in November 2020 to cause spot prices for hydroelectric power producers to fall to around €5/MWh. Influenced by the market events of 2020, the forward curve also came under pressure, especially the following calendar year. The spot price did not recover until December 2020, and for the calendar years 2022 and 2023 reached a level around €25/MWh. However, reservoir levels had not yet returned to normal by the end of 2020.

Price Movements in the Russian Power Market



Daily spot prices (30-day average)

In Russia, the day-ahead electricity price for the European price zone decreased by 5.8% in 2020 compared to the previous year, although the gas price increased slightly in the same period. This was due to a 3.9% year-on-year decrease in electricity demand (from 779 TWh in 2019 to 748 TWh in 2020), which was also accompanied by changes in the generation structure. Generation from thermal power plants decreased by 8.8%, while generation from hydroelectric power and nuclear power increased by 10.2% and 3.4%, respectively, compared to the previous year. The day-ahead electricity price in the Siberian zone decreased by 2.7% in 2020 compared to the previous year. Electricity demand also decreased by 0.5% to 200 TWh. Large amounts of available water in the Siberian region of Russia led to a 9% increase in hydroelectric power generation to 118 TWh and, at the same time, a 10.7% decrease in thermal generation to 87 TWh. The commissioning of additional renewable production continued in 2020: Renewable generation almost doubled from 1.6 TWh in 2019 to 3.1 TWh in 2020, although the share of renewables in total generation remained negligible at 0.3%.

Product Price Movements in Uniper's Core Markets

Product	Unit	Dec. 30, 2020	Jan. 2, 2020	Change	2020 high	2020 low
DE Power Base (Cal-21)	€/MWh	48.2	43.9	+10%	49.3	33.7
Nordic Power Base (Cal-21)	€/MWh	23.5	32.6	-28%	33.3	11.9
Brent Oil (front month)	$/bbl	51.3	66.3	-23%	68.9	19.3
Coal API #2 (Cal-21)	$/metric ton	68.9	62.3	+11%	71.1	62.0
Gas TTF (Cal-21)	€/MWh	17.1	16.3	+5%	17.2	11.8
Carbon E U A (Dec-21)	€/metric ton	32.2	24.6	+31%	33.4	15.7
British CDS Base (Sum-21)	£/MWh	3.5	0.9	+310%	3.6	-0.3
British CSS Peak (Sum-21)	£/MWh	-11.2	-11.1	-1%	-9.6	-17.9

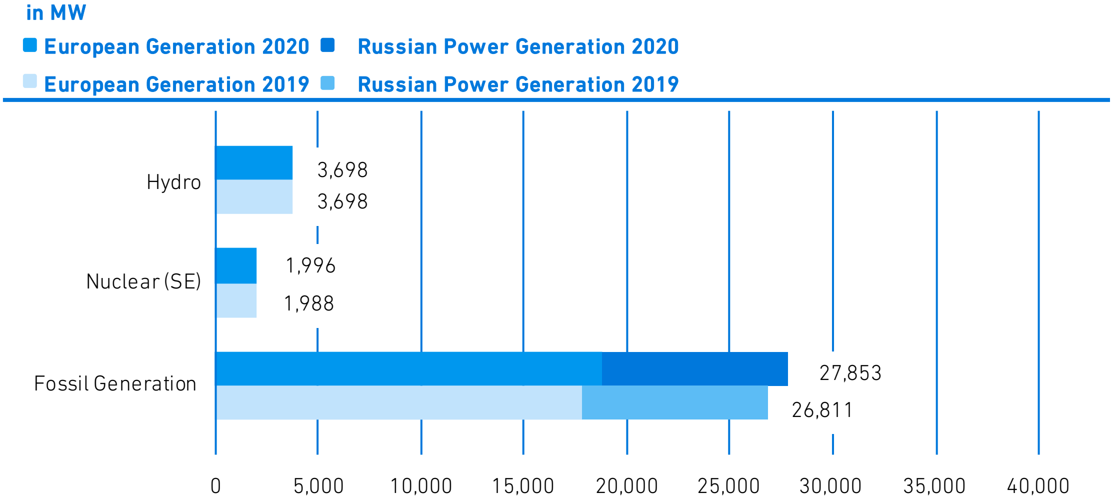
CDS: clean dark spread (efficiency: 36.5%, emission factor: 0.33 t/MWh_{th})

CSS: clean spark spread (efficiency: 49.1%, emission factor: 0.195 t/MWh_{th})

Generation Capacity

The Uniper Group's legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants) increased to 33,548 MW as of December 31, 2020 or 3.2% (1,051 MW) above that of the previous year (32,497 MW). The growth in generation capacity is mainly due to the commissioning of the Datteln 4 coal-fired power station in Germany in May 2020 and capacity increases at the Surgutskaya gas-fired power station units in Russia and Enfield in the UK. The sale of a generation unit in the Czech Republic (11 MW) on April 28, 2020 and the reduction in capacity at the Grain power station units in the UK had a counteracting effect on generation capacity.

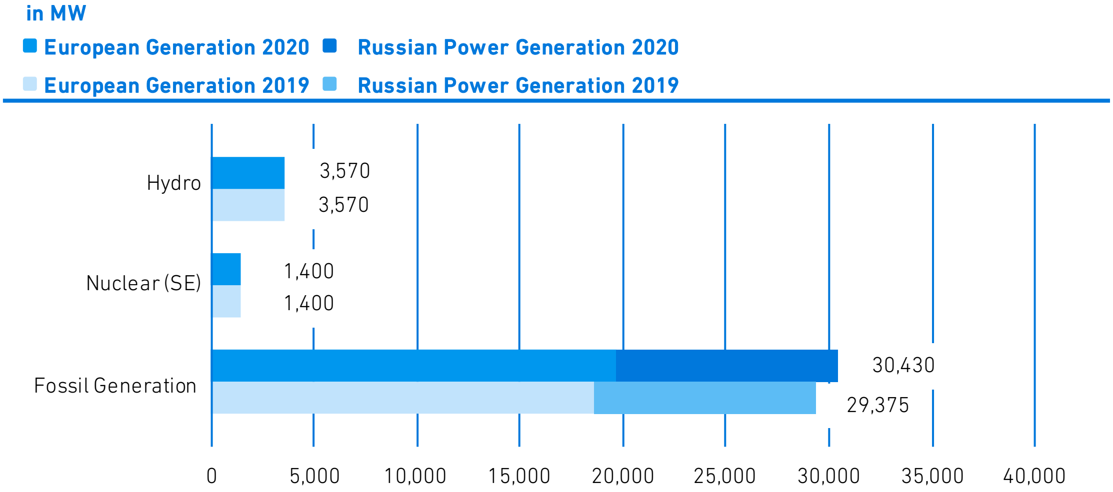
Uniper Group: Legally Attributable Generation Capacity[1]



[1] Any rounding differences between individual volumes and totals are accepted.

At 35,400 MW, fully consolidated power plant output was 3.1% (1,055 MW) above the previous year's level of 34,345 MW. The increase in capacity is also due to the changes mentioned above in connection with the commissioning of Datteln 4 and the capacity adjustments in Russia and the UK.

Uniper Group: Fully Consolidated Generation Capacity[1]



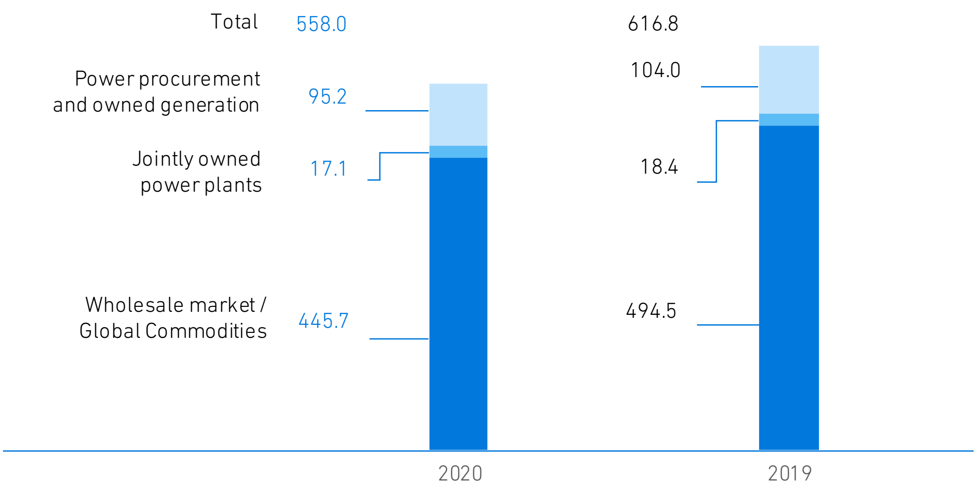
[1] Any rounding differences between individual volumes and totals are accepted.

Power Procurement and Owned Generation

In the 2020 fiscal year, the volume of power generated by our own power plants amounted to 95.2 billion kWh, a noticeable decline of 8.8 billion kWh (8.5%) from the prior year's figure of 104.0 billion kWh. Purchased power decreased by 48.8 billion kWh, or 9.9%, from 494.5 billion kWh to 445.7 billion kWh.

Power Procurement and Owned Generation[1, 2]

Billion kWh



[1]Any rounding differences between individual volumes and totals are accepted.

[2]The consolidation approach used in financial control means that only fully consolidated power plants (shareholding of more than 50%) are included in the generation volume, regardless of who operates these power plants.

The European Generation segment's owned generation amounted to 53.4 billion kWh, a noticeable decline of 4.2 billion kWh (7.2%) from the prior year's level of 57.6 billion kWh. There was a decline in demand due to the Covid-19 pandemic, resulting in a deterioration in the market conditions for the use of Uniper's power plant portfolios. This resulted in shorter uptimes in all the power plants in the fossil power plant fleet. This decline is due in part to the sale of the Uniper Group's generation activities in France in July 2019. Furthermore, a long inspection at the Oskarshamn 3 nuclear power plant unit led to a decline in owned generation. This was offset by improved availability of the Dutch coal-fired power plant Maasvlakte 3, the commissioning of the power plant Datteln 4 and the return to commercial operations of the gas-fired power plant units at the Irsching site in Germany, which recorded higher generation year-on-year. An increase in flows of water in Sweden compared with the prior year, mainly due to stronger snowmelt and increased precipitation, resulted in higher power generation at Uniper's hydroelectric power plants.

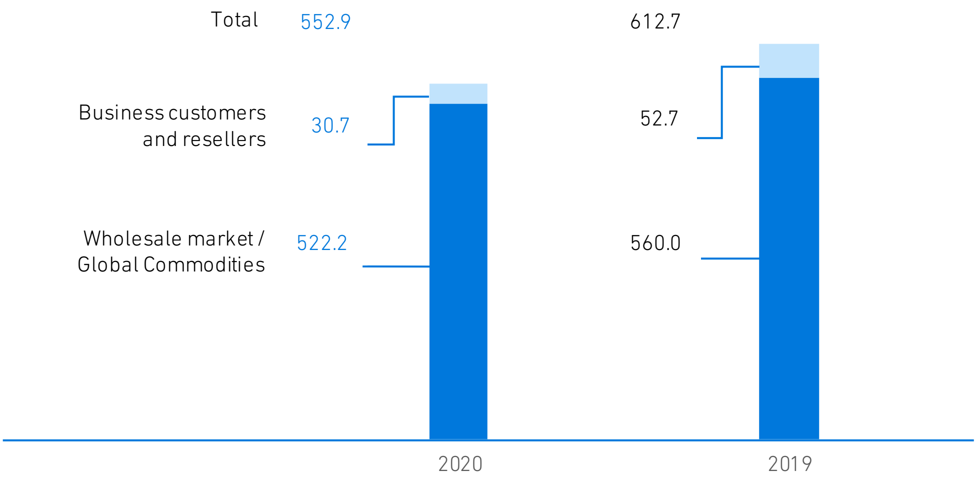
The Russian Power Generation segment's owned generation declined significantly by 4.7 billion kWh (10%), from 46.4 billion kWh to 41.7 billion kWh. Uptimes at the Berezovskaya power plant fell significantly by 32% compared to the prior-year due to the weather-related increase in cheaper energy supplied by competitors. Other factors in this reduction were lower demand resulting from an exceptionally warm start to the year and the effects of the Covid-19 pandemic, which, in addition to a general decline in demand, also reduced demand from oil and gas producers and led to lower foreign demand.

Electricity Sales

In 2020, electricity sales of the Uniper Group stood at 552.9 billion kWh, a noticeable decrease of 9.8% below the prior year's sales of 612.7 billion kWh.

Electricity Sales[1, 2]

Billion kWh



[1] Difference from electricity procurement results from operating consumption and network losses.

[2] Any rounding differences between individual volumes and totals are accepted.

The changes in electricity sales volumes were primarily due to the decline in owned generation and the sale of the Uniper Group's generation activities in France, which was completed in July 2019, as well as the associated lower optimization activities in the Global Commodities segment.

Alongside electricity trading in the energy markets, a portion of the Uniper Group's electricity sales to major customers such as municipal utilities and industrial customers in Germany and in Europe is transacted through an internal sales unit, Uniper Energy Sales GmbH (UES). In addition to sales, UES also handles marketing for the Uniper Group. It also offers its customers services in consulting, service and the electricity industry.

Electricity sales by UES in fiscal 2020 came to 26.6 billion kWh, significantly below the previous year (34.0 billion kWh). Lower volumes were purchased, especially by industrial customers, due to the consequences of the Covid-19 pandemic, which led to lockdowns and reduced working hours for the customers. The reduction is also attributable to expired contracts with customers.

Gas Business

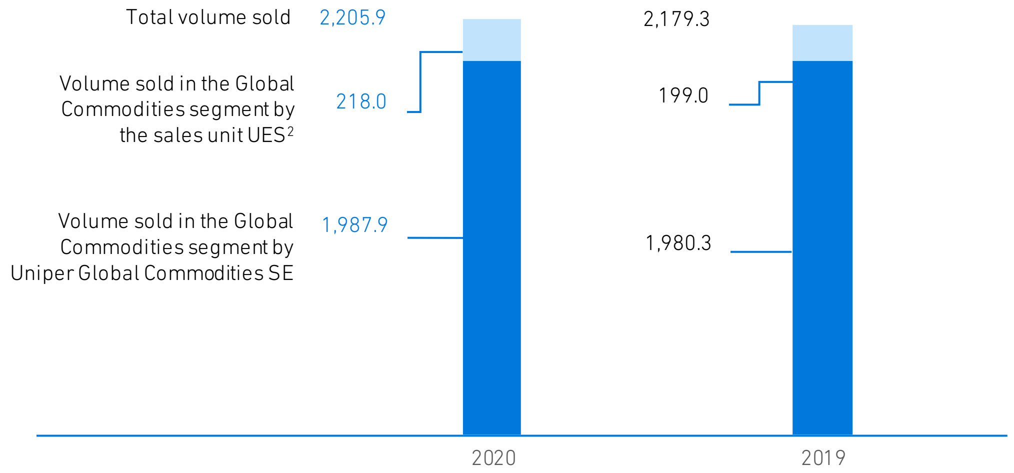
The total volume of natural gas sold in fiscal 2020 was 2,205.9 billion kWh (2019: 2,179.3 billion kWh). During the same period, the Uniper Group acquired a total volume of natural gas of 2,213.9 billion kWh (2019: 2,176.0 billion kWh). The vast majority of the volumes moved result from transactions on domestic and foreign trading markets, which are carried out to manage the Group's own gas-fired power plants, to optimize booked natural gas storage or transport capacities, and to commercially exploit regional price differences, among other things.

Sales Business

Uniper sells natural gas to resellers (e.g. municipal utilities), large industrial customers and power plant operators through its internal sales unit Uniper Energy Sales GmbH (UES). The volume of gas sold by UES in fiscal 2020 came to 218.0 billion kWh, noticeably above the prior year's volume (199.0 billion kWh). There were negative volume effects compared with the sales volume planned for 2020 due to another very mild winter and spring as well as low purchases, especially by industrial customers, caused by the Covid-19 pandemic (short working hours, lockdown) in the second quarter. However, sales volumes were higher overall compared to the prior year due to the signing of new customers and contracts.

Gas Sales[1]

Billion kWh



[1]Any rounding differences between individual volumes and totals are accepted.

[2]Including intragroup volumes.

Long-Term Gas Supply Contracts

The procurement of natural gas is largely based on long-term contracts with suppliers from Germany, the Netherlands, Norway and Russia. In fiscal 2020, Uniper had long-term contracts amounting to 368 billion kWh (2019: 379 billion kWh).

Gas Storage Capacity

Uniper Energy Storage GmbH is responsible for the operation of gas storage for the Uniper Group. Its activities include technical and commercial development, the construction and operation of underground storage facilities for natural gas, the marketing of capacities, services and products on the European storage market and the development of new storage technologies. Uniper Energy Storage GmbH manages natural gas storage facilities in Germany and Austria. In addition, a British Uniper Group company operates a gas storage facility in the United Kingdom. In 2020, gas storage capacity stood at 7.6 billion m^3, a slight decline of 0.1 billion m^3 below the level of the previous year (7.7 billion m^3), due primarily to the expiration of a storage agreement.

Technology and Innovation

Innovations and new technologies play a key role for Uniper in meeting its newly set strategic goals in the areas of decarbonization, customer focus and supply security. In addition to decarbonization, Uniper views the decentralization of energy supply and generation and digitalization as key trends for the major changes expected in the energy landscape. In order to actively shape these trends and benefit commercially from them, Uniper continuously analyzes the development and emergence of new technologies which can serve as the basis for the development of new, scalable business models.

Uniper's decarbonization targets are in line with the goals of the EU and numerous member states, which have committed to achieving greenhouse gas neutrality by 2050. A key component to achieving these climate goals is the increased use of renewable energies. To make this possible, a sustainable and secure energy supply requires numerous other technologies, such as flexible and efficient power plants to safeguard fluctuating power generation from wind and photovoltaics, climate-friendly gases, innovative storage solutions and flexibility options for energy users.

Uniper has a portfolio of new technologies and innovation projects that focus on the trends decarbonization, decentralization and digitalization. There is a strong focus on areas where Uniper can make optimal use of its existing capabilities and assets in order to generate new added value for the sustainable transformation of the energy system.

In order to increase the economic viability of the use of large battery storage systems, Uniper continuously assesses marketing channels and applications in the real market environment as part of the M5BAT innovation project, which is being conducted with RWTH Aachen University. For example, in spring 2020 the battery storage system consisting of five different battery types with a total capacity of 5 MW was used to validate test series for an e-mobility pilot project. Due to the growing requirements for grid stabilization measures, the battery storage system was tested with a view to shorter response times and a higher control speed.

Uniper is also working on the further development of power-to-gas technology for the conversion and storage of electricity from renewable energies, i.e. the conversion of electricity into gas. Uniper's efforts in this regard include involvement in the Energiepark Bad Lauchstädt living lab funding project in which the large-scale demonstration of sector coupling with hydrogen will take place. In addition to the conversion and storage of electricity from renewable energies, Uniper is assessing other technologies for the production of climate-friendly blue and turquoise hydrogen.

Through its subsidiary LIQVIS, Uniper is involved in the marketing of liquefied natural gas (LNG) as an alternative and environmentally friendly fuel in the heavy-duty sector. LIQVIS GmbH currently operates two permanent and two mobile LNG filling stations in Germany and one permanent filling station in France. In 2020, LIQVIS GmbH recorded sales growth due to the overall positive development of the market and the expansion of its own filling station network. On November 5, 2018, LIQVIS's first permanent LNG station, which was built with subsidies from this funding program, went into operation in Berlin. LIQVIS receives funding for the construction of a total of up to 14 filling stations from the EU's "Connecting Europe Facility (CEF) for Transport" funding program. In addition to the permanent facilities already in operation in Berlin, Kassel and Calais, LIQVIS plans to open further LNG filling stations in Germany and France in 2021.

Another area of activity for Uniper is the commercial use of CO_2 as a valuable raw material (carbon capture and usage – CCU). Uniper is pursuing pilot projects in the field of synthetic fuels (e-fuels) or sustainable chemicals and, in this context, continues to actively participate in the European industry initiative "CO_2 Value Europe," of which the Company is a founding member.

In addition, Uniper works continuously to make conventional power plants more flexible in order to further increase the performance of the power plants in the area of system services. For example, Uniper is working on developing hybrid power plants by adding batteries to thermal and hydroelectric power plants. This increases the performance spectrum of these power plants and provides additional system support for the integration of renewable energies.

Last but not least, Uniper made great progress both on business-specific digital initiatives and the cross-segment coordination of digitalization in 2020. The Digital Federated Program was launched with the aim of coordinating and supporting these efforts. The program combines specific digital developments in Uniper's core business with cross-segment support areas. By creating a unified digital agenda for Uniper, the program serves as a facilitator between digitalization initiatives, creates more transparency and thus helps to leverage synergies across different segments.

Digitalization permeates all of Uniper's business segments and support functions. Priority is given to the core business areas of energy generation and energy trading, customer interaction and the cultural change within the Company itself.

In the core business of energy trading, the "Digital Transformation Program Trading" focuses on positioning Uniper competitively in an environment increasingly characterized by algo trading and systematic trading. Innovative solutions for all markets relevant for Uniper are being developed and continuously improved. Established technical controls around algo trading represent effective risk and compliance measures for trading activities.

The recently launched digital initiative "COO Digital Evolution" is a transformation program within Uniper's generation business. The program consists of numerous digital initiatives that have already been launched and more than 200 additional ideas to improve the way the power plants operate. The program aims to deploy digital solutions in all areas of the Company, establish a digital culture and support employees in the various functions of Uniper's generation business.

In addition to these initiatives in Uniper's core business, there are many other digitalization activities and projects, including in the support functions. Uniper has also made significant progress in implementing its long-term IT strategy. This multi-year project was successfully completed in 2020 with the move out of the E.ON data centers and the final separation of the networks. The strong pursuit of the cloud-first strategy in conjunction with the ongoing development of the Digital Workplace made it possible for Uniper to allow most of its employees to work from home due to the pandemic from one day to the next with no negative effects. More progress was also made in the further development of Uniper's cloud platform, and in the area of IT security. Examples include the successful certification to ISO 27001 and the expansion of additional IT security capabilities.

Business Developments and Key Events in 2020

In March 2020, the World Health Organization officially designated the outbreak of the novel lung disease (Covid-19) a pandemic that is currently spreading around the world. Uniper is continuously monitoring developments in this regard and has taken measures to protect its employees and business partners. The measures in place for its employees since March 2020 include working from home for administrative functions and new shift models for operational work. Uniper also has effective business continuity plans in place for its operational and administrative functions, which ensure that the Company is well prepared for such events. Nevertheless, the pandemic and the measures taken to contain it worldwide have had a negative impact on the global trading markets and have contributed to significant decreases in prices and substantial price volatility in the commodity and financial markets. By the end of the fiscal year, some of these markets had returned to prior-year levels. Uniper has not applied for assistance under the German government's package of measures to help businesses mitigate the impact of the coronavirus. Current developments, as well as possible future developments that were apparent as of the reporting date, also have an impact on Uniper's assets, financial condition, and earnings, and have been taken into account accordingly in the financial statements. It was assumed that the negative impacts resulting from the Covid-19 pandemic would not extend beyond the three-year period covered by the medium-term planning.

These developments mainly related to the measurement of derivatives, inventories, as well as the measurement of generation assets, particularly in the European Generation and Russian Power Generation segments. As a result of the ongoing government support programs in Germany and the ECB bond purchase programs, interest rates fell compared with year-end 2019, which led to a corresponding increase in pension provisions, while the fair value of plan assets did not increase to the same extent compared to the end of 2019. The decrease in revenues and cost of materials mainly resulted from lower average market prices relevant for physical forward contracts upon contract fulfillment (see also "Earnings – Sales Performance"). In contrast, hedging resulted in a net positive unrealized contribution to earnings due to higher prices. This resulted on the one hand in valuation gains from procurement-side CO_2 hedges and from gas and oil forward contracts, and on the other hand in negative valuation effects from hedges of the sales-side power portfolio.

European Generation

In Uniper's core markets, electricity prices were significantly below the prior year due to the ongoing Covid-19 pandemic. This resulted in low uptimes at coal-fired power plants and a decline in the uptimes at the Uniper Group's UK gas-fired power plants. The impact on earnings was more than compensated for by price hedging transactions and system services carried out in advance. In addition, the improved availability of the Dutch coal-fired power plant Maasvlakte 3, the commissioning of the Datteln 4 power plant, and the return of the gas-fired power plant units at the Irsching site in Germany to regular commercial operation contributed to an increase in uptimes.

In the Nordic region, 2020 was characterized by exceptionally heavy precipitation, particularly in the first quarter, which was then followed by high volumes due to snowmelt in the spring. Generation at Uniper's hydroelectric power plants consequently increased significantly compared with the prior year.

In connection with the draft legislation to end coal-fired power generation adopted by the German federal government, Uniper announced on January 30, 2020, that it intended to decommission some power plant units. The coal phase-out in Germany was formally enacted into law by the Bundestag and the Bundesrat on July 3, 2020.

On February 21, 2020, Uniper signed an agreement with Saale Energie GmbH ("Saale Energie"), a subsidiary of EPH (Energetický a průmyslový holding, a. s.), on the sale of its stake in the Schkopau lignite-fired power plant in Saxony-Anhalt. Uniper is the operator of the power plant and holds a stake in the power plant operating company of about 58%. Saale Energie already holds a stake of around 42% in the Schkopau power plant and will take over Uniper's stake with effect from October 2021. Once it has sold its interest in the Schkopau power plant, Uniper will have fully withdrawn from lignite-fired power generation in Europe.

In February 2020, Uniper entered into a six-year contract with the United Kingdom's National Grid Electricity System Operator to deliver innovative grid stability services. Following the contract signing, Uniper plans to deliver stability services and voltage control to the British grid at its Killingholme and Grain power plants.

In the first quarter of 2020, Uniper received the payment from the British capacity market, which had been suspended from the end of 2018 through 2019. The associated income had already been recognized in the 2019 financial statements. The British capacity market has been functioning normally again since January 1, 2020, with corresponding income and payments in 2020.

The owners of the Irsching 5 gas power plant near Ingolstadt – Uniper, N-ERGIE, Mainova, and ENTEGA – decided on May 28, 2020, to return the plant to regular commercial operation on October 1, 2020. This decision was made due to improved market prices – in particular, lower gas prices – which should make it possible to operate the highly efficient gas power plant profitably. At the same time – and for the same reasons – Uniper, as sole owner of the Irsching 4 gas-fired power plant, returned this plant to regular commercial operation on October 1, 2020. The owners reserve the right to reassess the situation from year to year and to revise the decision in the event of a deterioration in market conditions.

The Datteln 4 power plant was successfully commissioned on May 30, 2020.

The increasing share of renewable energies is presenting grid operators worldwide with growing challenges to maintain balance in electricity grids. Frequency deviations in the grid can lead to poorer power quality and, in the worst case, to power outages. On June 8, 2020, Uniper announced that it was launching an innovative battery solution that would meet the growing need for fast frequency control – and thus grid stability. The first implementation of this battery technology will take place in two of Uniper's hydroelectric power plants in northern Sweden: Edsele with a capacity of 6 MW and Lövön with a capacity of 9 MW.

In June 2020, Uniper and General Electric (GE) signed a long-term cooperation agreement for work on the decarbonization of Uniper's gas-fired power plants and natural gas storage facilities. GE Gas Power and Uniper will explore, evaluate, and develop technology options for decarbonizing these assets.

On December 1, 2020, Uniper announced that it will cease commercial power generation for the Heyden 4 hard-coal-fired power plant as of January 1, 2021, and permanently decommission it on July 1, 2021, unless the transmission system operator determines that the power plant is system-relevant. This is provided for in the Federal Network Agency's schedule for those power plants that were awarded a contract in the first tender under the Law to Reduce and End Coal-Fired Power Generation and to Amend Other Laws (Coal Phase-out Law) of August 13, 2020. On December 1, 2020, the Federal Network Agency awarded the contract to close the plant in the first tender for the decommissioning of hard-coal-fired power plants.

Global Commodities

The year was characterized by very mild temperatures, which led to lower demand at the trading points. In particular for gas, the combination of a decrease in demand on the market and relatively high storage levels ultimately resulted in a significant decline in prices at individual gas trading points, which only recorded a slight recovery at the end of the year. This presented gas suppliers with the challenge of optimizing economically the volumes procured under long-term supply contracts. Uniper successfully mastered this challenge thanks to its diversified and flexible gas storage and gas optimization portfolio.

Uniper increased its gas sales to major customers compared to the prior year by successfully contracting new customers despite very mild temperatures at the beginning of the year and, in some cases, reduced customer procurement behavior due to Covid-19 measures (short-time work, lockdown). This applied equally to the decline in sales volumes in the power business with major customers. However, following significant declines in sales volumes, in particular from April to August 2020, the procurement behavior of Uniper's customers returned to normal by the end of the year.

In January 2020, Uniper and Gazprom Export agreed to end arbitration proceedings in which the parties had asked for price adjustments to natural gas supply contracts. Long-term gas supply contracts often include price adjustment clauses that – under defined circumstances – enable each side to enter into negotiations on pricing. It is not unusual for these negotiations to result in arbitration proceedings. However, such proceedings do not prevent the contracting parties from seeking to reach an out-of-court agreement through continued commercial negotiations.

On July 9, 2020, Irkutsk Oil LLC and Uniper signed a long-term helium sales agreement for the purchase of part of the liquid helium from the future helium production of Irkutsk Oil LLC from the Yaraktinsky field. The plant near Ust-Kut, in the Russian region of Irkutsk, is currently under construction. Production is scheduled to start at the end of 2021.

Russian Power Generation

The earnings performance of the Russian majority shareholding Unipro was negatively affected primarily by lower electricity prices in the day-ahead market due to the decline in domestic demand resulting from the Covid-19 pandemic, especially at oil and gas producers, as well as by reduced foreign demand combined with a weather-related increase in supply.

Owing to circumstances including the impact of the Covid-19 pandemic, Uniper continues to expect that, after delays in 2020, Unit 3 of the Berezovskaya power plant in Russia will return to service in the first half of 2021. The remaining investment amount now stands at roughly 4 billion rubles.

Changes in Ratings

On March 20, 2020, S&P lifted the CreditWatch negative and affirmed Uniper's rating at BBB, albeit with a negative outlook, as a result of Fortum's announcement to further increase its shareholding in Uniper. On August 31, 2020, S&P again affirmed Uniper's rating at BBB, with a negative outlook. The negative outlook reflects the negative outlook on the BBB rating of Uniper's majority owner Fortum Oyj which serves as a cap for Uniper's rating.

Uniper is rated BBB+ with a stable outlook by Scope Ratings. The rating was affirmed on May 25, 2020.

In general, Uniper strives to maintain a stable investment-grade rating of BBB.

Earnings

Transfer Pricing System

Since 2018, the Uniper Group's electricity generation, with the exception of Russian Power Generation, has been marketed via a portfolio management system. The expected electricity generation of the power plant companies is hedged by the Global Commodities segment's trading unit through the conclusion of hedging transactions (physical and financial) on the basis of current market prices and a spot optimization is carried out. As a consequence, the results are directly reported in the European Generation segment and the power plant companies show the financial effect of the price hedging of their generation positions.

All energy-related contracts with Uniper Group companies are accounted for at market prices or market-price-based transfer prices. In forward transactions classified as own-use, transfer prices are derived from current forward prices for a specified time prior to delivery.

Sales Performance

Sales

€ in millions	2020	2019	+/- %
European Generation	7,688	11,085	-30.6
Global Commodities	53,698	70,301	-23.6
Russian Power Generation	909	1,106	-17.8
Administration/Consolidation	-11,327	-16,688	-32.1
Total	**50,968**	**65,804**	**-22.5**

The decline in sales revenues is mainly attributable to lower average market prices in the power and gas business. A significant part of this is due to the fact that the contracts involving physical settlement that Uniper enters into (failed own-use contracts) are reported at the spot price applicable on the settlement date – applying the recognition and measurement rules codified in IFRS – rather than at the originally hedged contract price. The difference between the spot price and the contractually hedged price is instead recognized in the line items for other operating income and expenses. Driven down by the Covid-19 pandemic, the decreased commodity spot prices have thus brought about a shift in the presentation of realized income and expenses from revenues and cost of materials to other operating income and expenses, but that shift does not affect contractual cash flows and therefore has no impact on adjusted EBIT. However, a noticeable drop in power sales also contributed to the decline in revenues. A reconciliation to the contractual sales revenues and cost of materials relevant for earnings can be found in the section "Reconciliation of Income/Loss before Financial Results and Taxes".

European Generation

The decline in sales from the previous year resulted primarily from the sale in the third quarter of 2019 of Uniper's activities in France, which thus still made a contribution to the segment's revenues in the prior year. In addition, there was a decline in sales due to significantly lower spot prices in all markets of the European Generation segment. In addition, the absence of a positive effect from 2019 (the inverse of Global Commodities) from the management of the long-term price risk of emissions allowances had a negative impact compared to the previous year.

Global Commodities

Internal sales in the power business decreased significantly owing to lower transaction levels between the power plant operating companies in the European Generation segment and the trading unit in the Global Commodities segment and due to lower trading and optimization activities. External sales in the gas business fell because of lower realized prices. Sales in the 2020 fiscal year also fell because the revenues from the generation and sales activities in France that were sold in the third quarter of 2019 were now absent.

Russian Power Generation

The sales performance in the Russian Power Generation segment was negatively affected primarily by lower electricity prices in the day-ahead market due to the impact of the Covid-19 pandemic – especially at oil and gas producers, as well as by reduced foreign demand combined with a weather-related increase in the supply of electricity due to weather conditions.

Administration/Consolidation

The change of the revenues attributable to the Administration/Consolidation reconciliation item is primarily a consolidation effect arising from lower intersegment effects between the power plant operating companies of the European Generation segment and the Uniper Group's trading unit in the Global Commodities segment.

Sales by product break down as follows:

Sales

€ in millions	2020	2019	+/- %
Electricity	18,709	24,939	-25.0
Gas	25,692	34,065	-24.6
Other	6,567	6,800	-3.4
Total	**50,968**	**65,804**	**-22.5**

Other Significant Earnings Trends

The net income for the year is €402 million (2019: net income of €644 million). Income before financial results and taxes decreased to €608 million (2019: €922 million).

The principal factors driving this earnings trend are presented below:

The cost of materials decreased by €14,687 million in the fiscal year 2020 to €48,710 million (2019: €63,398 million). The sales trend described above was a key factor in this development.

Personnel costs increased by €58 million in the fiscal year 2020 to €1,012 million (2019: €955 million). The increase resulted from expenses incurred for Uniper's strategy execution, which includes, among other things, a proactive phase-out plan for coal in Europe, as well as from higher expenses for occupational retirement benefits. Negotiated pay adjustments led to increases in wages and salaries, as did the non-recurring expense from the revaluation and settlement of allocations under the long-term incentive (LTI) packages for the years 2018 (applies only to the Management Board), 2019, and 2020 in connection with the occurrence of the change-of-control event that took place when Fortum Deutschland SE acquired 75% of Uniper's shares. The increases mentioned were partially offset especially by the disposal of Uniper's activities in France in the third quarter of 2019.

Depreciation, amortization and impairment charges amounted to €1,077 million in the fiscal year 2020 (2019: €1,750 million). The decrease of €673 million is primarily attributable to a decrease in impairment charges on property, plant, and equipment by €617 million to €405 million (2019: €1,022 million). The decrease in impairment charges mainly related to the European Generation and Global Commodities segments, in particular power plants in the Netherlands and the United Kingdom. Reversals of impairments amounted to €338 million in the fiscal year 2020 (2019: €174 million). The reversals related primarily to impairment charges previously recognized on two gas-fired power plants in Germany, which were reversed to reflect their planned return to the market. Total regular depreciation and amortization was only marginally lower, having declined by €38 million year over year.

Other operating income decreased to €24,578 million in the fiscal year 2020 (2019: €26,348 million). This was caused primarily by the marking to market of commodity derivatives. Income from invoiced and open transactions and from related currency hedges amounted to €23,400 million, having decreased by €1,925 million year over year (2019: €25,325 million).

Other operating expenses decreased to €24,196 million in the fiscal year 2020 (2019: €25,281 million). Expenses from invoiced and open transactions and from related currency hedges decreased by €1,107 million year over year to €22,981 million (2019: €24,088 million).

Reconciliation of Income/Loss before Financial Results and Taxes

The reported net income before financial results and taxes of €608 million (2019: €922 million) is adjusted for non-operating effects totaling €399 million (2019: -€52 million) and, in addition, increased by net income from equity investments of €9 million (2019: €8 million) to produce adjusted EBIT of €998 million (2019: €863 million).

The bottom line in the table below shows the detailed reconciliation of income/loss before financial results and taxes in accordance with IFRS to adjusted EBIT, and additionally provides an overview of what items are affected by non-operating adjustments:

Matrix for Reconciliation of Income/Loss before Financial Results and Taxes 2020[1]

€ in millions	Income statement items	Net book gains (-) / losses (+)	FV measurement of derivatives	Adj. of revenues and cost of materials	Restructuring[2]	Misc. other non-op. earnings	Impairment charges/ reversals[3]	Total adjustments	Income from equity investments[4]	Components of adjusted EBIT
		Adjustments of items of income/loss before financial results and taxes to adjusted EBIT								
Sales including electricity and energy taxes	51,291	–	–	11,524	–	–	–	11,524	–	62,815
Electricity and energy taxes	-324	–	–	–	–	–	–	0	–	-324
Sales	**50,968**	**–**	**–**	**11,524**	**–**	**–**	**–**	**11,524**	**–**	**62,491**
Changes in inventories (finished goods and work in progress)	-83	–	–	–	–	–	–	0	–	-83
Own work capitalized	93	–	–	–	–	–	–	0	–	93
Other operating income	24,578	-8	-17,407	–	–	-295	-336	-18,047	–	6,531
Cost of materials	-48,710	–	–	-10,529	–	29	–	-10,500	–	-59,210
Personnel costs	-1,012	–	–	–	57	12	–	68	–	-944
Depreciation, amortization and impairment charges	-1,077	–	–	–	5	–	429	433	-16	-660
Other operating expenses	-24,196	18	16,837	–	4	62	–	16,921	-1	-7,277
For informational purposes: Subtotal of the components of adjusted EBIT before income/loss accounted for under the equity method and income from equity investments	N/A	0	0	–	0	0	–	0	–	943
Income from companies accounted for under the equity method	48	–	–	–	–	–	–	0	–	48
For calculation purposes: Income from equity investments[4]	N/A	–	–	–	–	–	–	0	7	7
Reconciliation of income/loss before financial results and taxes to adjusted EBIT (summarized)	**608**	**10**	**-570**	**995**	**65**	**-192**	**92**	**399**	**-9**	**998**

[1]Owing to the adjustments made, the earnings items shown here may differ from the figures determined in accordance with IFRS. A reconciliation of income/loss before financial results and taxes prepared in compliance with the Guidelines on Alternative Performance Measures published by the European Securities Markets Authority (ESMA) is provided in note 32 to the annual financial statements.
[2]Expenses for (and income from) restructuring and cost management in the Global Commodities segment included depreciation and amortization of €5 million in the 2020 fiscal year (2019: €11 million).
[3]Non-operating impairment charges/reversals consist of non-operating impairment charges and reversals triggered by regular impairment tests. The total of the non-operating impairment charges/reversals and economic depreciation and amortization/reversals differs from the depreciation, amortization and impairment charges reported in the income statement, since the two items also include impairment charges on companies accounted for under the equity method and other financial assets; in addition, a small portion is included in restructuring/cost-management expenses and in miscellaneous other non-operating earnings.
[4]In the income statement according to IFRS, income from equity investments is part of the financial result not shown in this matrix and is added as a component of adjusted EBIT. The presentation within the items of the income statement that make up income before financial result and taxes is used in this matrix solely to determine adjusted EBIT. For the presentation and reconciliation of non-operating impairments/reversals of impairments within income from investments, the amount of the adjustment item impairments/reversals of impairments is increased by €16 million (2019: €7 million) in this matrix.

Matrix for Reconciliation of Income/Loss before Financial Results and Taxes 2019[1]

€ in millions	Income statement items	Net book gains (-) / losses (+)	FV measurement of derivatives	Adj. of revenues and cost of materials	Restructuring[2]	Misc. other non-op. earnings	Impairment charges/ reversals[3]	Total adjustments	Income from equity investments[4]	Components of adjusted EBIT
		Adjustments of items of income/loss before financial results and taxes to adjusted EBIT								
Sales including electricity and energy taxes	66,175	–	–	8,734	–	–	–	8,734	–	74,909
Electricity and energy taxes	-371	–	–	–	–	–	–	0	–	-371
Sales	**65,804**	**–**	**–**	**8,734**	**–**	**–**	**–**	**8,734**	**–**	**74,538**
Changes in inventories (finished goods and work in progress)	2	–	–	–	–	–	–	0	–	2
Own work capitalized	93	–	–	–	–	–	–	0	–	93
Other operating income	26,348	-11	-19,641	–	–	-230	-171	-20,053	–	6,296
Cost of materials	-63,398	–	–	-8,288	–	96	–	-8,192	–	-71,589
Personnel costs	-955	–	–	–	-5		–	-5	–	-960
Depreciation, amortization and impairment charges	-1,750	–	–	–	11	–	1,045	1,056	-7	-700
Other operating expenses	-25,281	4	18,413	3	-56	44	–	18,408	–	-6,873
For informational purposes: Subtotal of the components of adjusted EBIT before income/loss accounted for under the equity method and income from equity investments	N/A	0	0	–	0	0	–	0	–	806
Income from companies accounted for under the equity method	58	–	–	–	–	–	–	0	–	58
For calculation purposes: Income from equity investments[5]	N/A	–	–	–	–	–	–	0	-1	-1
Reconciliation of income/loss before financial results and taxes to adjusted EBIT (summarized)	**922**	**-7**	**-1,228**	**448**	**-50**	**-89**	**874**	**-52**	**-8**	**863**

[1]Owing to the adjustments made, the earnings items shown here may differ from the figures determined in accordance with IFRS. A reconciliation of income/loss before financial results and taxes prepared in compliance with the Guidelines on Alternative Performance Measures published by the European Securities Markets Authority (ESMA) is provided in note 32 to the annual financial statements.

[2]Expenses for (and income from) restructuring and cost management in the Global Commodities segment included depreciation and amortization of €11 million in the 2019 fiscal year (2018: €12 million).

[3]Non-operating impairment charges/reversals consist of non-operating impairment charges and reversals triggered by regular impairment tests. The total of the non-operating impairment charges/reversals and economic depreciation and amortization/reversals differs from the depreciation, amortization and impairment charges reported in the income statement, since the two items also include impairment charges on companies accounted for under the equity method and other financial assets; in addition, a small portion is included in restructuring/cost-management expenses and in miscellaneous other non-operating earnings.

[4]In the income statement according to IFRS, income from equity investments is part of the financial result not shown in this matrix and is added as a component of adjusted EBIT. The presentation within the items of the income statement that make up income before financial result and taxes is used in this matrix solely to determine adjusted EBIT. For the presentation and reconciliation of non-operating impairments/reversals of impairments within income from investments, the amount of the adjustment item impairments/reversals of impairments is increased by €7 million in this matrix.

The net book losses of €10 million in the reporting period are primarily attributable to losses on disposals of property, plant and equipment, which were only partially offset by the gain on disposal of the stake in Gas-Union GmbH (2019: net book gain of €7 million on the disposals of the activities in France, the remaining stake in ENEVA S.A., and the shareholding in OLT Offshore LNG Toscana S.p.A.).

The fair value measurement of derivatives used to hedge the operating business against price fluctuations resulted in a net gain of €570 million in the 2020 fiscal year, due to changed market values in connection with volatile commodity prices in the forward markets (2019: net gain of €1,228 million).

Revenues and cost of materials for physically settled commodity derivatives (contracts that are accounted for under IFRS 9 (failed own-use contracts)) were adjusted for the difference between the spot prices relevant pursuant to IFRS and the contract prices relevant from the management perspective by a net expense of €995 million in fiscal 2020 (2019: net expense of €448 million).

In 2020, restructuring and cost-management expenses/income changed by €115 million year over year. The expense in the 2020 fiscal year amounted to €65 million (2019: income of €50 million) and resulted primarily from expenses incurred, among other things, for a proactive phase-out plan for coal in Europe. In the previous year, the main non-operating adjustment had related to income from the spin-off and transfer agreement with E.ON.

Income of €192 million was classified as miscellaneous other non-operating earnings in the 2020 fiscal year (2019: income of €89 million). The change resulted primarily from adjustments of provisions recognized for non-operating effects in the Global Commodities segment. The change in the inclusion of an equity investment due to a change in its recognition status from associate to other equity investments resulted in a gain of €38 million.

Aggregated non-operating impairment charges and reversals of non-operating impairment losses recognized in the reporting period amounted to a net loss of €92 million. The impairments were primarily attributable to the European Generation and Russian Power Generation segments. Reversals of impairments recognized in previous years related primarily to the European Generation and Global Commodities segments in 2020. Aggregated non-operating impairment charges and reversals of non-operating impairment losses recognized in the 2019 fiscal year had amounted to a net loss of €874 million.

Adjusted EBIT

Adjusted EBIT

€ in millions	**2020**	**2019**	**+/- %**
European Generation	492	424	16.1
Global Commodities	496	287	73.0
Russian Power Generation	226	308	-26.7
Administration/Consolidation	-216	-156	-38.2
Total	**998**	**863**	**15.7**

The Uniper Group's total adjusted EBIT rose 15.7% to €998 million, coming in at the top end of Uniper's expectations for 2020.

European Generation

Adjusted EBIT in the European Generation segment was significantly higher in 2020 than in the previous year, slightly exceeding expectations compared with the forecast updated in the half-year interim report. The year-over-year increase in adjusted EBIT was mainly driven by positive results from the portfolio optimization of the fossil-fuel power plants. In addition, higher prices obtained in nuclear power, and a rise in generation volumes in the hydroelectric power business, also led to higher earnings. This was offset by reduced generation volumes from the nuclear power plants due to prolonged scheduled maintenance outages as well as unplanned outages. The positive results were additionally partially offset by the absence of a positive effect from 2019 (the inverse of Global Commodities) from the management of the long-term price risk of emission allowances with the Global Commodities segment.

Global Commodities

Adjusted EBIT in the Global Commodities segment rose significantly in 2020 compared with the previous year, significantly exceeding expectations compared with the forecast updated in the half-year interim report. The increase in adjusted operating earnings is mainly attributable to the gas business, which benefited from a very volatile price environment. Particularly in the first quarter of 2020, this led to major positive earnings contributions. The absence of a negative effect from 2019 (the inverse of European Generation) resulting from the management of the long-term price risk for emission allowances with the European Generation segment had an additional positive impact. The power business moved in the opposite direction, with trading results from optimization below those of the previous year. Furthermore, results from the North American gas and power business, as well as from coal, were down from the previous year in a difficult market environment.

Russian Power Generation

Russian Power Generation's adjusted EBIT was significantly below the prior-year figure, but still noticeably above expectations compared with the forecast updated in the half-year interim report. The Russian Power Generation segment's adjusted EBIT performance was negatively affected primarily by lower electricity prices in the day-ahead market due to the reduction in domestic demand brought about by the Covid-19 pandemic – especially at oil and gas producers – and by reduced foreign demand combined with a weather-related increase in supply. Adjusted EBIT was depressed further by currency-translation effects.

Administration/Consolidation

Adjusted EBIT attributable to the Administration/Consolidation reconciliation item changed negatively compared with the previous year. The reconciliation of the operating segments' adjusted EBIT to the Group's adjusted EBIT with respect to the measurement of the provisions for carbon emissions (remeasurement to cross-segment figures at Group level) had a negative impact. Another clear negative effect resulted mainly from the remeasurement of coal inventories across segments.

Adjusted Net Income

Adjusted net income is composed of adjusted EBIT, net operating interest income and income taxes on operating earnings, less non-controlling interests in operating earnings (see the Management System section for a detailed definition). The following table shows the reconciliation of income/loss before financial results and taxes to adjusted net income:

Reconciliation to Adjusted Net Income

€ in millions	2020	2019
Income/Loss before financial results and taxes	**608**	**922**
Net income/loss from equity investments	-9	-8
EBIT	**599**	**915**
Non-operating adjustments	399	-52
Adjusted EBIT	**998**	**863**
Interest income/expense and other financial results	*-57*	*44*
Non-operating interest expense and negative other financial results (+) / interest income and positive other financial results (-)	*97*	*-27*
Operating interest income/expense and other financial results	39	18
Income taxes	*-139*	*-315*
Expense (+) / Income (-) resulting from income taxes on non-operating earnings	*-86*	*85*
Income taxes on operating earnings	-226	-230
Less non-controlling interests in operating earnings	-37	-37
Adjusted net income	**774**	**614**

Aside from other financial results, the adjustments for financial effects relate primarily to the interest effects of the provisions financed through the Swedish Nuclear Waste Fund ("Kärnavfallsfonden" or "KAF") in the European Generation segment and of other non-operating provisions in the Global Commodities segment. An expense of €97 million was adjusted for in total (2019: €27 million income).

In fiscal 2020, there was non-operating tax income of €86 million (2019: €85 million tax expense). The operating tax expense amounted to €226 million (2019: €230 million). This has resulted in an operating effective tax rate of 21.7% (2019: 26.1%).

Adjusted net income for the 2020 fiscal year amounted to €774 million. This represents a year-over-year increase of €160 million (2019: €614 million), placing it clearly at the top end of expectations for 2020. Adjusted net income followed the trend of adjusted EBIT, additionally supported by higher economic net interest income relative to the previous year. The latter was attributable to a reduced interest expense for financial liabilities and also to a reduced interest expense from the remeasurement of asset retirement obligations, both due to a less-pronounced decline in interest rates. The operating effective tax rate was also lower year over year.

Financial Condition

Uniper presents its financial condition using indicators such as economic net debt and operating cash flow before interest and taxes (OCFbiT), among others.

Finance Strategy

Uniper's finance strategy is geared towards a healthy balance between attractive shareholder dividends, the Company's ability to make investments and balance sheet stability.

For the 2020 fiscal year, the Management Board will propose a dividend payment of €501.4 million in total to the Annual Shareholders Meeting.

Uniper measures its balance sheet stability particularly in a solid investment-grade rating of BBB and by a corresponding debt factor. The debt factor is defined as the ratio of current economic net debt to adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA). The BBB target rating can be translated into a debt factor of less than or equal to 2.5x. Based on adjusted EBITDA in fiscal 2020 of €1,657 million (2019: €1,561 million) and economic net debt of €3,113 million as of the balance sheet date (2019: €2,650 million), the debt factor was 1.9x (2019: 1.7x).

Financing Instruments

External funding represents an important source of financing for Uniper. Uniper primarily uses flexible financing instruments such as a commercial paper program or a revolving credit facility for external financing.

Uniper SE's syndicated bank financing is provided in the form of a revolving credit facility by a total of 15 banks. The revolving credit facility was refinanced in September 2018 in the amount of €1.8 billion. The initial term of the credit line was five years (through 2023), extendable by a further year each under two extension options subject to the approval of the banks. After the successful execution of the first extension option in 2019, Uniper also exercised the second extension option for a further year, through 2025, in September 2020. Uniper also has the option to increase the volume by up to €500 million at the discretion of the banks. The revolving credit facility serves Uniper as a general liquidity reserve and as a back-up facility for the €1.8 billion Commercial Paper Program. As of December 31, 2020, Uniper had €65 million in commercial paper outstanding (2019: no commercial paper outstanding).

The Debt Issuance Program (DIP) is a flexible instrument for issuing debt securities to investors in the context of public, syndicated and private placements. The volume, currencies and maturities of issued bonds depend on Uniper's financing requirements. The usable amount under the program is €2.0 billion. As in the previous year, there were no issues outstanding as of December 31, 2020.

Uniper has additionally arranged guarantee facilities with several of its banks to cover guarantee requirements in its operations. Note 25 to the Consolidated Financial Statements contains more information about Uniper's financial liabilities.

Economic Net Debt

Economic net debt is used by Uniper to manage the Group's capital structure.

Since March 31, 2020, the table Economic Net Debt includes all details of items previously shown (separately) in a table called "Financial Liabilities and Liabilities from Leases." The extended table increases transparency and presents all information on financial liabilities in one place without changing the definition of economic net debt. Since June 30, 2020, restricted cash is no longer included as part of the liquid funds within Uniper's economic net debt. Instead, economic net debt includes "Cash and cash equivalents" and "Current securities" as separate items. In addition, margining receivables also include collateral pledged for hedging foreign exchange positions. These changes increase transparency on the type and availability of cash, cash equivalents, securities and receivables as part of the net financial position of Uniper.

The following table shows the determination of economic net debt as of December 31, 2020:

Economic Net Debt

€ in millions	Dec. 31, 2020	Dec. 31, 2019
Cash and cash equivalents[1]	243	825
Current securities	46	46
Non-current securities	98	100
Margining receivables[1]	835	336
Financial liabilities and liabilities from leases	1,743	1,935
Bonds	*–*	*–*
Commercial paper	*65*	*–*
Liabilities to banks	*259*	*120*
Lease liabilities	*761*	*817*
Margining liabilities	*193*	*499*
Liabilities to co-shareholders from shareholder loans	*378*	*396*
Other financing	*87*	*102*
Net financial position	**520**	**628**
Provisions for pensions and similar obligations	1,371	1,031
Provisions for asset retirement obligations[2]	1,223	991
Other asset retirement obligations	*802*	*754*
Asset retirement obligations for Swedish nuclear power plants[3]	*2,916*	*2,557*
Receivables from the Swedish Nuclear Waste Fund recognized on the balance sheet[3]	*2,495*	*2,320*
Economic net debt	**3,113**	**2,650**
For informational purposes: Receivables from the Swedish Nuclear Waste Fund (KAF) ineligible for capitalization[3]	223	291
For informational purposes: Fundamental economic net debt	**2,890**	**2,359**

[1]Comparative figures adjusted (margins increased and liquid funds decreased).
[2]Reduced by receivables from the Swedish Nuclear Waste Fund.
[3]Due to IFRS valuation rules (IFRIC 5), €223 million (December 31, 2019: €291 million) of Uniper's share of the fair value of the net assets of the Swedish Nuclear Waste Fund may not be capitalized on the balance sheet. Accordingly, there exists an additional receivable from the Swedish Nuclear Waste Fund ineligible for recognition on the balance sheet, and the economic net obligation for the decommissioning of the Swedish nuclear power plants is thus reported too high in the table by the amount of this receivable.

Compared with December 31, 2019, economic net debt as of December 31, 2020, increased by €463 million to €3,113 million (December 31, 2019: €2,650 million). The net financial position, however, decreased by €108 million to €520 million compared with year-end 2019 (December 31, 2019: €628 million).

The operating cash flow (€1,241 million) and divestment inflows (€83 million) exceeded the dividend payment (€421 million) and investment spending (€743 million) in the 2020 fiscal year, leading to a reduction of the net financial position. Mainly due to a strong increase in margining receivables by €499 million, cash and cash equivalents decreased by €582 million to €243 million compared with year-end 2019 (December 31, 2019: €825 million).

Within the net financial position, financial liabilities and liabilities from leases decreased by €192 million to €1,743 million as of December 31, 2020 (December 31, 2019: €1,935 million). The decrease was mainly caused by a reduction of margining liabilities by €306 million. This effect was partially offset by the issuance of commercial paper – as of December 31, 2020, €65 million in commercial paper was outstanding (December 31, 2019: no commercial paper outstanding) – and by a temporary increase in liabilities to banks by €138 million to €259 million.

The increase in economic net debt was mainly driven by an increase in provisions for pensions and similar obligations by €340 million to €1,371 million (December 31, 2019: €1,031 million). This development resulted especially from a reduction in interest rates compared with year-end 2019, while the increase in the fair value of plan assets compared with year-end 2019 was not of the same magnitude. Provisions for asset retirement obligations increased to €1,223 million as of December 31, 2020 (December 31, 2019: €991 million), mainly due to a decrease of the discount rate applied to the Swedish nuclear liabilities.

Investments

Investments

€ in millions	2020	2019
Investments		
European Generation	*555*	*409*
Global Commodities	*50*	*27*
Russian Power Generation	*121*	*196*
Administration/Consolidation	*16*	*26*
Total	**743**	**657**
Growth	*406*	*297*
Maintenance and replacement	*336*	*361*

In fiscal year 2020, the European Generation segment invested a total of €555 million. This represented an increase of €146 million from the prior-year figure of €409 million. The change was mainly due to higher growth investment spending on the completion of the Datteln 4 coal-fired power plant, on the new Scholven 3 and Irsching 6 projects, as well as for grid stabilization measures in the United Kingdom. There was also higher maintenance investment, mainly in the United Kingdom and Sweden. This was partly offset by lower maintenance investments for the coal-fired power plants in Europe.

In the Global Commodities segment, investments were €50 million in 2020, €23 million higher than in the prior year. This rise is primarily attributable to an increase in growth investments.

In the Russian Power Generation segment, investments amounted to €121 million, €75 million lower than in the prior year. These investments were primarily attributable to the repair of Unit 3 of the Berezovskaya power plant.

Investment spending in the Administration/Consolidation segment was €16 million in the fiscal year. Compared with the prior year, investments decreased by €10 million. Investments were mainly for IT projects.

Cash flow

Cash Flow

€ in millions	2020	2019
Cash provided by operating activities (operating cash flow)	**1,241**	**932**
Cash provided by investing activities	**-1,128**	**220**
Cash provided by financing activities	**-679**	**-1,477**

Cash Flow from Operating Activities, Operating Cash Flow before Interest and Taxes

Cash provided by operating activities (operating cash flow) increased by €309 million to €1,241 million in 2020 (2019: €932 million). This resulted mainly from the positive change in cash-adjusted EBITDA, which was even greater than the change in adjusted EBITDA, as the latter was impacted among others by non-cash increases in provisions.

The following table presents the reconciliation of cash flow from operating activities (operating cash flow) to operating cash flow before interest and taxes:

Operating Cash Flow before Interest and Taxes

€ in millions	2020	2019	+/-
Cash flow from operating activities	**1,241**	**932**	**309**
Interest payments and receipts	26	32	-6
Income tax payments (+) / refunds (-)	91	47	43
Operating cash flow before interest and taxes	**1,358**	**1,011**	**347**

Cash Flow from Investing Activities

Cash flows from investing activities decreased by €1,348 million from a €220 million cash inflow in the prior year to a €1,128 million cash outflow in fiscal 2020. This development resulted primarily from changes in margin deposits for futures and forward transactions and from a reduction in proceeds from disposals. Margin deposits for futures and forward transactions (margining receivables) changed by -€907 million. Where there had been a cash inflow of €383 million in the prior year, there was a cash outflow of €524 million in the fiscal year 2020. Cash proceeds from disposals declined by €263 million, from a cash inflow of €346 million in the prior year to a cash inflow of €83 million in the fiscal year 2020. There was an additional positive effect of €204 million from the sale of securities in the prior year. Compared with the prior year (€657 million), cash outflows for investments in intangible assets, in property, plant, and equipment as well as equity investments increased by €86 million, to €743 million.

Cash Flow from Financing Activities

In 2020, cash flow from financing activities amounted to -€679 million (2019: -€1,477 million). The return of margin deposits received for futures and forward transactions led to a cash outflow of €305 million (2019: cash outflow of €479 million) and reduced margining liabilities. Likewise, the repayment of lease liabilities in the amount of €135 million (2019: cash outflow of €112 million) and the distribution of the Uniper SE dividend in the amount of €421 million reduced liquid funds (2019: cash outflow of €329 million). In contrast, new current liabilities to banks led to a cash inflow of €138 million (2019: cash inflow of €12 million). The issuance of new commercial paper in the amount of €65 million in fiscal 2020 also increased liquid funds. In the previous year, the commercial paper outstanding up to that point was repaid in full (2019: cash outflow of €493 million).

Assets

Consolidated Assets, Liabilities and Equity

€ in millions	Dec. 31, 2020	Dec. 31, 2019
Non-current assets	21,572	23,732
Current assets	18,650	20,024
Total assets	**40,222**	**43,756**
Equity	11,188	11,942
Non-current liabilities	11,056	12,954
Current liabilities	17,977	18,860
Total equity and liabilities	**40,222**	**43,756**

The decline in non-current assets was due in large part to the valuation-related €2,064 million reduction in receivables from derivative financial instruments from €4,787 million to €2,723 million. Currency translation effects resulted in a €546 million decrease in property, plant and equipment, while cash-effective investments of €725 million resulted in an increase in intangible assets and property, plant and equipment.

As with non-current assets, the main reason for the decrease in current assets was the valuation-related decrease in receivables from derivative financial instruments by €1,317 million from €8,601 million to €7,284 million. The decrease in trade accounts receivable and the increase in other operating assets largely offset each other. Liquid funds decreased by €582 million from €871 million to €289 million, while collateral paid for commodity futures increased by €499 million from €336 million to €835 million.

Equity decreased as of December 31, 2020. The effect of foreign exchange rates on assets and liabilities in the amount of -€687 million, as well as the dividend of €421 million distributed in May 2020, both had negative impacts on equity. The remeasurement of defined benefit plans in the amount of -€222 million also had a negative effect on equity. The applicable discount rates have fallen relative to the beginning of the year. The net income of the Group of €402 million (of which €6 million is attributable to non-controlling interests) had a positive effect. The equity ratio increased to 28% as of December 31, 2020 (December 31, 2019: 27%).

Non-current liabilities as of December 31, 2020 were €1,800 million lower than at the end of the prior year, due mainly to the valuation-related decrease in liabilities from derivative financial instruments from €4,277 million to €2,477 million. This was partly offset by the €340 million increase in accrued pension and similar obligations to €1,371 million (December 31, 2019: €1,031 million), in particular as a result of the further decrease in interest rates as of December 31, 2020 compared with year-end 2019.

The decline in current liabilities is primarily attributable to the valuation-related decrease in liabilities from derivative financial instruments by €688 million from €8,238 million to €7,550 million and the decrease in trade accounts payable by €504 million from €7,308 million to €6,804 million.

Earnings, Financial Condition and Net Assets of Uniper SE

The separate annual financial statements and the management report have been prepared in accordance with the provisions of the German Commercial Code (HGB), as amended by the German law implementing the EU Accounting Directive (BilRUG) and the EU Regulation on the Statute for a European Company (SE), in conjunction with the German Stock Corporation Act (AktG), and the German Electricity and Gas Supply Act (Energy Industry Act – EnWG).

Balance Sheet of Uniper SE (HGB)

	December 31	
€ in millions	**2020**	**2019**
Tangible assets	0.1	–
Financial assets	18,675.8	18,675.8
Fixed assets	**18,675.9**	**18,675.8**
Receivables and other assets	9,980.2	9,496.4
Securities	0.1	0.1
Bank balances	95.7	494.3
Current assets	**10,076.0**	**9,990.8**
Accrued expenses	**4.8**	**7.9**
Total assets	**28,756.7**	**28,674.5**
Capital stock	622.1	622.1
Additional paid-in capital	10,824.9	10,824.9
Retained earnings	58.2	54.2
Net income available for distribution	501.4	420.9
Equity	**12,006.6**	**11,922.1**
Provisions for pensions and similar obligations	24.5	15.4
Provisions for taxes	119.2	78.6
Other provisions	91.7	72.6
Provisions	**235.4**	**166.6**
Bank loans / Liabilities to banks	207.6	70.2
Liabilities to affiliated companies	16,232.8	16,492.8
Other liabilities	74.3	22.8
Liabilities	**16,514.7**	**16,585.8**
Total equity and liabilities	**28,756.7**	**28,674.5**

Because it is the parent company of the Uniper Group, the net assets of Uniper SE are characterized to a considerable degree by equity investments and by the financing function of the Group's activities. This is reflected both in the amount of financial assets and in receivables from, and liabilities to, affiliated companies.

Fixed assets, which essentially consist of shares in affiliated companies, make up 65% of total assets. The proportion of receivables from affiliated companies is 35% of total assets.

Bank balances fell by €398.6 million in the reporting year to €95.7 million.

Provisions for pensions and similar expenses amounted to €24.5 million as of the end of the reporting year; 81% of pension obligations are covered by pension plan assets.

Income Statement of Uniper SE (HGB)

€ in millions	2020	2019
Other operating income	1,232.9	982.1
Personnel costs	-75.0	-72.1
Other operating expenses	-1,372.3	1,150.4
Income from equity investments	141.0	526.0
Other interest and similar income	41.1	55.2
Other interest and similar expenses	50.8	41.6
Income from transfers of profits	532.6	**50.2**
Income taxes	-45.7	-2.3
Income/Loss after taxes	505.4	430.3
Net income/loss	**505.4**	**430.3**
Addition to retained earnings	4.0	9.4
Net income/loss available for distribution / carried forward	**501.4**	**420.9**

The earnings of Uniper SE as the Group's parent company are significantly influenced by its income from equity investments. Uniper SE's positive net income from equity investments of €673.6 million is attributable to the earnings contributed by its equity investments.

Other operating expenses and income resulted primarily from currency effects related to Group-wide currency hedging.

Earnings before income taxes amounted to €551.1 million. After taxes, Uniper SE generated net income for the year of €505.4 million (2019: €430.3 million). After a transfer of €4.0 million to retained earnings, the net income available for distribution is €501.4 million.

At the Annual Shareholders Meeting on May 19, 2021, the Management Board and the Supervisory Board will propose that the net income available for distribution be used to distribute a dividend of €1.37 per share (365,960,000 shares) of the dividend-paying capital stock of €622.1 million.

Non-Financial Performance Indicators

With the amendment of the German Commercial Code (HGB) resulting from the CSR Directive Implementation Act (CSR-RUG) adopted on April 19, 2017, the German legislature transposed the requirements of Directive 2014/95/EU (CSR Directive) of October 22, 2014, into national law. Large capital market-oriented companies with more than 500 employees must provide, at a minimum, information on environmental, labor, social, human rights, and anti-corruption issues as part of their management report or in a separate non-financial report.

Uniper has decided to publish a Combined Separate Non-Financial Report as a separate chapter of Uniper's Annual Report named "Combined Separate Non-Financial Report" and not included in the Combined Management Report. The Combined Separate Non-Financial Report addresses in detail all the requirements of non-financial Group reporting.

This chapter of the Combined Management Report discusses the Uniper Group's most important non-financial performance indicators: direct carbon emissions (scope 1), Health, Safety, Security, Environment (HSSE) & Sustainability Improvement Plans, and proportion of female executives.

Direct Carbon Emissions (Scope 1)

Uniper's decarbonization strategy aims to enable the energy transition by providing a reliable and affordable supply of low-carbon energy. A key element of this strategy is for Uniper's European Generation segment to be carbon-neutral by 2035. In December 2020 Uniper set an intermediate target toward carbon neutrality by announcing that it intends for this segment to reduce its carbon emissions by at least 50% by 2030 (relative to 2019). Progress toward the targets for 2030 and 2035 will be supported by the proactive implementation of the Group's 7 GW coal phase-out plan, which also supports the coal phase-out laws in Europe. Looking further ahead, Uniper aims for the entire Group to be carbon-neutral by 2050.

Direct CO_2 Emissions Fuel Combustion by Country

Million metric tons	2020	2019
European Generation	21.1	21.9
Germany[1]	*11.9*	*11.1*
United Kingdom	*4.3*	*5.6*
Netherlands	*4.0*	*3.2*
France[2]	*–*	*1.0*
Hungary	*0.8*	*0.9*
Czech Republic[3]	*0.1*	*0.1*
Sweden	*<0.02*	*<0.01*
Russian Power Generation	21.5	24.9
Total	**42.6**	**47.0**

Uniper uses the operational control approach. This means that Uniper counts 100% of the direct emissions of any generation assets over which it has operational control. With the exception of Russia, all data were calculated using the European Union Emissions Trading System rules. Rounding may result in minor deviations from the totals.

[1]The power plant Datteln 4 has been fully included in 2020. CO_2 emissions recorded since testing phase began in Q1 2020.

[2]Generation business activities in France were sold in July 2019.

[3]For 2020 Emissions for Teplarna Tabor in the Czech Republic, which was divested in April 2020, reflect estimates for 2020 based on actual 2019 generation data.

HSSE & Sustainability Improvement Plans

Uniper's functional units and subsidiaries have a responsibility to implement annual improvement measures to help meet the Group's overall HSSE & Sustainability objectives.

Since January 1, 2020, the key performance indicator for managing Uniper's group-wide HSSE & Sustainability performance has been the degree of implementation of its comprehensive HSSE & Sustainability Improvement Plan. The new indicator replaced the isolated accident indicator "combined total recordable incident frequency" (TRIF), which was previously used as a non-financial performance indicator. This reflects Uniper's decision to replace a naturally reactive lagging indicator, such as incident rate, with a leading indicator that can be used to measure and manage a program or system's performance. The different focus areas of the HSSE & Sustainability Improvement Plan are leadership and sustainability, health, learning from incidents, safety, environment and site security. In evaluating the target achievement of the Improvement Plan, three different levels of achievement are possible: below 100%, 100% and above 100% degree of implementation.

Uniper's 2020 HSSE & Sustainability Improvement Plan which applies across the whole organization, focused strategically on identifying and implementing low carbon actions and identifying local health action plans. In addition, the Company's operational assets addressed processes for further improving learning from HSSE-related incidents, site security and work clearance management.

An initial evaluation of the progress reports on the improvement plan indicates that the overall degree of implementation was at least 100%, thus meeting Uniper's expectations. The final evaluation and approval will be completed by the end of the first quarter of 2021. Decarbonization initiatives were particularly successful, reflecting Uniper's strong emphasis on implementing the low-carbon strategy it communicated in March 2020. The Company met its expectations for health and site security as well, with its well-established processes for operational learning performing beyond expectations. These findings also confirm that Uniper managed the challenges of the COVID-19 pandemic very well. However, pandemic-related restrictions affected some formal implementation steps in the process description for improving work clearance management, resulting in a degree of implementation below expectations. This gap will be closed in the first quarter of 2021.

Proportion of Women in Leadership Positions within the Uniper Group

In accordance with the German "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector", the Management Board set an initial target for the period from July 1, 2017, through June 30, 2022, of 25% for the proportion of women in the first management level below the Management Board, and one of 25% for the proportion of women in the second management level below the Management Board to be achieved by June 30, 2022. As in the previous year, neither of the two targets were attained as of December 31, 2020.

More information on the implementation of Germany's Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector can be found in the Corporate Governance Declaration.

Other non-financial performance Indicators, such as number of employees and workforce composition, which are not used for management purposes, are also discussed below.

Workforce Figures

Employees[1]

	Dec. 31, 2020	Dec. 31, 2019	+/- %
European Generation	4,822	4,763	1.2
Global Commodities	1,296	1,264	2.5
Russian Power Generation	4,522	4,507	0.3
Administration/Consolidation	1,111	998	11.3
Total	**11,751**	**11,532**	**1.9**

[1]Figures do not include board members, managing directors, apprentices, work-study students and interns. As of the respective reporting date.

On December 31, 2020, the Uniper Group had 11,751 employees, 192 apprentices and 132 work-study students and interns worldwide. This represents an increase of 1.9% compared with December 31, 2019.

The employee headcount in the European Generation segment as of December 31, 2020, increased compared with December 31, 2019, due to the expansion of new business areas.

The number of employees in the Global Commodities segment increased compared with the previous year. The increase during the year was due to natural employee turnover and the resulting replacement of staff as well as through the development of business units in the fiscal year 2020.

In the Russian Power Generation segment, the number of employees was at the prior year's level.

The number of employees in Administration/Consolidation rose primarily when outsourced financial-administration functions were reintegrated into the Uniper Group in fiscal 2019 from a Shared Service Center in Cluj, Romania, operated by external entities, as well as through the integration of Uniper HR Services Hannover GmbH, Hanover, Germany, into the Group in the fourth quarter of 2020.

At 58.5% as of December 31, 2020, the proportion of employees working outside Germany, numbering 6,873, remained at the prior year's level (2019: 59.4%).

Employees by Region[1]

	Headcount		FTE	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Germany	4,878	4,680	4,732.7	4,545.1
UK	971	956	959.1	943.5
Netherlands	336	330	332.0	326.4
Russia	4,531	4,508	4,529.8	4,506.8
Sweden	900	919	886.7	911.1
Other[2]	135	139	135.0	139.0
Total	**11,751**	**11,532**	**11,575**	**11,372**

[1]Figures do not include board members, managing directors, apprentices, work-study students and interns. As of the respective reporting date.
[2]Includes Belgium, Hungary, USA, United Arab Emirates and other countries.

Gender and Age Profile, Part-Time Staff

The proportion of women in the workforce as of December 31, 2020, was 25.2%, the same level as in the prior year (2019: 24.6%).

Proportion of Female Employees

Percentage	Dec. 31, 2020	Dec. 31, 2019
European Generation	15.3	14.8
Global Commodities	32.3	33.4
Russian Power Generation	28.0	27.7
Administration/Consolidation	48.2	46.1
Uniper Group	**25.2**	**24.6**

The average age of the Uniper Group workforce was about 45 (2019: 45), and the average length of service was about 14 years (2019: 14).

Employees by Age

Percentage	Dec. 31, 2020	Dec. 31, 2019
30 and younger	11.6	11.7
31 to 50	53.0	53.9
51 and older	35.4	34.4

A total of 571 employees (2019: 549) of the Uniper Group worked on a part-time schedule at year-end. Of this total, 419 were women (73.4%; 2019: 404 women or 73.6%). The ratio of part-time employees was 4.9%, virtually unchanged from the prior year.

Part-Time Rates

Percentage	Dec. 31, 2020	Dec. 31, 2019
European Generation	5.9	5.6
Global Commodities	11.1	11.8
Russian Power Generation	0.1	0.1
Administration/Consolidation	12.5	12.6
Uniper Group	**4.9**	**4.8**

Employee turnover averaged 3.7% across the Group, a decline from the prior year (2019: 4.5%).

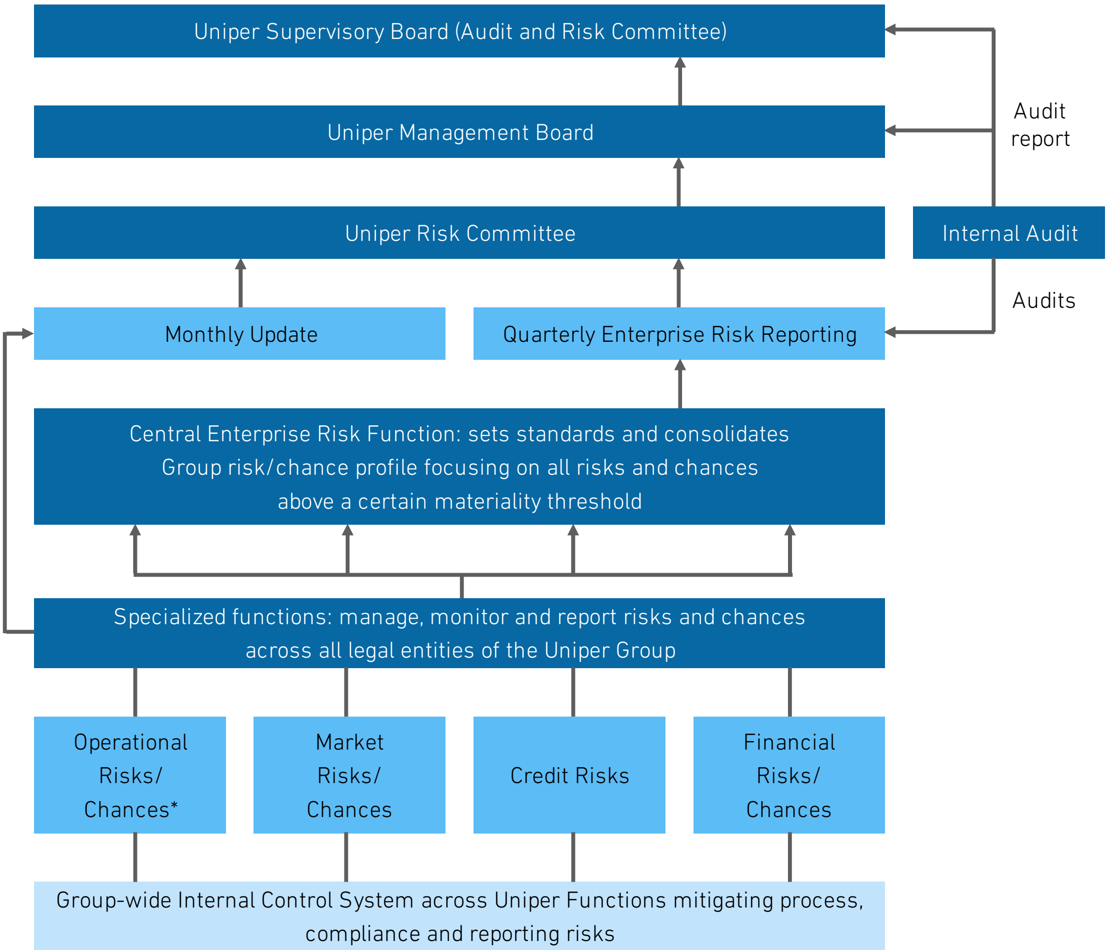
Employee Turnover Rates

Percentage	2020	2019
European Generation	2.7	3.4
Global Commodities	3.5	5.6
Russian Power Generation	4.6	4.8
Administration/Consolidation	4.9	6.7
Uniper Group	**3.7**	**4.5**

Risk and Chances Report

Risk Management System

The Uniper Group manages its risks and chances through an enterprise risk management system that takes into account all risk and chance categories.



* incl. Legal, Political and Regulatory Risks/Chances

The aims of this system are:

- to fulfill legal and regulatory requirements (e.g. the Act for Control and Transparency in the Corporate Sector, KonTraG),
- to ensure the continued existence of the Uniper Group by keeping the total risk exposure proportionate to the available financial resources,
- to protect and increase the Company's value through integrated active management of all risks and chances which may impact the commercial targets of the Uniper Group and
- to generate additional value by appropriately taking into consideration not only returns but also risks which relate to important decisions and processes, including investments, risk capital allocation and corporate planning.

Ultimate legal responsibility for establishing and monitoring the effectiveness of the Group-wide enterprise risk management system at Uniper Group lies with the Uniper SE Management Board. Operationally, the Management Board has delegated its risk-related tasks to the Risk Committee at the level of the Uniper Group. The Management Board establishes the Uniper Group Risk Committee, sets the risk appetite for the Group as well as overall risk limits for individual risk (sub-)categories, which the Risk Committee then monitors.

The Uniper Group Risk Committee deals with all significant business risks relevant to the economic and financial management of the Uniper Group. It is composed of the Group Chief Financial Officer (CFO/Chairman), the Group Chief Risk Officer (CRO/Deputy Chairman), the Group Chief Commercial Officer (CCO), the Group Chief Operating Officer (COO) and the Executive Vice President Group Finance and Investor Relations, as well as the Group General Counsel/Chief Compliance Officer. The core responsibility of the Risk Committee is to establish a governance structure and infrastructure for risk management with which to manage business risks at all organizational levels.

The key components of the risk management system at the Uniper Group are the risk policies, the risk management organization and the risk management process.

Risk Policies

The Group Enterprise Risk Policy defines the principles and minimum requirements for Group-wide management of all types of risks and chances. This includes the definition of the central risk management process and the establishment of associated responsibilities. The defined process ensures that risks/chances throughout the Group are fully and promptly identified and are assessed and reported in a transparent manner that allows for comparison. Responsibilities are assigned to risk/chance managers who are responsible for actively managing and monitoring risks/chances. Below the enterprise risk policy for the Group, there are risk policies that define the principles and minimum requirements for Group-wide management of individual risk (sub-)categories. In addition to the risk policies, the Uniper Group documents its risk strategy, specifying the Group-wide principles, objectives and measures that Uniper uses to manage risks resulting from the pursuit of its business strategy.

Risk Management Organization

Organizationally, the risk management system at the Uniper Group is based on the functional organizational structure of the Group. The Risk Management function has the responsibility for the Group's central risk management system. This function is headed by the Group CRO, who reports directly to the Group CFO. The Risk Management function is responsible for the development, implementation, coordination and ongoing development of the central risk management process.

There is at least one risk representative for each function outside of Risk Management. This representative is responsible for the implementation of the Group Enterprise Risk Policy. The representative's task is to identify, assess, manage and report all risks/chances associated with their function across all corporate legal entities. Risk and chance management (i.e. acceptance, mitigation, transfer of risks) is carried out on the instructions of the head of the function, who is also the risk/chances manager, as far as is consistent with the risk appetite of the Group. The responsibility for risks/chances is assigned to the functional area that is best suited to manage it. There are dedicated teams for certain risk (sub-)categories (e.g. commodity price risks, credit risks, asset operation risks, etc.) that develop policies for the Group-wide management of each risk (sub-)category and ensure global compliance with these policies.

Risk Management Process

Each quarter, the risk officers of each function review the risks/chances they have identified with respect to completeness and current evaluation. Changes to the risk/chances situation are reported to the risk management function via a centralized IT tool, where they are evaluated for plausibility and subjected to quality control in cooperation with Accounting and Controlling. To manage risk, risk managers take measures to reduce the likelihood and/or impact of potential losses. For example, hedging transactions are concluded using financial instruments or insurance policies are taken out. Similarly, the managers responsible for chances take measures to increase their probability of occurrence and the advantages that can be gained from chances. Costs and benefits as well as the risk appetite of the Group are taken into account when choosing management instruments.

Based on this quarterly process, the Risk Committee, the Management Board and the Audit Committee of the Supervisory Board of Uniper Group are informed about the current risk/chance situation. Significant changes in risks are identified and addressed at any time, even during the quarter. The effectiveness of the risk management system is regularly reviewed by Internal Audit and an External Audit firm in accordance with legal requirements.

Risk and Chances Management by Category

In the course of conducting its commercial activities, the Uniper Group is exposed to uncertainties that are inextricably linked to its business activities. These uncertainties are reflected in risks and chances. Uncertain events with a possible negative effect in the worst case on the currently planned adjusted EBIT and/or net income are referred to as risks and events with a possible positive effect in the best case are referred to as chances.

Due to the large number of individual risks/chances, they are grouped into categories and subcategories in order to improve the clarity and management of concentrations by the Group Risk Committee. The following section describes the risk/chance categories to which the Uniper Group is exposed and the approaches used to manage them.

Financial Risks and Chances

The Uniper Group is exposed to financial risks, for example in connection with possible effects on current or deferred taxes arising from current or future tax audits, changes in legislation and the decisions by the various tax courts. Additional effects can result from the further development of national and international law through enactments and decrees of the respective tax authorities, as well as other financial management measures. Conversely, changes in legislation or the decisions by the various tax courts may have a positive effect on the current or deferred tax liability.

There are also financial risks and chances arising from unforeseeable non-periodic results and possible write-downs of financial investments. In order to reduce risks in this area, Uniper closely monitors the development of tax legislation and legal decisions and carries out regular impairment tests on its investments.

Credit Risks

The Uniper Group is exposed to credit risks associated with business operations and the use of derivative instruments. Credit risks arise from the non-settlement or partial settlement of outstanding receivables by counterparties and from replacement risks for derivative instruments.

The Uniper Group applies appropriate measures to actively manage credit risks, including setting limits for individual counterparties and counterparty groups, securing collateral, structuring contracts, transferring credit risk to third parties (such as insurers) and diversifying the credit portfolio. Existing credit risks are continuously measured and monitored to ensure that the measures taken are appropriate and risks are within the defined limits.

As part of centralized credit risk management, the credit rating of business partners is systematically assessed and monitored on the basis of Group-wide minimum standards. If creditworthiness is inadequate, collateral is demanded (e.g. bank guarantees, guarantees from the parent company, letters of awareness, etc.). To reduce the credit risk from derivative instruments, these instruments are concluded through exchanges or bilaterally, generally on the basis of standard contracts, where an offset (netting) of all current transactions can, in principle, be agreed. In addition, bilateral margining agreements are concluded with selected business partners.

Liquid funds are invested with counterparties with an investment-grade rating.

Market Risks and Chances

Commodity Price Risks and Chances

The Uniper Group's operating activity, in particular the physical assets, long-term procurement contracts, and sales agreements with key customers, is exposed to considerable risks and chances due to the fluctuations in the price of commodities. For Uniper, market price risks arise in the following commodity areas: electricity, gas, coal, freight, oil, liquefied natural gas and emission allowances.

The Uniper Group manages the majority of its commodity price risks/chances through a central trading function. The aim of the trading function is to optimize the value of the Uniper Group's commodity portfolio while limiting and securing against associated potential losses. This involves the use of derivative financial instruments. The derivatives are also entered into for proprietary trading purposes. This takes place exclusively in compliance with tight internal and regulatory restrictions.

Risk management for commodity trading activities is based on general standards in the industry for trading transactions and also involves the segregation of duties as well as daily income and risk calculation and reporting. Commodity price risks are kept within limits set by the Management Board.

For the purposes of risk management, commodity positions are aggregated into portfolios based on internal organizational responsibilities and trading strategies that are subject to risk limitations. Based on internal guidelines, value-at-risk limits are allocated and supplemented by stop-loss and volume-based limits. Where necessary, additional portfolio-specific restrictions are set.

Foreign Exchange (FX)/Interest Rate (IR) Risks and Chances

Due to its participation in business activities outside the euro area, the Uniper Group is exposed to currency risks/chances. These risks/chances result mainly from the following activities being carried out in foreign currency and fluctuating currency exchange rates: physical and financial trading of commodities, existing and new investments, obligations, external financing and shareholder loans within the Uniper Group.

The Uniper Group companies are responsible for managing their FX risks/chances from commodity trading, goods and services provided and received, as well as investment activities. Uniper SE assumes responsibility for overall coordination of hedging measures by the companies and hedges the Group's net financial position per currency also making use of derivative instruments which are executed in the external market where economically appropriate. Derivative financial instruments (mainly forward transactions) are used in the foreign exchange area exclusively to hedge existing foreign exchange risks, but not for proprietary trading.

Foreign currency risks are analyzed and monitored daily by a team of specialists applying the same standards as for commodity price risk. Responsible management is informed daily of profits and losses associated with foreign exchange activities and of existing risks and limit utilizations.

The Uniper Group is exposed to risks associated with fluctuating interest rates as a result of short-term or variable-rate borrowings as well as liabilities on the balance sheet such as pension provisions and asset retirement obligations. The Uniper Group primarily uses flexible financing instruments such as a commercial paper program or a revolving credit facility for external financing. In case of an increase in interest rates, the Uniper Group's financing costs will also increase. Changes in market interest rates and related discount factors will also impact the value of the Uniper Group's pension and asset retirement provisions.

Interest rate risk for the Uniper Group is centrally managed by the Finance function. Having access to financing instruments with different maturities and fix or floating interest rates allows Uniper to manage its interest rate risk. Interest rate risks are analyzed and monitored regularly by a team of specialists.

Market Environment Risks and Chances

In addition to commodity price risks, the Uniper Group is exposed to the risks/chances of a general deterioration/improvement of the market environment. These include macroeconomic developments affecting the supply and demand of energy, changes in the competitive situation and radical changes in global energy markets (e.g. the decline in conventional power production in favor of renewable generation to reduce CO_2 emissions). Such developments could result in the Uniper Group's operating activities, such as the portfolio of physical investments, losing their market. In addition, this could trigger renegotiations of long-term supply and sales contracts leading to contract and price adjustments which are detrimental/beneficial for Uniper Group. Significant risks/chances in connection with the market environment are addressed in the strategy process.

Operational Risks and Chances

Asset Operation Risks and Chances

Technologically complex production, generation, storage, distribution and handling facilities are used in the generation of energy. In principle, there is the possibility that human error, technical malfunctions or other events resulting in damages (e.g. natural disasters, sabotage, terrorist attacks, strikes, etc.) may negatively affect the availability of facilities. In addition, the aforementioned events could necessitate major repairs and result in personal injury and damage to property and the environment. Moreover, as regards electricity generation, the Uniper Group is exposed to a production volume risk from meteorological and hydrological fluctuations.

To limit these risks, facilities are regularly inspected and maintained using a risk-based approach. In addition, production processes and technologies are constantly being upgraded and optimized and staff trained accordingly. For losses that nevertheless occur, appropriate crisis-prevention measures have been set up and emergency plans created that also take into account environmental risks and insurance coverage has been provided to an extent that is economically appropriate.

Asset Project Risks and Chances

Part of Uniper Group's business activities involve the construction, expansion, renovation, conversion, or decommissioning of power plants or other energy industry facilities. This involves the risk that actual construction costs exceed planned costs, that construction delays may occur, e.g. as the result of the regulatory approval process or that construction could even be stopped.

Risks relating to asset projects are addressed through a professional project management that recognizes that the identification of project-related risks is an integral part of project management whose purpose is to quickly identify and minimize such risks.

People and Process Risks and Chances

People risks include health and safety risks, risks due to the loss of special skills and risks due to errors on the part of employees who have not been sufficiently trained or who are not sufficiently qualified. In order to reduce people risks, the Uniper Group takes measures to ensure high health and safety standards and invests in the development and distribution of skills and succession planning. In addition, the existing compensation system for employees is regularly reviewed and adjusted. Furthermore, there is a risk that members of executive bodies or employees may conclude unauthorized or illegal transactions that could lead to legal proceedings being initiated against the Uniper Group or its employees, resulting in fines, loss of licenses or similar. The Uniper Group counters this risk with a comprehensive network of controls and a compliance risk management system.

Process risks include risks due to inadequate, inefficient or broken business processes. Such process risks and human error risks are reduced by a comprehensive, Group-wide internal control system which is regularly audited. There is an effective business continuity management system in place for cases where people or process risks arise.

Information Technology (IT) Risks and Chances

Operational and strategic management of the Uniper Group is highly dependent on complex information and communication technology. Technical malfunctions, improper operation by employees, virus attacks, data loss or outages of IT systems can have significant negative impacts on ongoing operations of individual segments of the Group or the Uniper Group as a whole and result in considerable costs and deterioration of reputation, which increase with the duration of the malfunction.

In addition, Uniper operates critical infrastructure in several European countries. This includes power stations and gas storage facilities. External hacker attacks could have a negative impact on the operation of the infrastructure, to the environment and/or could lead to legal consequences. To manage Uniper assets according to legal requirements we have implemented an Information Management System based on ISO/IEC 27001 standards. External penetration testing and improving the critical IT and Operational Technology (OT) systems are parts of our Quality Management. The Information Management System is certified based on the respective national requirements. Uniper will continue to ensure implementation of security catalogues as they were released at the end of 2018 in Germany. In addition, Uniper operates a Cyber Defense Center to protect the operational technology area and also Uniper's sales and trading business and the standard office environment.

Uniper also focuses on the safe handling of personal data to avoid any breach of data-protection-relevant processes. Processes related to personal data have been documented in a data protection management tool based on a best practice approach. Additional technical and organizational measures were implemented and assessed from a data security point of view, to avoid misuse of personal data or unauthorized access from outside. Uniper has developed and initiated the implementation of data deletion concepts.
Misuse or inadvertent dissemination of confidential data by an employee could lead to the disclosure of commercial secrets or violate data protection policies, resulting in fines for the whole Uniper Group.

Due to constant changes in the area of cyber threats, the Uniper Group keeps investing into information security and data privacy. Uniper is constantly improving the protection measures. In 2020 considering the impact of the Covid-19 pandemic Uniper was able to meet the rising requirements for IT security in regard to working from home through state-of-the-art cloud technologies.

Legal Risks and Chances

The Uniper Group's operations in a variety of jurisdictions expose the Group to various legal risks and chances. These mainly comprise risks/chances arising from threatened or pending legal proceedings with regard to contract and price adjustments in connection with long-term supply or sales contracts, energy law and regulatory issues, licensing matters, as well as supplier disputes.

In order to minimize legal risks for Uniper, significant developments in the relevant jurisdictions are continuously monitored and actively communicated to the functions of the Uniper organization concerned. In addition, the legal department is involved at an early stage in contract negotiations and imminent legal proceedings in order to minimize risks and take advantage of chances by providing appropriate procedural support and assisting in the drafting of contracts in advance.

Political and Regulatory Risks and Chances

Political and regulatory interventions present the Uniper Group's operations with various risks/chances. These include, for example, the introduction and modification of capacity markets, the phasing out of coal-fired power generation, which is being discussed in various countries, tightening emission standards, changing requirements with regards to renewable energy and sanctions. Other risks arise from the implementation and amendment of financial market regulations that affect the Uniper Group, such as EMIR (European Market Infrastructure Regulation), REMIT (Regulation on Energy Market Integrity and Transparency), MiFID II (Markets in Financial Instruments Directive). Potential changes to existing financial market regulation could significantly increase administrative burdens and result in the need for additional liquidity. In addition, changes to existing energy regulation in the markets in which Uniper Group operates could lead to up- and downsides from higher/lower costs or revenues. The Uniper Group monitors regulatory developments continuously in order to ensure compliance with relevant requirements.

To limit regulatory risk, the Uniper Group maintains intensive dialogue with external stakeholders, such as government agencies, political parties, regulators and associations, in order to identify in a timely manner any potential adverse effects on the Uniper Group arising from changes in the political, regulatory and legislative environment and to reduce this risk through involvement in shaping the proposed measures.

Risk and Chances Profile of the Uniper Group

Assessment Approach for Risks and Chances

In the Uniper Group, individual risks and chances are generally quantified. A qualitative assessment is made only in the few exceptional cases for which quantification is not possible. Individual risks are considered on a net basis, i.e. including implemented and effective risk-reduction measures. In principle, the quantification of individual risks/chances is carried out by statistical modeling of the probability of occurrence and impact. The impact is primarily modeled as potential impact on earnings, i.e. impact on the currently planned adjusted EBIT and/or net income for each year of the three-year medium-term planning time horizon of the Uniper Group.

To assess the overall risk and chances profile in regard to Uniper's earnings situation, the Uniper Group uses a multistage process. In a first step, all quantified material individual risks and chances with a potential impact on planned adjusted EBIT and/or net income are allocated to the categories and subcategories described above. The materiality threshold for considering individual risks and chances is set to €20 million. This takes into account all quantified risks which, in the worst-case scenario (99% confidence interval), could cause losses of €20 million and more after risk mitigation measures in one year of the three-year medium-term planning time horizon. Similarly, all quantified chances are considered which, in the best-case scenario (1% confidence interval), could have a positive impact of at least €20 million in one year of the three-year medium-term planning time horizon.

In a second step, the risks/chances are aggregated in each category/subcategory. For this purpose, a Monte Carlo simulation is applied for each year of the three-year planning horizon to all the risks/chances assigned to a category/subcategory, which produces an aggregated distribution function for the potential deviations from the currently planned adjusted EBIT and/or net income per year. In a third step the 1% (best case) and 99% (worst case) confidence intervals are gathered from these aggregated distribution functions per year and an average over the relevant three-year time horizon is calculated. Based on this average value, each category/subcategory is assigned an assessment class for the best and worst case in accordance with the following table.

Assessment Classes

Assessment class	Potential average impact on earnings per year (best case/worst case)
Insignificant	≤ €5 million
Low	> €5 million and ≤€20 million
Moderate	> €20 million and ≤€100 million
Significant	> €100 million and ≤€300 million
Major	> €300 million

For example, if a category/subcategory is rated as "moderate", this means that in the worst case any loss in earnings from this category/subcategory is only with a probability of 1% expected to be higher than on average €20 to €100 million per year. In the best case a positive effect on earnings is only with a probability of 1% expected to be higher than on average €20 to €100 million per year.

The potential impact of risks and chances on Uniper's liquidity situation is modeled separately based on a similar approach as for the analysis of the earnings situation. The result is used to assess the Groups liquidity risk situation against its risk-bearing capacity (see "Assessment of Overall Risk Situation" below). Major individual risks and chances for Uniper's liquidity situation are described in the section " Information on Major Individual Risks/Chances".

Extreme risks and chances with a likelihood of occurrence <1% but a potentially very high impact, are not considered in the standard quantitative analysis. Those risks and chances are, however, monitored regularly.

Assessment of the Risk and Chances Profile (Worst Case Scenario)

The following table provides an overview of the risk and chances profile in the worst-case scenario for the Uniper Group as of December 31, 2020,compared to the risk and chances profile as per December 31, 2019:

Potential Average Impact on Earnings (Worst Case)

		Potential average impact on earnings in a worst case (99%)	
Category	Subcategory	Dec. 31, 2020	Dec. 31, 2019
Financial Risks/Chances		Moderate	Moderate
Credit Risks		Significant	Significant
Market Risks/Chances	Commodity Price Risks/Chances	Significant	Significant
	Foreign Currency and Interest Rates Risks/Chances	Major	Major
	Market Environment Risks/Chances	Significant	Significant
Operational Risks/Chances	Asset Operation Risks/Chances	Significant	Significant
	Asset Project Risks/Chances	Major	Major
	People and Process Risks/Chances	Significant	Significant
	Information Technology (IT) Risks/Chances	Significant	Significant
	Legal Risks/Chances	Major	Major
	Political and Regulatory Risks/Chances	Moderate	Moderate

Changes in the Risk and Chances Profile (Worst Case) Compared to the Previous Year

The profile of the potential average worst case impact from quantified risks and chances with an earnings impact on the Uniper group as per December 31, 2020 did not change compared to December 31, 2019.

Assessment of the Risk and Chances Profile (Best Case Scenario)

The following table provides an overview of the risk and chances profile in the best-case scenario for the Uniper Group as of December 31, 2020 compared to the risk and chances profile as per December 31, 2019:

Potential Average Impact on Earnings (Best Case)

		Potential average impact on earnings in a best case (1%)	
Category	**Subcategory**	**Dec. 31, 2020**	**Dec. 31, 2019**
Financial Risks/Chances		Moderate	Moderate
Credit Risks		–	–
Market Risks/Chances	Commodity Price Risks/Chances	Significant	Significant
	Foreign Currency and Interest Rates Risks/Chances	Major	Major
	Market Environment Risks/Chances	Moderate	Moderate
Operational Risks/Chances	Asset Operation Risks/Chances	Insignificant	Moderate
	Asset Project Risks/Chances	–	–
	People and Process Risks/Chances	–	–
	Information Technology (IT) Risks/Chances	–	–
	Legal Risks/Chances	Significant	Significant
	Political and Regulatory Risks/Chances	Low	Insignificant

Changes in the Risk and Chances Profile (Best Case) Compared to the Previous Year

- The chances in the category Asset Operation Risks/Chances decreased in value due to reduced upsides from asset-related volume uncertainties.
- The slight improvement in the Political and Regulatory Risks/Chances category is related to multiple smaller improvements across several risks/chances in this category.

Information on Major Individual Risks/Chances

An individual risk (chance) is considered major if its potential worst (best) case negative (positive) impact on earnings or on cash flow is €300 million or more in any one year of the three-year planning horizon. The impact assessment of the individual risk/chance is based on a quantitative or qualitative approach as indicated. The classification "Major Financial Impact" shows if the major (i.e. >€300 million) impact of a risk/chance is on the Uniper Group's earnings or liquidity situation or both should it materialize. As far as the risks and chances in each category are quantified and earnings effective the potential impact is considered in the tables shown above (Assessment of the Risk and Chances Profile (Worst/Best Case Scenario)).

Major Individual Risks and Chances

Major indvidual risks and chances	Subcategory	Major financial impact	Assessment
	Financial risk	**Liquidity**	**quantitative**
Rating downgrade risk	The Uniper group is exposed to a liquidity risk which is contingent on a downgrade of its long-term credit rating. A potential downgrade from the current BBB investment grade rating to BBB- or below would trigger counterparties' – particularly in the trading business – right to demand additional collateral which would need to be provided via liquid assets or bank guarantees. The related risk is measured, monitored, and managed against a given limit. In 2020, S&P lifted the CreditWatch negative and affirmed Uniper's long-term credit rating at BBB, albeit with a negative outlook. The negative outlook reflects the negative outlook on the BBB rating of Uniper's majority shareholder Fortum Oyj, which serves as a cap for Uniper's rating. Uniper strives to maintain a stable investment grade rating of BBB. To this end Uniper is constantly monitoring all rating-related developments and has identified concrete actions to be implemented to either avoid the downgrade or mitigate and manage the implications.		
	Legal risk	**Earnings**	**quantitative**
Datteln 4: permitting risk	Since May 30, 2020, the coal-fired power plant Datteln 4 with a net electrical output of approximately 1,055 MW has been in commercial operation. Construction and operation are based on the currently granted immission control permit from the district government of Munster and the project-based development plan No. 105a by the city of Datteln. However, the project continues to be the subject of several administrative lawsuits. If, as a result of the pending legal proceedings, the permit is revoked, or the development plan is declared ineffective, there is the major individual risk that all investments made to date will have to be written off. The coal exit law which entered into force in August 2020 has not changed the potential for this permitting risk.		
	Asset project risk	**Earnings**	**quantitative**
Nord Stream 2: project failure risk	The Uniper Group is involved in financing the Nord Stream 2 project. As part of this financing, there is a default risk for receivables from Nord Stream 2 AG, particularly in the event the project cannot be completed successfully. The main risk for the completion of the project are actual and potential US sanctions. Current sanctions have only been imposed on a pipelay vessel and its owner. Nord Stream 2 AG confirmed repeatedly that they are working to complete the project.		
	Political and regulatory risk	**Earnings and liquidity**	**qualitative**
US sanctions risk	Due to the ongoing political tensions between the US and Russia and the unpredictable nature of the threat of sanctions, US sanctions present a major individual risk for the Uniper Group. The Uniper Group's Russian and global trading business, as well as the Uniper Group's financing of the Nord Stream 2 project, are the main sources of potential US sanctions risk. The Uniper Group continues to actively monitor the situation and takes all required actions to ensure compliance with prevailing rules, as well as consult with relevant stakeholders. Specifically relating to the Nord Stream 2 project, the Uniper Group continues to act fully in line with applicable sanctions laws.		
	Market environment risk	**Earnings**	**quantitative**
Provisioning regasification capacities risk	A deterioration in the economic situation or upheavals in the market for LNG could lead to a lower than planned utilization of the long-term capacity booked in the regasification plants in the LNG business and make it necessary to set up provisions for onerous contracts over the entire remaining booking period. The Uniper Group strives to further increase the utilization of this booked capacity and thus improve the revenue situation.		
	Market environment risk	**Earnings and liquidity**	**qualitative**
Renegotiation of long-term gas contracts risk/chance	Long-term gas supply contracts generally include the possibility for the customer and the supplier to adapt contractual terms to changed market conditions. On the one hand, this entails the major risk for Uniper that suppliers will impose conditions that are detrimental to the Company. On the other hand, it can be a major chance as renegotiated conditions may be beneficial for Uniper. In order to limit the risk and realize the associated chance, intensive negotiations are conducted by the most experienced employees who have access to the entire expertise of the Uniper Group and, if necessary, even beyond.		
	Interest rate risk	**Earnings**	**quantitative**
Interest rate risk/ chance	Potential gains and losses from increases or decreases of interest rates used for discounting long-term obligations like pensions and asset retirement obligations are a major chance/risk for the Uniper Group.		

The ranking of the risks is discretionary and has no particular meaning.

Additional Risk/Chance Developments to Note

The following section provides information on risks and chances which do not qualify as major individual risk or chance but are worthy of note. As far as these risks and chances are quantified and could have an impact on Uniper's earnings situation they are considered in the tables shown above (Assessment of the Risk and Chances Profile (Worst/Best Case Scenario)).

Covid-19 Pandemic-related Risks

In 2020, the Covid-19 pandemic started to impact Uniper's financials (mainly via demand reduction) as well as operational activities (mainly via Berezovskaya 3 project delays). As the economic implications of the pandemic are expected to continue well into 2021, Uniper is still exposed to a number of Covid-19-related risks such as: a) falling commodity prices which could lead to lower revenues from Uniper's energy production as well as impairments on Uniper's assets; b) financial losses due to Covid-19 induced defaults of counterparties; c) supply chain issues, caused by force majeure cases, travel restrictions, missing equipment, etc. which may lead to a delay in Uniper's asset projects or to unplanned outages in Uniper's asset operations; and d) business continuity issues caused by Covid-19 infections among Uniper's employees. The potential impacts from these risks affect different risk categories, are all quantified and mostly earnings-relevant. Uniper continues to closely monitor Covid-19-related risks and management at all levels of Uniper takes appropriate actions to implement measures to reduce the risk impacts down to a minimum wherever possible.

Risks from Europe Exiting Coal-fired Power Generation

Following the coal exit law in Germany, which came into effect in August 2020, the phase-out of coal and its conditions are now largely determined in the European countries where Uniper operates coal plants. Consequently, the financial uncertainty which existed for Uniper around such exits has reduced significantly. The residual risk in Germany stems from the coal exist law having agreed review points, which could result in the German government deciding to shorten the runtime of Datteln 4 including the associated financial conditions. In the Netherlands, the Dutch government is proposing additional measures for coal-fired plants as a result of the Urgenda Verdict in order to achieve the national greenhouse gas reduction targets. These measures for coal-fired power production restrictions could affect the Maasvlakte 3 plant during the years 2021 to 2024 where compensation by the Dutch government is explicitly foreseen. The potential impact from these residual risks are either beyond the planning horizon or could so far only be assessed on a qualitative basis.

Berezovskaya 3: Delay Risk

Following the fire in the boiler house at the GRES TG 3 unit of the Berezovskaya power plant in Russia on February 1, 2016, a dedicated project has focused on replacing the damaged essential components of the 800 MW boiler. For a certain period of time, the project suffered from resource and productivity issues, which were exacerbated by the influence of Covid-19. The epidemic situation on the project site could since be stabilized and the project work is progressing such that the commercial operation date continues to be expected in the first half of 2021. Nevertheless, a residual risk for a further project delay remains. The potential impact from this residual risk is quantified and considered in the asset project risk category.

Chances from Innovation

Uniper operates an innovation portfolio which actively addresses the megatrends of decarbonization, decentralization and digitization. The portfolio focuses on topics where Uniper can deploy its capabilities and assets in an optimal way in order to add value for a sustainable transformation of the energy system and to profit from them commercially. Examples for Uniper's innovation activity are various projects around the innovative use of batteries, power-to-gas technology, smart and green heat solutions, alternative fuels and carbon capture and usage (CCU). The potential impact from these chances so far could only be assessed on a qualitative basis.

Assessment of Overall Risk Situation

The overall risk situation of the Uniper Group is assessed on the basis of its risk-bearing capacity concept. This concept assesses the Group's risk-bearing capacity from an equity and liquidity perspective. For the equity perspective the risk-bearing capacity is defined as the book value of the Uniper Group's equity and for the liquidity perspective as the available financing sources which are not dependent on rating triggers. To assess the utilization of the Uniper Group's risk-bearing capacity, it is compared with the potential worst case loss of income (99%) for the equity perspective and with the potential worst case loss of cash (99%) for the liquidity perspective at Group level for each year of the three-year planning horizon. This potential loss of income and cash flow is calculated based on the given risks/chances profile while considering correlations between the categories of risks/chances.

Based on this analysis, the overall risk situation of the Uniper Group and Uniper SE as of December 31, 2020 is not considered to be a threat to the Company's continued existence. The overall risk situation is also considered appropriate in view of the financial targets set.

Forecast Report

Business Environment

Macroeconomic Situation

The OECD expects the global economy to recover significantly in 2021. Supported by strong growth in China, it should return to the level recorded before the Covid-19 pandemic by the end of the year. Nevertheless, the OECD expects significant regional differences, with countries and regions with effective testing, tracking and isolation systems and countries that will quickly achieve high vaccination rates recovering faster than others.

For the euro area, the OECD does not expect the economy to reach its pre-Covid-19 pandemic level until the end of 2022, as the investment climate will remain depressed until large parts of the population have been vaccinated. For this reason, growth is also likely to remain subdued in Germany and the Netherlands, especially as the renewed lockdown measures will hit the trade and services sectors particularly hard. The same applies to the United Kingdom, although the outlook there is subject to various uncertainties, despite the successful conclusion of a trade agreement with the EU. The UK economy will therefore have to adjust to the new trade policy conditions. For Sweden, the OECD expects growth to approach the pre-Covid-19 pandemic level as early as 2021; for Russia this is not expected before 2022. For the U.S., the OECD expects growth rates to pick up in 2021, supported by an expected further economic upswing that will boost disposable income and private consumption. Nevertheless, the upswing there is also expected to remain fragile until large parts of the population have been vaccinated.

Energy Markets

The economic recovery is expected to increase energy demand in 2021. In addition, as in previous years, the energy markets in Europe are expected to continue to be significantly influenced by political decisions, weather factors and the development of supply and demand on the global commodity markets.

The agreement reached in early December 2020 between the OPEC countries and Russia (OPEC+) to make only moderate cuts in the production of crude oil from January 2021 and to extend this additional supply over a longer period led to a significant price recovery. The supporting effect of this agreement on crude oil prices should continue in 2021, mainly due to the faster response time of OPEC+, which will initially hold monthly consultations on the effectiveness of production quotas. However, the vulnerability to sharp price swings in oil will remain high, for example due to the currently uncertain future role of Iran and Libya. On the other hand, strong competition from the U.S. shale oil industry is unlikely in the foreseeable future, as investments there were significantly reduced in 2020, among other factors.

The recovery in coal demand and the further development of Colombian coal production will have a significant impact on price developments in the European coal market. A recovery in gas prices should have a supporting effect on coal demand. The price of European coal is expected to continue to be strongly influenced by global coal price developments. This includes in particular Chinese import policies, as well as the economic recovery in India and the further development of LNG prices.

Provided that the coronavirus-related economic and social restrictions seen in 2020 are not repeated in 2021, European gas prices should settle at a higher level in 2021 than in 2020. Growing price differences in global markets due to sharply higher Asian LNG import prices and low LNG supplies to Western Europe reflect logistical constraints in the LNG market and should therefore support European gas prices in the first quarter of 2021. Demand should recover to seasonally normal levels in the summer of 2021. At the same time, the lower availability of coal generation capacity is expected to further stabilize the gas market. Gas production in Europe will also decline further, while the agreed transit volume through Ukraine will be reduced from 65 bcm to just 40 bcm.

The switch to the fourth trading period (years 2021-2030) is associated with a significant reduction in the expected supply of emission allowances. Combined with the increased transfer quota of the market stability reserve until 2023, this is expected to lead to a significant reduction in the existing surplus of allowances in the coming years, which could have a price-supporting effect, depending on the willingness to sell on the part of the market players holding the existing surpluses. In addition, EU institutions will push political processes forward that are also likely to have a major influence on market price formation. These include, in particular, the conclusion of the trilogue negotiations on the EU's 2030 emissions target as well as the start of several review processes on the Emissions Trading Scheme and the Market Stability Reserve. Potential macroeconomic disruptions related to the Covid-19 pandemic, among other things, could have a negative impact on industrial production and electricity demand and lower the carbon price in the European Emissions Trading Scheme.

A key political factor for the German electricity market in 2021 will be the entry into force of the amended German Renewable Energy Sources Act (EEG). The EEG sets targets for wind and solar capacity to achieve a 65% share of renewable generation in electricity consumption by 2030. These targets could be increased based on the planned increase in the EU climate target in the context of carbon reduction.

In thermal generation, the phase-out of nuclear energy continues with the decommissioning of three of the remaining six power plants at the end of 2021. Based on the first auction for the decommissioning of coal-fired power plants, plants with a capacity of 4.8 GW have already ended commercial operation at the beginning of 2021. A further 1.5 GW will be decommissioned by the end of 2021 with the second auction.

Giving an outlook for the coming calendar year 2021 and the associated developments on the British electricity market seems more uncertain than ever before. In particular, Brexit and the associated introduction of an EU-independent carbon emissions trading system as well as the possibility of further restrictions due to the Covid-19 pandemic represent two challenges that are very difficult to assess. Furthermore, the delayed commissioning of the IFA2 high-voltage cable between France and the UK in the first quarter of 2021 is another source of increased uncertainty.

The year 2021 is in the middle of a period of strong additions to wind generation capacity, as well as the reduction of nuclear power in Sweden and the addition of interconnectors. A strong expansion of wind energy is taking place primarily in the more northern regions of Scandinavia, where a high wind yield is also possible on the mainland. A further strong expansion of installed wind generation capacity is foreseen for the coming years. This will also require an expansion of line capacities. Interconnectors between Norway and Germany with a maximum capacity of 1,400 MW (NordLink) and another connection between Denmark and Germany with an expansion to 1,000 MW (KriegersFlak) went into operation at the end of 2020. The hydrological situation in conjunction with regional wind generation will continue to be key for the amount of electricity generated from hydroelectric power and for short-term price movements.

Forecasting Methods

Uniper continuously reviews its outlook for its medium-term earnings and financial situation. The Company publishes a forecast of the expected development of the main controlling factors, including an outlook for adjusted EBIT and, since the fiscal year 2020, adjusted net income.

Anticipated Earnings and Financial Condition, General Statement on Expected Future Development

The forecast for the 2021 fiscal year continues to be significantly influenced by the difficult conditions in the energy industry and political environment and the associated volatile development of prices in all the European electricity markets. Market-related lower earnings contributions from the fossil-fuel power plants – both in Europe and in Russia – and other developments reflect this trend. Furthermore, the strong results in energy trading from the 2020 fiscal year will be lower in 2021. These effects will be offset by higher electricity prices in all European markets and by higher output at the hydroelectric power plants in Germany and Sweden. The commissioning of the Datteln 4 power plant in Germany and the return to service of the Berezovskaya 3 power plant in Russia will also have a positive impact on overall earnings.

Uniper therefore expects adjusted EBIT for 2021 to be to be significantly below the prior-year figure, within a range from €700 to €950 million.

For each of the operating segments, this means:

Adjusted EBIT

€ in billions	2020	Forecast 2021
European Generation	0.5	Significantly above prior year
Global Commodities	0.5	Significantly below prior year
Russian Power Generation	0.2	Significantly below prior year

The European Generation segment's adjusted EBIT for 2021 is expected to be significantly above the prior-year figure. The improved availability of the Swedish nuclear power plants and the operation of the Datteln 4 power plant in Germany for the full year will have a positive effect. This will be partially offset by lower prices achieved for the production of the nuclear power plants in Sweden and the absence of extraordinarily high earnings from the portfolio optimization of fossil-fuel power plants in 2020.

For the Global Commodities segment, Uniper expects adjusted EBIT for 2021 to be significantly lower than it was in 2020. The extraordinary earnings in the gas business recorded in 2020 are expected to be significantly lower in 2021. In contrast, the LNG margin is projected to be significantly higher than the prior year in 2021 as a result of higher contributions from long-term contracts and increased earnings contributions from business activities in Asia.

Uniper expects adjusted EBIT for the Russian Power Generation segment to be significantly below the prior-year level in 2021. Lower earnings from expiring long-term capacity contracts are only partly offset by the planned commissioning of the Berezovskaya 3 power plant in the first half of 2021.

For adjusted net income, Uniper expects a significant decrease compared to the previous year and anticipates that the indicator will range between €550 million and €750 million. Adjusted net income largely tends to follow the expected development of adjusted EBIT; in addition, negative interest effects on asset retirement obligations from fiscal 2020 will not recur.

The disclaimer statement on the inside cover page of this Annual Report applies, in particular, to the forward-looking statements made here.

Planned Financing Initiatives

The Uniper Group expects to be able to finance net investment spending planned for 2021 and the dividend payout for the 2020 fiscal year predominantly from the operating cash flow it expects to generate in 2021 and, if necessary, with additional financing measures. The Commercial Paper Program, for which the revolving credit facility serves as a back-up, is the main instrument used to cover any peaks in the Group's financing needs during the year. In case additional mid- to long-term funding needs from e.g. growth investments were to arise throughout the year, Uniper could utilize – inter alia – the Debt Issuance Program ("DIP"), which will undergo its regular update in the first quarter of 2021.

There are no material financial liabilities that need to be refinanced in 2021.

Forecast Non-Financial Performance Indicators

Direct Carbon Emissions (Scope 1)

Uniper's total direct carbon emissions (scope 1) from European power generation in 2021 is expected to be about 9% above the previous year's level. For the Uniper Group, it is expected to be 8% above the previous year's level. The estimate for 2021 was made on the basis of 2020 emissions, with few additional assumptions on changes within the generation portfolio. This increase would follow from commissioning the power plant Datteln 4 at the end of May 2020, the return of Irsching 4 and 5 to commercial operations at the beginning of October 2020 and the expected restart of Berezovskaya 3 in the first half of 2021. These additional emissions can only be partially compensated by reduction measures and divestments, as Uniper is only at the beginning of its phase-out of coal-fired power generation in early 2021 with the transfer of Heyden 4 power plant to cold reserve.

This forecast could not take into account a number of critical factors, such as actual outturn electricity prices and spot commodity prices (natural gas, hard-coal, and carbon) but also actual technical availabilities of thermal assets and actual customer demand to be met by assets.

HSSE & Sustainability Improvement Plan

Building on 2020, Uniper's 2021 HSSE & Sustainability Improvement Plan will focus strategically on raising employee awareness on Sustainability through e-training and functional leaders demonstrating contribution as well as continuing to build Uniper's health culture by implementing local health actions. Operationally, the plan will also deliver the HSSE & Sustainability "Beyond Zero" initiative in the area of responsibility of the Chief Operating Officer.

There has been much preparatory work completed and positive discussions held with leaders to date for the 2021 HSSE & Sustainability Improvement Plan, therefore Uniper expects to fulfil the 2021 HSSE & Sustainability Improvement Plan as well.

Internal Control System for the Accounting Process (Disclosures Pursuant to Section 289 (4) and Section 315 (4), of the German Commercial Code on the Internal Control System for the Accounting Process)

General Principles

Uniper's Consolidated Financial Statements are prepared in accordance with Section 315e (1) of the German Commercial Code (HGB) and with those International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations (IFRS IC) that were adopted by the European Commission for use in the EU as of the end of the reporting period, and whose application was mandatory as of the balance sheet date (see Note 2 in the Notes to the Financial Statements). The Group's IFRS reportable segments are European Generation, Global Commodities and Russian Power Generation.

The annual financial statements of Uniper SE are prepared in accordance with the provisions of the German Commercial Code, the SE Regulation in conjunction with the German Stock Corporation Act (AktG), and the German Energy Industry Act (EnWG). Uniper prepares a Combined Management Report that applies to both the Uniper Group and Uniper SE.

Accounting Process

All companies included in the Consolidated Financial Statements must comply with uniform accounting and reporting guidelines for consolidated annual and interim financial statements. The guidelines describe the applicable principles of accounting and measurement consistent with IFRS, and they additionally explain and interpret accounting rules that are particular to Uniper. Changes to laws, new or amended accounting standards and other pronouncements are analyzed regularly in terms of their relevance to and impact on the Consolidated Financial Statements and, if necessary, reflected in updates to policies and to systems.

The Group companies are responsible for preparing their financial statements in a proper and timely manner. They receive substantial support from Uniper Financial Services GmbH (UFS) in Regensburg, Germany, and, in some cases, from a local external service provider, both of which kept accounts and performed work on the annual financial statements. The financial statements and Group packages of subsidiaries included in consolidation are audited by the subsidiaries' respective independent auditor. The specialist department for consolidation is responsible for performing consolidation activities and for monitoring adherence to guidelines for scheduling, processes and content. Monitoring of system-based automated controls is supplemented by manual checks.

Additional qualitative and quantitative information relevant to accounting and financial reporting is compiled within the year-end closing processes. Furthermore, dedicated quality-control processes are in place for all departments involved to discuss and ensure the completeness and accuracy of relevant information on a regular basis, and, where appropriate, to present it in the consolidated financial statements.

Uniper SE's separate annual financial statements are prepared using software. The accounting and preparation processes are divided into discrete functional steps. The transactional processes relating to subsidiary ledgers, bank activities and financial back office and general ledger processes for the German group companies are performed by UFS, as in the previous year; international general ledger processes are mainly performed within the respective national subsidiaries. Both automated and manual controls are integrated into each step. Defined procedures ensure that all transactions and the preparation of the annual financial statements are recorded, processed, assigned on an accrual basis and documented in a complete, timely and accurate manner. Relevant data from Uniper SE's separate annual financial statements are, where necessary, adjusted to conform with IFRS and then transferred to the consolidation software system using software-supported transfer technology.

Internal Control and Risk Management System

The following explanations concerning the internal control system (ICS) and general IT controls apply equally to the Consolidated Financial Statements and Uniper SE's separate financial statements.

Internal controls are an integral part of Uniper's accounting processes. Uniform accounting requirements and procedures are defined for the entire Uniper Group in a standardized set of guidelines. These guidelines encompass general and specific requirements for a system of internal controls, as well as standards for establishing, documenting and evaluating internal controls and the final sign-off process. These rules are designed to prevent the occurrence of material misstatements in the Consolidated Financial Statements, the Combined Management Report and the interim reports due to errors and to fraud.

The internal control system is based on the globally recognized COSO framework (COSO: Committee of Sponsoring Organizations of the Treadway Commission). The specific ICS requirements are defined in a centralized risk catalog, which encompasses company- and industry-specific aspects, defines possible risks to the accounting processes and thus serves as a checklist and provides guidance for the establishment and documentation of internal controls within the different functions. Controls covering the risks defined in the risk catalog are documented in a central IT application.

The general ICS requirements form another key component of the internal control system: they define the overarching ICS principles that are fundamental to every function within the Uniper Group. The internal sign-off process is based, among other things, on an annual assessment by functional owners of the processes and controls for which they are responsible, and comprises a statement concerning the effectiveness of the internal control system that is in place. All functions within the Uniper Group are involved in this process before the full Management Board signs off on effectiveness for the Uniper Group as a whole.

Uniper SE Supervisory Board's Audit and Risk Committee will be regularly informed about the internal control system and any significant issue areas it identifies in the Uniper Group's various processes. In the areas where there are issues, measures to improve the ICS are developed together with process managers; the implementation of these measures is tracked by the Internal Audit department in a related process.

External service providers provide IT services for most of the Uniper Group's entities. The effectiveness of the automated controls in the standard accounting software systems and in key additional applications depends to a considerable degree on the proper functioning of IT systems. These IT controls primarily involve ensuring the proper functioning of access-control mechanisms of systems and applications, of daily IT operations (such as emergency measures) of the program change process and of the management of external IT service providers.

Closing Statement by the Management Board in Accordance with Section 312 (3) AktG

In summary, the Management Board of Uniper SE issues the following closing statement in accordance with Section 312 (3) AktG: "Under the circumstances that were known to us at the time of such legal transactions being undertaken, the Company was not disadvantaged in the reporting period between January 1 and December 31, 2020 as a result of the legal transactions listed in the report on relationships with affiliated companies. During the reporting period, no measures were taken or refrained from at the initiative of the controlling entities (Fortum Deutschland SE and the companies and persons directly or indirectly involved in Fortum Deutschland SE, including Fortum Oyj and the Republic of Finland) or an affiliated company to these controlling entities."

Additional Disclosures Regarding Takeovers in Accordance with Sections 289a and 315a of the German Commercial Code

Composition of Capital Stock

As in the previous year, the capital stock amounts to €622,132,000 and consists of 365,960,000 no-par-value shares (shares without nominal amount). The shares are registered shares. Each share of stock has the same rights and one vote at a Shareholders Meeting.

Restrictions on Voting Rights or the Transfer of Shares

In the cases provided for by Section 136 of the German Stock Corporation Act (AktG), voting rights pertaining to the affected shares are excluded by law. Accordingly, if Uniper SE acquires and holds treasury shares, Section 71b AktG prohibits the exercise of rights pertaining to such shares.

There are no other known restrictions on voting rights or the transfer of shares.

Direct or Indirect Shareholdings Exceeding 10% of Voting Rights

After the Republic of Finland notified Uniper in a voting rights notification dated October 9, 2019 that its share of voting rights in Uniper SE, which is held directly by Fortum Deutschland SE and indirectly by Fortum Oyj, had increased to 73.40%, there was a further change in 2020. In a new voting rights notification, the Republic of Finland informed Uniper that the threshold of 75% was exceeded on August 17, 2020, and that the share of voting rights amounted to 75.01% as of this date.

Elliott held 17.84% of the voting rights in Uniper SE in 2019 and has notified that since March 26, 2020 there has no longer been a shareholding amount subject to disclosure here. Thus, agreements signed by Fortum in 2019 with the shareholders Elliott and Knight Vinke on the acquisition of more than 20.5% of the shares in Uniper have been executed.

The above information is based, in particular, on the notifications pursuant to Sections 33 et seq. of the German Securities Act (WpHG), which Uniper SE has received and published.

Statutory Requirements and Provisions in the Company's Articles of Association Regarding the Appointment and Removal of Management Board Members and Amendments to the Articles of Association

Pursuant to the Company's Articles of Association, the Company's Management Board consists of at least two members. The Supervisory Board determines the number of members and decides on their appointment and removal.

The Supervisory Board appoints members to the Management Board for a term not exceeding five years. Reappointments are permissible. The Supervisory Board can appoint one of the members of the Management Board as its Chairman. In the absence of a required Management Board member, the courts make the necessary appointment in urgent cases. The Supervisory Board can revoke the appointment of a member of the Management Board and the appointment as Chairman of the Management Board for serious cause.

Resolutions of the Shareholders Meeting are adopted with the majority of valid votes cast, unless otherwise stipulated by mandatory law or the Articles of Association. Unless another type of majority is stipulated by mandatory legal provisions, amendments to the Articles of Association require a majority of two-thirds of the votes cast or, if at least one-half of the capital stock is represented, a simple majority of votes cast. This does not apply for changing the purpose of the Company, for a resolution according to Article 8 (6) of the SE Regulation and for other cases requiring a higher majority of capital.

The Supervisory Board is authorized to decide by resolution on amendments to the Articles of Association that affect only their wording and, in particular, is authorized to revise the wording of the Articles of Association upon utilization of authorized or contingent capital.

Authority of the Management Board to Issue or Buy Back Shares

Authorized Capital

The Management Board is authorized, subject to the Supervisory Board's consent, to increase the Company's capital stock until June 30, 2021, by up to €145,112,289 through the issue on one or more occasions of up to 85,360,170 new no-par-value registered shares against cash and/or non-cash contributions.

The Management Board may, subject to the Supervisory Board's consent, exclude the subscription right that must, in principle, be granted to shareholders. Such exclusion of subscription rights is possible when shares are issued against cash contributions in the amount of up to 10% of the capital stock then existing or—should this value be lower—the capital stock existing when the authorization is exercised. Subscription rights may also be excluded when shares are issued against non-cash contributions, but only to the extent that the shares issued under such authorization against non-cash contributions do not represent in the aggregate more than 20% of the capital stock then existing or—should this value be lower—the capital stock existing when the authorization is exercised. Furthermore, shareholder subscription rights may also be excluded with regard to fractional amounts and when shares are issued to persons employed by the Company or one of its affiliates.

Convertible Bonds and Warrant-Linked Bonds

The Management Board is authorized, subject to the Supervisory Board's consent, to issue debt instruments during the period up to June 30, 2021, having a total nominal value of up to €1,000,000,000 that, respectively, grant rights or impose obligations of conversion or purchase, in accordance with the relevant terms and conditions of the bonds and warrants, with respect to up to 85,360,170 no-par-value registered shares of the Company, representing a pro-rata interest in its capital stock of up to € 145,112,289 in total, to or on the holders or creditors of the bonds or warrants.

The bonds may also be issued by an affiliate of the Company against cash and/or non-cash contributions. Here, too, the Management Board may, with the Supervisory Board's consent, exclude the subscription right to which shareholders are entitled in principle. In connection with these convertible bonds and warrant-linked bonds, conditional capital was created by shareholder resolution. Pursuant thereto, the capital stock is conditionally increased by up to €145,112,289 through the issue of up to 85,360,170 no-par-value registered shares for the purpose of granting shares upon exercise of rights and obligations of conversion or purchase.

Purchase of Treasury Shares

Pursuant to a resolution of August 30, 2016, the Company is authorized until June 30, 2021 to acquire treasury shares up to a total of 10% of the capital stock existing at the time the resolution was adopted.

At the Management Board's discretion, such purchase may take place on the stock exchange, by way of a purchase offer addressed to all shareholders, a public offering or a public solicitation of offers for the exchange of liquid exchange shares for Company shares (so-called "exchange offer"), or through the use of derivatives (put or call options or a combination of both). The Management Board is also authorized, subject to the Supervisory Board's consent and excluding shareholder subscription rights, to use shares of the Company in a specified manner. The Management Board is further authorized to cancel treasury shares without requiring a separate shareholder resolution to that effect.

Offsetting Clause

As a result of offsetting clauses to that effect, the aforementioned authorizations to exclude subscription rights with respect to the authorized capital, the convertible bonds and warrant-linked bonds and the use of treasury shares are offset during period of their validity in such a way that any new shares thus issued or sold, and any shares that are to be issued based on rights that enable or require the subscription of Company shares, notionally do not account for more than 20% of the capital stock then existing or—should this value be lower—the capital stock existing when the authorizations are exercised.

Significant Agreements to which the Company is a Party that Take Effect on a Change of Control of the Company Following a Takeover Bid

Some material contracts for the financing of the Company provide for a right of termination for the lending parties in the event of a change of control. The right of termination is partly subject to further conditions. The revolving syndicated credit facility of Uniper SE contains an exception to this right of termination in the event of a change of control to Fortum. Additional information on financial liabilities can be found under "Financial Condition" in the Combined Management Report and in Note 25 to the Consolidated Financial Statements.

Settlement Agreement between the Company and Management Board Members or Employees in the Case of a Change-of-Control Event

In the event of a premature loss of a Management Board position due to a change-of-control event, the members of the Management Board are entitled to receive a settlement.

The change of control clause stipulates that a change of control can take three forms:
(i) a third party directly or indirectly acquires at least 30% of the Company's voting rights, and thus reaches the control threshold under the German Securities Acquisition and Corporate Takeover Act (WpÜG); (ii) Uniper SE, as a dependent entity, signs a corporate agreement; or (iii) Uniper SE is merged with another company pursuant to Sections 2 et seq. of the German Transformation Act (UmwG), unless the enterprise value of the other legal entity at the time of the decision by the transferring company amounts to less than 20% of the enterprise value of Uniper SE. The members of the Management Board appointed as of 2019 are also be entitled to a severance payment if the shares of Uniper SE are no longer admitted to a regulated market. Management Board members are entitled to a settlement payment if, within twelve months of the change of control, their service agreement is terminated by mutual consent or is terminated by them (in the latter case, however, only if their position on the Management Board is materially affected by the change of control).

In the event of a change of control, the settlement payment of Management Board members appointed before the 2019 fiscal year consisted of the base salary and target bonus (100%) plus fringe benefits for a period of two years from the early termination of the service agreement, but not beyond the month in which the Management Board member reaches the age of 62. For Management Board members appointed from fiscal 2019 forward, the settlement payment due to a change of control consisted of the base salary and target bonus (100%) and the target value (100%) of the long-term variable compensation for a period of two years from the early termination of the service agreement, but no longer than for the remaining term of the service agreement and, additionally, not beyond the month in which the Management Board member reaches the age of 62.

Remaining Items of Sections 289a and 315a of the German Commercial Code

The remaining items of Sections 289a and 315a of the German Commercial Code not discussed here concern issues not present within Uniper SE.

Declaration on Corporate Governance in Accordance with Section 289f and Section 315d of the German Commercial Code

Declaration on the Corporate Governance Code Made in Accordance with Section 161 of the German Stock Corporation Act by the Management Board and the Supervisory Board of Uniper SE

Pursuant to section 161 German Stock Corporation Act (AktG), the Management Board and the Supervisory Board of Uniper SE have to issue annually a declaration that Uniper SE has been, and is, in compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" as published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger), or to advise of any recommendations that have not been, or are not being, met and the reasons for this.

The annual declaration was last issued in January 2020.

Pursuant to section 161 AktG, the Management Board and the Supervisory Board of Uniper SE hereby declare as follows:

Since issuing the last declaration of conformity in January 2020, Uniper SE ("Company") has fulfilled all the recommendations of the German Corporate Governance Code ("GCGC") in the version of February 7, 2017 ("GCGC 2017") except for the deviations set out below in section 1 which were published in December 2020. Furthermore, the Company meets all recommendations of the GCGC in the version of December 16, 2019 ("GCGC 2019") except for the deviations set out below in section 1 and 2 and will continue to meet all recommendations except for the deviations set out below in section 1 and 2.

1. Pursuant to Section 5.3.2 Paragraph 3 Sentence 2 in conjunction with Section 5.4.2 Sentence 2 GCGC 2017, the Chair of the Audit Committee shall be independent in particular from the controlling shareholder. A corresponding recommendation is also contained in Section C. 10 Sentence 2 of the German Corporate Governance Code as amended on December 16, 2019 ("GCGC 2019"). According to Section C. 9 Paragraph 1 Sentence 1 GCGC 2019, in the case that the Supervisory Board comprises more than six members, at least two shareholder representatives shall also be independent from the controlling shareholder.

   Dr. Bernhard Günther is a member of the Supervisory Board of Uniper SE and Chair of its Audit Committee. His term of office as a member of the Supervisory Board will last until the end of the Annual General Meeting that resolves on the discharge for the financial year 2021. On December 18, 2020, Fortum, the controlling shareholder of Uniper SE, announced that Dr. Bernhard Günther will be appointed Chief Financial Officer of Fortum with effect from February 1, 2021. Since, in any event, upon assuming office as Chief Financial Officer of Fortum, he is no longer to be considered as independent from the controlling shareholder, a deviation from the recommendation in Section 5.3.2 Paragraph 3 Sentence 2 in conjunction with Section 5.4.2 Sentence 2 GCGC 2017 (which corresponds to Section C. 10 Sentence 2 GCGC 2019) as well as from the recommendation in Section C. 9 Paragraph 1 Sentence 1 GCGC 2019 is declared as a precautionary measure.

   The Supervisory Board considers it appropriate and reasonable in the interest of Uniper SE that Dr. Bernhard Günther, due to his special expertise and skills, continues to exercise his office as member of the Supervisory Board and Chair of the Audit Committee until further notice. This is intended to ensure continuity in the performance of duties. However, a change in the Chairmanship of the Audit Committee and a replacement of shareholder representatives on Uniper SE's Supervisory Board will take place by the next Annual General Meeting of Uniper SE in 2021 at the latest.

2. Pursuant to the recommendation in Section G.10 GCGC 2019, Management Board members' variable remuneration shall be predominantly invested in company shares or be granted as share-based remuneration. Long-term variable remuneration granted shall be accessible to Management Board members only after a period of four years.

In March 2020, the SB and BoM have adopted an ambitious strategy for Uniper, under which Uniper's fossil fuel businesses are to be decarbonized, thereby placing the business model on a stable sustainable foundation. Against this background, the variable remuneration granted to the BoM is linked to key indicators of financial performance, strategic transformation success and certain ESG criteria, in deviation from the above recommendation. In this way, the system sets the right incentives to increase medium and long-term performance in line with the company's new strategy.

At Uniper the term for long-term variable remuneration is limited to three years, which is in line with our business cycle and business planning.

Düsseldorf, January 2021

The Supervisory Board The Management Board

This Declaration is continuously available to the public on the Company's Internet site at https://ir.uniper.energy/websites/uniper/English/6500/corporate-governance-policy.

Relevant Information about Management Practices

Corporate Governance

Uniper SE is a European Company (Societas Europaea, "SE"). The governing bodies of the Company are the Management Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the Annual Shareholders Meeting (*Hauptversammlung*). The Company has a two-tier corporate governance structure. The Management Board and the Supervisory Board work independently of one another. A member of the Company's Supervisory Board may not, in principle, be a member of the Company's Management Board at the same time. Prior to the conversion into a European Company through a change in legal form, Uniper SE was constituted as a German stock corporation, Uniper AG.

Good corporate governance is of the highest priority at Uniper SE. It is ensured through close and efficient collaboration between the Management Board and the Supervisory Board for the good of the Company, it guides all decision-making and ensures that the Company's success is earned responsibly and sustainably. Management Board members and members of the Supervisory Board shall serve the interests of the Company. No member of the Management Board or of the Supervisory Board may pursue personal interests when making decisions.

The Company's Management Board and Supervisory Board subscribe to the goals of the German Corporate Governance Code, which seeks to promote responsible, transparent corporate governance and controls aimed at enhancing enterprise value in the long term. In that respect, Uniper SE is also, with two exceptions, in compliance with the suggestions of the Code, which are only voluntary.

The compensation plan provides for the early payment of multi-year variable compensation components in accordance with G.14 of the German Corporate Governance Code only in cases where a continuation up to the planned date does not correspond to the regulatory purpose (e.g., "change-of-control" situation, death).

At the time this report was prepared, the current members of the Management Board and the Supervisory Board of Uniper SE together hold 51 shares of the Company, of the total of 365,960,000 shares issued.

Integrity

Uniper's business activities are grounded in integrity and respect for the law. They are based on the Uniper Code of Conduct, as amended in October 2017, approved by resolution of the Management Board. The Code requires that all employees in all of the Group companies comply with all laws and regulations and with Company policies. The Management Board and line managers serve as role models and must act accordingly. The Code sets out principles for dealings with business partners, third parties and government institutions, particularly with regard to laws on combating corruption, money laundering and the financing of terrorism, on compliance with international economic sanctions and with antitrust law, the granting and accepting of benefits, the handling of donations and sponsoring, the involvement of intermediaries, and the selection of suppliers and service providers. Other rules address issues including the avoidance of conflicts of interest (such as non-compete obligations, secondary employment, material financial investments) and the handling of Company information, property and resources. The policies and procedures of the compliance organization ensure the investigation, evaluation, cessation and punishment of reported violations by the appropriate Compliance Officers and the Uniper Group's Chief Compliance Officer. Violations of the Code of Conduct can also be reported anonymously (for example, by means of a whistleblower report).

Diversity Concept

The Management Board of Uniper gave its full commitment to developing diversity and integration at Uniper by signing the Diversity Charter at the end of 2016. The Diversity Charter has been signed by over 3,000 companies in Germany who respect and are committed to promoting diversity in the six dimensions of gender, nationality or ethnic background, religion or world-view, disability, age/generations, sexual orientation and identity. A diverse workforce reflects modern society, is influenced by globalization trends and demographic changes and according to much current research also makes good business sense. Teams made up of diverse employees and their various capabilities are more innovative and creative than a workforce of homogeneous teams.

Thus, at Uniper, diversity is an essential and integral part of its corporate culture, "The Uniper Way." Anchoring diversity in the Company is a long-term goal that can and will be achieved by commitment at both the executive and employee levels.

In 2017, the Management Board decided to develop a concrete plan to improve diversity in these six dimensions as well as integration at Uniper for the years 2018 to 2020. This plan was designed to apply to the entire Company, including management levels. A working group consisting of managers and employees from different divisions was set up to implement cross-company measures to promote an innovative and creative corporate culture. In 2019, new processes and policies were introduced to make diversity and inclusion (D&I) an integral part of our culture among new employees, and to make current employees more aware of the importance of diversity and inclusion to Uniper's success. New D&I learning formats are now available to all employees. In addition, Uniper's HR processes have been reviewed, adapted or redesigned to address diversity and inclusion.

Description of the Functioning of the Management Board and Supervisory Board and of the Composition and Functioning of Their Committees

Management Board

The Management Board consists of
- Andreas Schierenbeck, the Chairman of the Management Board and Chief Executive Officer (CEO);
- Sascha Bibert, the Chief Financial Officer (CFO);
- Niek den Hollander, the Chief Commercial Officer (CCO) responsible for commercial activities;
- David Bryson, the Chief Operating Officer (COO) responsible for operations.

Eckhardt Rümmler resigned from the Management Board at the close of January 31, 2020. Keith Martin resigned from the Management Board at the close of April 30, 2020.

The Management Board of Uniper SE manages the Company on its own authority in accordance with the law, the provisions of corporate bylaws and the rules of procedure for the Management Board and the Supervisory Board, giving due consideration to the resolutions adopted at meetings of shareholders.

The Management Board determines and updates the Group's business objectives, fundamental strategic orientation, corporate policy and organizational structure. This includes, in particular, management of the Group and its financial resources, the development of the human resources strategy, appointments to management positions within the Group and leadership development, as well as representation of the Group to capital markets and the general public.

In addition, it is responsible for the coordination and monitoring of operations in accordance with the established Group strategy.

The Management Board represents the Company in transactions with third parties. It manages the Company's businesses, with all its members bearing joint responsibility for its decisions. The principle of joint management notwithstanding, the individual Management Board members act independently and on their own authority within their particular areas of responsibility, although they must place the general interests of the Company above those of their respective areas of responsibility. Individual Management Board members must inform the other members of the Management Board about important measures, decisions, material business transactions, risks and losses within their area of business responsibility. The decisions reserved for the full Management Board (by law, by rules of procedure or by corresponding resolution) are normally voted on in Board meetings convened by the Chairman. Persons who are not members of the Management Board may directly participate in such meetings for consultation on individual matters. The Management Board can generally adopt resolutions by simple majority vote. In the event of a tied vote, the Chairman shall have the casting vote. The Management Board is appointed by the Supervisory Board in compliance with the age limit for Management Board members, which is linked to the general retirement age, and reports to the Supervisory Board. The Supervisory Board works with the Management Board to ensure long-term succession planning, which also takes diversity into account (as set out in detail in the diversity concept) and, in particular, aims to give appropriate consideration to women. The Executive Committee of the Supervisory Board described at the end of this chapter plays an important role in this. Succession planning is updated regularly, at least annually, drawing on internal and, where necessary, external resources.

The Management Board, under the leadership of its Chairman, informs the Supervisory Board regularly, promptly and comprehensively on all issues of planning, business development, compliance, the risk situation and risk management that are relevant to the Company. It addresses instances where the course of business has deviated from the approved plans and objectives, and specifies the reasons for them. The Management Board shall generally submit to the Supervisory Board a quarterly report on the items specified in Section 90 of the German Stock Corporation Act, as well as reports about the Group. The Management Board shall additionally submit its planning for the Group's investments, finances and human resources, as well as the medium-term plan, to the Supervisory Board. The Chairman of the Management Board promptly informs the Chairman of the Supervisory Board of important events that are of fundamental significance in assessing the Company's situation and development and to its management, and also of any defects that have arisen in the monitoring systems that the Management Board is required to set up. Transactions and measures requiring the Supervisory Board's consent are also submitted to the Supervisory Board in a timely manner. If a Management Board member holds a conflict of interest, such member shall disclose that conflict to the Supervisory Board and inform the other members of the Management Board thereof.

Supervisory Board

The Supervisory Board consists of 12 members. Six members are elected by the Annual Shareholders Meeting, and six members are elected by the employees in accordance with the election procedures established in the agreement on employee participation in Uniper SE. Former Management Board members are generally prohibited from serving on the Supervisory Board for a qualifying period of two years after leaving the Management Board. This is designed to avoid conflicts of interest. However, an exception is made to this provision if the election to the Supervisory Board comes at the suggestion of shareholders who have more than 25% of the voting rights in the Company. The legal requirement that the Supervisory Board be composed of at least 30% women and 30% men was complied with throughout the reporting period.

Shareholders are represented on the Supervisory Board by Prof. Dr. Klaus-Dieter Maubach (Chairman), Markus Rauramo (Deputy Chairman), Prof. Dr. Werner Brinker, Dr. Bernhard Günther, Sirpa-Helena Sormunen and Tiina Tuomela.

The employees are represented on the Supervisory Board by Harald Seegatz (Deputy Chairman), Ingrid Åsander, Oliver Biniek, Barbara Jagodzinski, André Muilwijk and Immo Schlepper.

The Supervisory Board is required to provide information on the number of independent shareholder representatives that it considers to be appropriate, including their names, in the Corporate Governance Report (Recommendation C.1 of the German Corporate Governance Code). According to the competency profile of the Supervisory Board, at least two members of Uniper SE's Supervisory Board should be independent in addition to the employee representatives who are generally considered independent, which is also the case. In the opinion of the Supervisory Board, Prof. Dr. Werner Brinker qualifies as independent within the meaning of the German Corporate Governance Code on the shareholder representatives' side. This applied to Dr. Bernhard Günther until December 2020.

The Supervisory Board of Uniper SE appoints, oversees and advises the Management Board and is directly involved in decisions that are of fundamental importance to the Company. The Supervisory Board Chairman coordinates the work of the Supervisory Board.

The Supervisory Board's composition should ensure that, on balance, its members have the necessary expertise, skills and professional experience to discharge their duties properly. In view of Section 289f (2) no. 6 and Section 315d of the German Commercial Code and the recommendations now contained in C.1 of the German Corporate Governance Code, the Supervisory Board has adopted targets for its composition and in 2020 it drew up and updated a competency profile which reads as follows:

Definition of Targets

Basis

"The Supervisory Board's composition should ensure that, on balance, its members have the necessary expertise, skills, and professional experience to discharge their duties properly. Each Supervisory Board member should have or acquire the minimum expertise and skills needed to be able to understand and assess on his or her own all the business events and transactions that generally occur.

Independence and Conflicts of Interests

"The Supervisory Board should include a sufficient number of independent candidates; members are deemed independent if they do not have any personal or business relationship with the Company, its Management Board, a shareholder with a controlling interest in the Company, or with a company affiliated with such a shareholder, and such a relationship could constitute a material, and not merely temporary, conflict of interest. The Supervisory Board has a sufficient number of independent members if, in addition to the employee representatives who are generally regarded as independent, at least two shareholder representatives are independent. In this context, the employee representatives are generally regarded as independent.

"The Supervisory Board should not include more than two former members of the Management Board, and members must not sit on the boards of, or act as consultants for, any of the Company's major competitors.

Availability

"Each Supervisory Board member must have sufficient time available to perform his or her board duties. Persons who are members of the management board of a listed company should therefore only be or remain members of Uniper's Supervisory Board if they do not sit on more than three supervisory boards of listed non-Group companies or in comparable supervisory bodies of non-Group companies.

Age Limit

"As a general rule, members should not be older than 70 at the time of their election and should not be members for more than three full terms (15 years).

Diversity

"The Supervisory Board intends to consider other criteria in its nomination of candidates in order to increase the Supervisory Board's diversity, if and to the extent the qualifications of several candidates for the Supervisory Board meet, to an equal degree, the general and Company-related requirements.

Gender Diversity

"As required by law, the Supervisory Board consists of at least 30% women and at least 30% men. This will be considered for new appointments to the Supervisory Board of Uniper SE.

Detailed Profile of Skills and Expertise

Specific Leadership Experience

"The key role of the Supervisory Board is to oversee and advise the Management Board. Consequently, a majority of the shareholder representatives on the Supervisory Board should have experience as members of the management board of a stock corporation or of a comparable company or association in order to discharge their duties in a qualified manner.

"Connected thereto, at least some of the members should have specific experience, in addition to general responsibility for management and results as well as personnel and leadership, as regards corporate strategy and future strategic development, as regards accounting and auditing, as regards controlling as well as regards a holistic perspective of risk, compliance and corporate governance.

Specific Energy Industry Expertise

"In addition, the Supervisory Board as a whole should have particular expertise in the energy industry and Uniper's business operations.

"For this purpose, at least some members should have specific experience that allows them to deeply understand the business models and the major business areas (markets and competition, products and customers) along the value chain and to assess them, particularly from a strategic and risk perspective.

"Preferably, at least some members should have specific experience from related or other industries to provide for an external view on the matters of the Company.

"Specific expertise in the energy industry and business operations also includes, in particular, knowledge about the key markets in which Uniper operates. Here at least some of the members should have specific experience which allows them also to understand the development of such markets.

"Due to the international orientation of the Uniper Group having its focuses in Western Europe and Russia, at least some members should have specific experience in these regions.

General Professional Expertise

"Each member of the Supervisory Board should have general knowledge about the industry, the different business models, the accounting and the key factors for the Company's results, the legal framework and compliance requirements, except for reasonable exceptions. In case of a reasonable exception, the member should be in a position to gain such general knowledge in the near term.

"Moreover, each member of the Supervisory Board should have the ability to make a general plausibility check of the annual financial statements of the Company and in individual cases with the support of the auditor to conduct an appropriate deeper review thereof. Each member should be in the position to review the reporting by the Management Board at least for its general soundness, to scrutinize and discuss it. Furthermore, each member should be able to assess the correctness, the profitability and the lawfulness of the business decisions to be passed, to review them at least for their general soundness, to scrutinize and discuss them, as and where required to be supported by expert advice.

"In view of Uniper's international orientation, the Supervisory Board should include a sufficient number of members who have spent a significant part of their professional career abroad.

General Personal Expertise
"Each member of the Supervisory Board should have a level of personal independence and integrity that permits them to fulfill the tasks of supervising and reviewing. To advise and supervise the Management Board in its management responsibilities each member of the Supervisory Board should have sufficient experience from leadership functions or should have gained the required expertise otherwise. Each member of the Supervisory Board should be particularly professional, discreet, open to discussion, solution-oriented and have the ability to work cooperatively.

"In addition, each member should be prepared to devote sufficient attention to the tasks arising from the Supervisory Board's activities, including work in the committees, and to pursue the relevant topics outside of the specific Supervisory Board's activities. Each member should have the flexibility to be available at short notice in the event they are urgently needed and to appropriately prioritize the requirements of the Uniper Supervisory Board.

Chairman of the Supervisory Board
The Chairman of the Supervisory Board should directly fulfill key elements of the special competencies which are required of the Supervisory Board as a whole and thus only of some members. In particular, the Chairman of the Supervisory Board should have special relevant management experience and should, in principle, have relevant management experience of his or her own in order to be able to fully carry out his or her advisory and supervisory tasks.

If the Chairman of the Supervisory Board does not possess specific expertise in the energy industry, the Chairman should have specific experience from related or other industries. The Chairman of the Supervisory Board should, without exception and to a particular extent, meet the general professional and personal requirements.

In its current composition, the Supervisory Board meets the targets of this competency profile with one exception in the area of independence. This exception is justified in the interest of administrative continuity. However, a change in the chairmanship of the Audit Committee and a replacement of shareholder representatives on Uniper SE's Supervisory Board will take place no later than by the time of the Annual General Meeting in 2021.

Each Supervisory Board member is required to disclose to the Supervisory Board any conflicts of interest, particularly if a conflict arises from their advising, or exercising a board function with, customers, suppliers, creditors or other third parties. In its report to the Shareholders Meeting, the Supervisory Board informs shareholders about conflicts of interest and their disposition.

Material conflicts of interest that are not merely temporary shall result in the termination of a member's appointment to the Supervisory Board. The Supervisory Board regularly reviews the efficiency of its activities, generally every two years. Following the last efficiency review in July 2018, which confirmed the efficiency of the Supervisory Board's activities as part of a self-evaluation, the Supervisory Board decided to postpone the regular efficiency review for 2020 by one year. This takes account of the fact that there are new members on the shareholder side, which would have made an evaluation in 2020 premature.

The Supervisory Board regularly adopts its resolutions in Board meetings. The Management Board regularly participates in these meetings unless the Supervisory Board decides to exclude the Management Board from a meeting. Third parties may also participate in Supervisory Board meetings for consultation on individual matters. The Supervisory Board can generally adopt resolutions by simple majority vote. In the event of a tied vote, the Chairman shall have the casting vote.

The Supervisory Board may form committees from among its ranks and transfer decision-making authority to these committees to the extent permitted by law. The Supervisory Board stipulates the committees' responsibilities, powers and procedures. The Supervisory Board has established the following committees,which are tasked with the responsibilities described below:

Executive Committee
The Executive Committee (Präsidialausschuss) coordinates the work of the Supervisory Board, prepares the Supervisory Board meetings and is also responsible for personnel matters relating to the Management Board. It is also charged with preparing resolutions on the appointment of Management Board members and negotiating the terms and conditions of their employment agreements, including compensation. The Executive Committee submits proposals for the compensation system to the full Supervisory Board on setting the total compensation to be granted to the individual members of the Management Board. The Executive Committee's tasks also include, among others: (i) granting consent to requests by Management Board members to take on other positions or other material secondary employment or exempting them from non-compete obligations; (ii) granting loans to members of the Management Board and of the Supervisory Board and their dependents; and (iii) granting consent to transactions between the Company and its affiliates, on the one hand, and any Management Board member or a related party, on the other.

The Executive Committee consists of six members: Prof. Dr. Klaus-Dieter Maubach (Chairman), Harald Seegatz (Deputy Chairman), Prof. Dr. Werner Brinker, Barbara Jagodzinski, Markus Rauramo and Immo Schlepper.

Audit and Risk Committee
The Audit and Risk Committee (Prüfungs- und Risikoausschuss) assists the Supervisory Board with its responsibilities in monitoring accounting processes and financial reporting. These include preparing the review of the correctness and completeness of the Company's annual and consolidated financial statements and related disclosures, as well as monitoring the Company's internal control, risk management, compliance and internal audit systems. The Committee also monitors the performance, qualifications and independence of the external auditor and discusses the semi-annual and the quarterly reports with the Management Board.

The Audit and Risk Committee consists of four members: Dr. Bernhard Günther (Committee Chairman), André Muilwijk (Deputy Chairman), Oliver Biniek and Tiina Tuomela.

Nomination Committee
The Nomination Committee (Nominierungsausschuss) is responsible for preparing the decisions of the Supervisory Board regarding proposals to the Shareholders Meeting on the appointment of shareholder representatives to the Supervisory Board.

The Nomination Committee consists of three members: Prof. Dr. Klaus-Dieter Maubach (Committee Chairman), Prof. Dr. Werner Brinker and Markus Rauramo.

Special Committee
The Special Committee (Sonderausschuss) formed for takeover issues was dissolved in 2020 as the need for this committee no longer existed.

Shareholders, Annual Shareholders Meeting

The Annual Shareholders Meeting is the meeting at which shareholders of Uniper SE exercise their rights. The Shareholders Meeting is held at the site of the Company's registered office or in another German city with at least 100,000 inhabitants. The SE Regulation provides that the Shareholders Meeting must be held at least once every calendar year within the first six months after the close of a given fiscal year. It is normally convened by the Management Board. Each share has one vote at a Shareholders Meeting. Only those shareholders are entitled to participate in the Shareholders Meeting and to exercise their voting rights who have registered in due time and are recorded in the shareholder register for the shares being registered. Voting rights can be exercised through proxies. Due to the spread of the Coronavirus and the associated restrictions, the 2020 Annual General Meeting of Uniper SE was held as a virtual Annual General Meeting.

The Shareholders Meeting resolves on the following, in particular: appointment of shareholder representatives to the Supervisory Board; appropriation of net retained profits; ratification of the actions of the Management Board and Supervisory Board members; appointment of the independent auditor; amendments to the Articles of Association; corporate actions involving capital increases or reductions (in the absence of authorization such as that conferred by authorized or conditional capital); and dissolution of the Company.

Statutory Auditor

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, was elected as auditor of Uniper SE by the Annual Shareholders Meeting on May 20, 2020. The audit mandate will run until the next Annual Shareholders Meeting in May 2021. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, has been active as auditor of the financial statements of Uniper SE without interruption since the Company fulfilled its requirements as a public interest entity within the meaning of Section 319a (1) sentence 1 of the German Commercial Code (HGB) for the first time in the 2016 fiscal year. The auditor responsible for the audit has been Ralph Welter since 2020.

Targets for Promoting the Participation of Women and Men in Leadership Positions Pursuant to Section 76 (4) and Section 111 (5) of the German Stock Corporation Act, and an Indication of Whether the Minimum Proportions Have Been Complied with in the Appointment of Women and Men to the Supervisory Board

The Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector also imposes upon Uniper SE (the ultimate parent company of the Uniper Group) the obligation to set targets for the proportion of women on its Supervisory Board and its Management Board, as well as in the two levels of management below the Management Board.

In accordance with statutory requirements, for the period from July 1, 2017 to June 30, 2022, a target for the proportion of women on the Supervisory Board was set at 30%, and a target for the proportion of women on the Management Board was set at 20%. As of December 31, 2020, the target figure for the Supervisory Board had been exceeded, as in the previous year; the target figure for the Management Board had not been reached, as in the previous year.

For the two management levels below the Management Board for Uniper SE, targets of 30% for the first management level and of 30% for the second management level were set for the proportion of women for the period from July 1, 2017 to June 30, 2022. As of December 31, 2020, the target figure for the first management level had not been reached, the target figure for the second management level had been exceeded.

Compensation Report pursuant to Sections 289a (2) and 315a (2) of the German Commercial Code as Applicable through December 31, 2019

The compensation report describes the basic features of the compensation plans for individuals who were members of the Management Board and of the Supervisory Board of Uniper SE in the 2020 fiscal year, and it provides information about the compensation granted and paid in fiscal 2020. The report applies the provisions of financial reporting requirements for publicly traded companies (German Accounting Standards and International Financial Reporting Standards, as well as Sections 289a (2) and 315a (2) of the German Commercial Code ("HGB") as applicable through December 31, 2019). For transparent, comparable, and consistent presentation, it also continues to follow the recommendations and suggestions of the German Corporate Governance Code dated February 7, 2017.

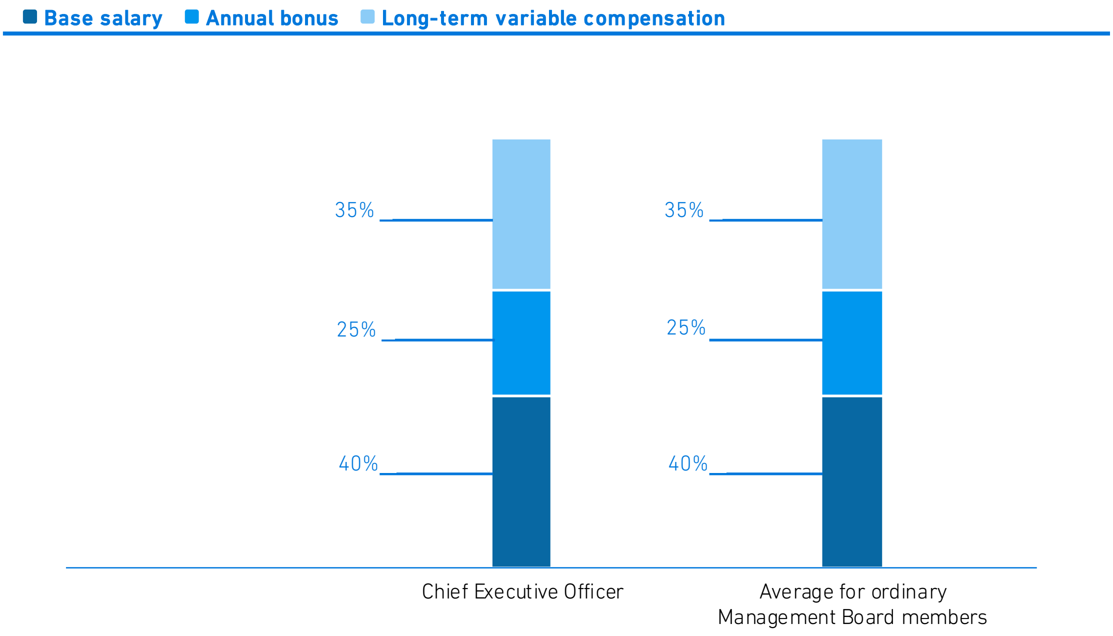
The first compensation report pursuant to Section 162 of the German Stock Corporation Act will be prepared for the 2021 fiscal year, applying the transitional provisions of Section 26j (2) of the Introductory Law to the Stock Corporation Act.

Basic Features of the Management Board Compensation Plan

The purpose of Uniper SE's Management Board compensation plan is to create an incentive for performance-related and sustainable corporate governance. The compensation of Management Board members consists, in principle, of a fixed base salary, a performance-based annual bonus, and long-term performance-based variable compensation.

The system is designed to be competitive and to meet regulatory requirements.

Compensation Structure of the Management Board Members (Based on 100% Target Attainment)



At the same time, the compensation plan serves to align management and shareholder interests and objectives by tying long-term variable compensation to the so-called Total Shareholder Return, a measure of the market performance of Uniper's share price plus dividends paid.

The Supervisory Board approves the Management Board compensation structure. It reviews the structure and appropriateness of the Management Board's total compensation and its individual components on a regular basis and, if necessary, makes adjustments. It considers the provisions of the German Stock Corporation Act ("AktG") and follows the principles, recommendations and suggestions of the applicable current version of the German Corporate Governance Code.

Fixed Compensation

The members of the Management Board receive a fixed base salary, which is paid as a monthly salary.

Additionally granted are compensation in kind and fringe benefits customary in the market, such as the continued payment of compensation in the event of short-term disability, the provision of a company car (for the Chief Executive Officer, including driver), the payment of costs associated with medical screening and accident insurance, and property damage liability insurance with a deductible.

Pursuant to the German Stock Corporation Act, the property damage liability insurance policy includes a deductible of 10% of the respective damage claim for Management Board members. The deductible has a maximum cumulative annual cap of 150% of a member's annual fixed base salary.

Performance-Based Compensation

Under the compensation plan for the Management Board of Uniper SE, roughly 60% of the variable compensation is dependent on the attainment of long-term targets, ensuring that the compensation structure is designed for sustainable, long-term development of Uniper SE within the meaning of Section 87 AktG. Performance-based compensation consists of the annual bonus and long-term variable compensation.

Annual Bonus

The annual bonus is dependent on the business performance of the Company in the respective fiscal year. The Supervisory Board further assesses the individual performance of each Management Board member (applying a factor of 0.7 to 1.3). To determine Uniper's business performance, the Supervisory Board establishes performance measures and appropriate targets at the beginning of each fiscal year. Since the 2020 fiscal year, performance is measured based on adjusted net income.

Adjusted net income is derived from earnings after financial results and income taxes determined in accordance with IFRS and is adjusted for certain non-operating effects to increase the indicator's meaningfulness. Since adjusted NI is used for the financial management of the Uniper Group, a detailed definition can be found in the Management Report. Adjusted net income is an important indicator of the profitability of the Uniper Group's operations and is therefore an appropriate performance measure for determining the annual bonus. At the beginning of each fiscal year, the Supervisory Board sets an ambitious target for adjusted net income derived from budget planning. If the actual adjusted NI is equal to the adjusted NI target, this constitutes 100% attainment. If it is 50% or more below the target, this constitutes 0% attainment. If it is 50% or more above the target, this constitutes 200% attainment, which is the maximum achievable target attainment. Linear interpolation is used to translate intermediate figures.

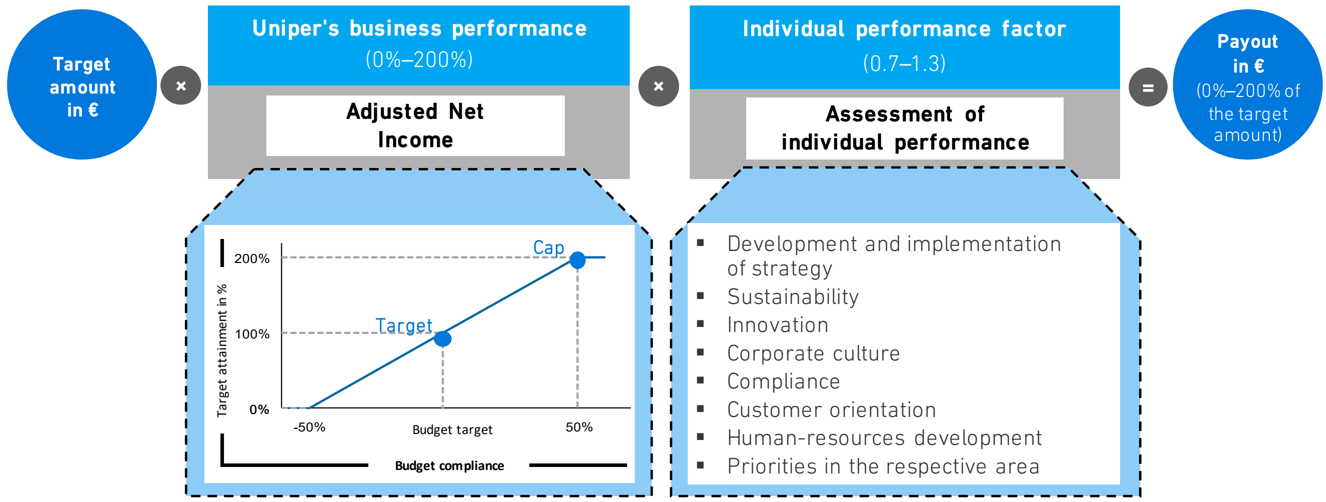
In assigning Management Board members their individual performance factors, the Supervisory Board applies concrete criteria to evaluate the individual contribution of the members of the Management Board to the achievement of collective goals, as well as the attainment of their individual targets. Collective goals and individual targets are agreed upon in advance and set down in a target agreement between the Management Board and the Supervisory Board. For the 2020 fiscal year, these goals and targets included the development and implementation of strategy, as well as sustainability, innovation, corporate culture, compliance, customer orientation and human-resources development. The declared goals and targets for fiscal 2021 include sustainable portfolio development, human resources development, development and implementation of strategy, as well as cooperation with Fortum and corporate culture.

Target attainment in terms of the individual performance factor is determined by the Supervisory Board after the close of the fiscal year on the basis of the degree to which each of the previously defined individual targets and collective goals has been achieved. In making this determination for fiscal 2020, the Supervisory Board pays particular attention to the criteria of Section 87 AktG and to those of the German Corporate Governance Code dated February 7, 2017.

According to the Management Board contracts, the Supervisory Board may, in the event of extraordinary developments, consider other aspects when determining the bonus. This can lead to a correspondingly higher or lower bonus being determined. In line with the recommendation of the German Corporate Governance Code dated February 7, 2017, and December 16, 2019, respectively, the goals, targets and comparative parameters described above may not be changed retroactively. In addition, the Supervisory Board may grant Management Board members special compensation for outstanding achievements as part of the bonus. No additional aspects were considered for the 2020 fiscal year, nor was any special compensation granted to Management Board members.

The bonus, including any special compensation, is limited to a maximum of 200% of the target amount (payout cap). Subject to any taxes, the bonus is paid out in April of the following year.

Annual Bonus



Before the 2020 fiscal year, adjusted funds from operations ("adjusted FFO") had been used to measure business performance. Adjusted FFO will no longer be used as a principal financial indicator for managing the operating business. Accordingly, the determination of the annual bonus of the Management Board has also been modified in line with this management change. Since fiscal 2020, Uniper has been using adjusted net income to measure business performance in determining the annual bonus.

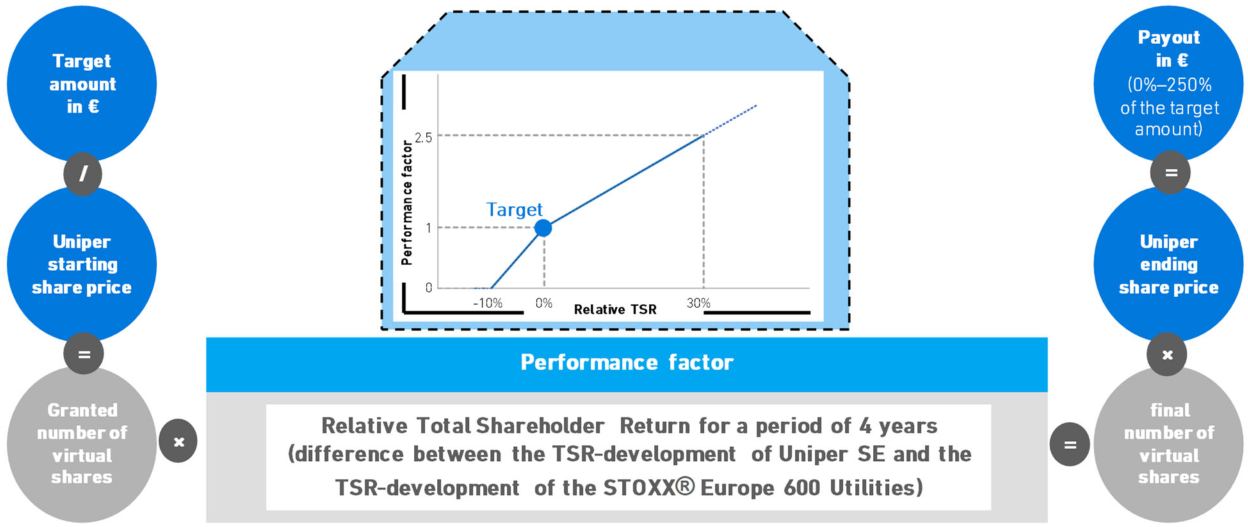
Long-Term Variable Compensation

For the 2020 fiscal year, members of the Management Board are granted payments under a new long-term incentive ("LTI") plan – the Performance Share Plan. With the introduction of the Performance Share Plan, the Performance Cash Plan granted previously has been replaced. The annual tranches of the Performance Share Plan are granted in the form of virtual shares, and each tranche is subject to a performance period of four years. To determine the number of virtual shares initially granted in each tranche, an individual target amount is divided by the equal-weighted average closing price (arithmetic mean) of the last 60 trading days prior to the beginning of the respective performance period (the "Uniper Starting Share Price"). This mitigates the effects of incidental, short-lived price changes.

At the end of the four-year performance period, the number of virtual shares granted at the beginning of the performance period is multiplied by a performance factor to calculate the final number of virtual shares. That factor is determined by comparing the total shareholder return (TSR) of Uniper SE stock with that of the benchmark STOXX® Europe 600 Utilities. TSR is a measure of share price performance plus notionally reinvested gross dividends during the four-year performance period. It appropriately adjusts Uniper SE's stock-market performance for exogenous factors and general market developments. The relative TSR additionally reflects the overall performance of the Company relative to that of its competition, thereby aligning management and shareholder interests. The performance factor is governed by the difference between the TSR of Uniper SE and the TSR of the STOXX® Europe 600 Utilities. If the difference is -10 percentage points or worse, the performance factor is 0. The performance factor is 1 if Uniper's TSR exactly matches the TSR of the STOXX® Europe 600 Utilities (difference of 0 percentage points). If the difference is +30 percentage points, the performance factor is 2.5. Linear interpolation is used to translate intermediate figures and those exceeding a difference of +30 percentage points.

The gross payout amount is determined by multiplying the final number of virtual shares by the equal-weighted average closing price (arithmetic mean) of the last 60 trading days prior to the end of the performance period (the "Uniper Ending Share Price"). Management Board members additionally receive a dividend equivalent derived from the total accumulated dividends paid for each virtual share over the performance period. The total payout is capped at 250% of the individual target amount (payout cap), and payout generally takes place at the end of the four-year performance period.

Performance Share Plan



Retention and Clawback Provision

The service agreements of the Management Board members appointed from fiscal 2019 forward contain retention and clawback provisions for the variable compensation (annual bonus and LTI) components. If the relevant aspects for determining the payout amount of variable compensation should prove to be incorrect, the Supervisory Board can reduce or completely eliminate the variable compensation which has not been paid out (malus) and reclaim any excess compensation paid out (clawback). "Relevant aspects" include, for example, all financial and non-financial performance criteria of relevance to the granting of variable compensation components. The right to claw back excess compensation exists even if the Management Board member is no longer a member of the Management Board when that right is asserted. After a period of five years from when it has been paid, variable compensation cannot be clawed back.

Pension Entitlements

Uniper SE has agreed on a defined contribution pension plan with the members of the Management Board pursuant to the Uniper Management Board Contribution Plan.

Uniper SE makes contributions to Management Board members' pension accounts equivalent to a maximum of 18% of their eligible compensation (base salary and target bonus). The amount of the annual contributions is made up of a fixed base percentage (14%) and a matching contribution (4%). The matching contribution will only be granted if the Management Board member makes a minimum contribution in the same amount by deferring compensation. The matching contribution funded by the Company will be suspended if the dividend distribution corridor set by the Supervisory Board is not met for three consecutive years. The credits are converted in accordance with actuarial principles into units of capital (based on the age of 62) and accrue to the pension accounts of the Management Board members. The units of capital earn interest each year at the yield of long-term government bonds of the Federal Republic of Germany observed in that year. The Management Board members (upon reaching the age of 62), or their surviving dependents, may opt to have the accrued balance on their pension account paid out in the form of a pension, in installments or in one lump sum.

Andreas Schierenbeck was immediately vested in his retirement benefits. He additionally receives an additional contribution to his retirement benefits of roughly €1.2 million in four annual installments of roughly €0.3 million for each completed year of service, starting in 2019 when he joined Uniper, provided that his activity at Uniper SE did not cease prematurely on the respective payout date.

In line with the recommendation of the German Corporate Governance Code dated February 7, 2017, the Supervisory Board will regularly review the Management Board member benefit levels and the resulting annual and long-term expense, and adjust the payments as needed.

Termination of Management Board Duties

The service agreements of the Management Board members appointed since the beginning of fiscal 2019 contain a "linkage" clause. Under this clause, subject to the notice periods of Section 622 of the German Civil Code ("BGB"), a revocation of the appointment to the Management Board automatically terminates the service agreement of the Management Board member as well.

Settlement Payments for Termination of Management Board Duties

In line with the recommendation of the German Corporate Governance Code dated December 16, 2019, the service agreements of Management Board members include a settlement cap.

In the event of early termination of an appointment to the Management Board and of the service agreement without cause, any settlement payable shall be limited to the compensation due for a period of two years and shall not exceed the compensation due for the remaining term of the service agreement. The calculation of the settlement cap is based on the base salary, the target bonus (100%) and the target value (100%) of the long-term variable compensation. If there is cause within the meaning of Section 626 BGB, no settlement shall be paid.

In the event of a change of control, the following special rules apply:

In the event of a premature loss of a Management Board position due to a change-of-control event, Management Board members are entitled to a settlement payment.

The change-of-control clause stipulates that a change of control can take three forms: (i) a third party directly or indirectly acquires at least 30% of the Company's voting rights, and thus reaches the control threshold under the German Securities Acquisition and Corporate Takeover Act ("WpÜG"); (ii) Uniper SE, as a dependent entity, signs a corporate agreement; or (iii) Uniper SE is merged with another company pursuant to Sections 2 et seq. of the German Transformation Act ("UmwG"), unless the enterprise value of the other legal entity at the time of the decision by the transferring company amounts to less than 20% of the enterprise value of Uniper SE. The Management Board members appointed since the beginning of fiscal 2019 are also entitled to a settlement payment if the shares of Uniper SE are no longer admitted to a regulated market ("delisted"). The entitlement to a settlement payment arises if, within 12 months of the change of control or delisting, the Management Board member's service agreement is terminated by mutual consent or is terminated by the member (in a Management Board member termination only if the member's position on the Management Board is materially affected by the change of control or delisting).

In the event of a change of control, the settlement payment of Management Board members appointed before the beginning of fiscal 2019 consists of the base salary and target bonus (100%) plus fringe benefits for a period of two years from the early termination of the service agreement, but not beyond the month in which the Management Board member reaches the age of 62. For Management Board members appointed since the beginning of fiscal 2019, the settlement payment consists of the base salary and target bonus (100%) and the target value (100%) of the long-term variable compensation for a period of two years from the early termination of the service agreement, but no longer than for the remaining term of the service agreement and, additionally, not beyond the month in which the Management Board member reaches the age of 62.

Unless waived by Uniper SE, the service agreements of Management Board members include a non-compete clause. For a period of six months after the termination of their service agreements, the members of the Management Board are contractually prohibited from working directly or indirectly for a direct or indirect competitor of Uniper SE or its affiliates. During the non-compete period, Management Board members receive a prorated allowance based on 100% of their contractually stipulated annual target compensation (base salary, target bonus and for Management Board members appointed before the beginning of fiscal 2019, not including the target value of long-term variable compensation; for those appointed since the beginning of fiscal 2019, including the target value of long-term variable compensation), but not less than 60% of their most recently received contractual compensation. This allowance is offset against any other compensation owed by the Company for the period after termination of the service agreement.

Management Board Compensation for the 2020 Fiscal Year

The Supervisory Board reviewed the compensation plan and the individual components of compensation for the members of the Management Board. The Supervisory Board found the Management Board's compensation appropriate from both a horizontal and vertical perspective and adopted a resolution authorizing the performance-based compensation described below. The Supervisory Board found the horizontal perspective to be customary after comparing the compensation with that paid by the other MDAX companies. The appropriateness review included a vertical comparison of the Management Board's compensation with that of Uniper SE's top management and the rest of its workforce.

Performance-Based Compensation for the 2020 Fiscal Year

The total annual bonus payable for the 2020 fiscal year amounted to roughly €2.8 million (2019: €3.8 million). At the beginning of fiscal 2020, the Supervisory Board decided that an actually achieved adjusted NI of €656 million would constitute 100% attainment of the Company's financial performance target. The actually achieved adjusted net income for fiscal 2020 was €774 million. The overall attainment rate of financial performance targets for all Management Board members was thus 136% (2019: 145%). When it determined the individual target attainment of the Management Board members, the Supervisory Board evaluated each member's personal performance and acknowledged, in particular, that all material targets agreed with the Management Board for the 2020 fiscal year were achieved. The Supervisory Board set an individual performance factor for each Management Board member of 1.0 to 1.1 for the 2020 fiscal year. For fiscal 2019, the Supervisory Board had set an individual performance factor for each Management Board member of 1.0 to 1.2. Neither the attainment of financial performance targets nor the individual performance factor was applied for Niek den Hollander: when he was appointed, it was agreed with him in advance that his target attainment for the annual bonus would be 100% because he joined the Management Board during the year.

The Supervisory Board launched the first tranche (planned performance period: 2020–2023) of the new Uniper Performance Share Plan for the 2020 fiscal year and granted allocation amounts and virtual shares to the members of the Management Board under this plan. The performance of the current tranches of the Uniper Performance Share Plan will be determined in large part by the performance of Uniper's share price and by the dividend payments in the next four years. The amounts paid out to Management Board members may thus deviate – under certain circumstances substantially – from the calculated figures presented here.

The contractually promised LTI target amount (100%) for the full 2020 fiscal year is roughly €1.0 million for Andreas Schierenbeck and roughly €0.6 million each for Sascha Bibert, David Bryson and Niek den Hollander. Having joined during the year, Niek den Hollander received a prorated allocation of roughly €0.4 million for fiscal 2020. Based on the Uniper Starting Share Price, Andreas Schierenbeck was granted 37,696 virtual shares, Sascha Bibert and David Bryson 21,367 each, and Niek den Hollander 12,464, for the 2020 fiscal year.

Through the acquisition of additional voting rights of Uniper SE, Fortum Deutschland SE increased its stake in Uniper SE to 75.01% on August 17, 2020. That triggered a change-of-control event as defined in the terms governing the Performance Cash Plan and the Performance Share Plan. This led to the premature ending of the terms of the allocations granted in 2018 and 2019 under the Performance Cash Plan then in place, and to the premature ending of the allocation granted under the new Performance Share Plan for the 2020 fiscal year.

The corresponding obligations were required to be remeasured as of July 31, 2020, with all expenses still to be incurred for the performance period still open previously brought forward and recognized as a one-time expense. The payout took place in the third quarter of 2020 and must therefore be shown in the Compensation Report as allocated compensation for 2020.

Accordingly, the following expenses have been incurred for the 2020 fiscal year under the Performance Cash Plan and the Performance Share Plan for former and current Management Board members who served during fiscal 2020:

Total Share-based Payment Expense

€ in thousands	Expense in 2020 (Tranche 2018–2021)	Expense in 2020 (Tranche 2019–2022)	Expense in 2020 (Tranche 2019–2023)	Expense in 2020[1] (Total)	Expense in 2019[2] (Total)
Andreas Schierenbeck (since June 1, 2019)	–	515	1,099	1,614	74
Sascha Bibert (since June 1, 2019)	–	292	623	915	42
David Bryson (since November 1, 2019)	–	89	623	712	6
Eckhardt Rümmler (until January 31, 2020)	39	–	–	39	604
Keith Martin (until April 30, 2020)	39	–	–	39	604
Niek den Hollander (since June 1, 2020)	–	–	363	363	–
Total	**78**	**896**	**2,709**	**3,683**	**1,330**

[1]On August 17, 2020, the acquisition by Fortum Deutschland SE of additional voting rights of Uniper SE triggered a change-of-control event, as defined in the plan terms governing the multi-year variable compensation, when the 75% ownership threshold was crossed. This led to the premature ending of the terms of the allocations granted in 2018 and 2019 under the Performance Cash Plan then in place, and to the premature ending of the allocation granted under the new Performance Share Plan for the 2020 fiscal year. The corresponding obligations were required to be remeasured as of July 31, 2020, with all expenses still to be incurred for the performance period still open previously brought forward and recognized as a one-time expense.

[2]With the termination by mutual agreement of the service agreements of Eckhardt Rümmler and Keith Martin, the allocations for the 2018–2021 tranche became vested. Accordingly, provisions for the entire performance period were already recognized in the 2019 fiscal year.

Management Board Pensions for the 2020 Fiscal Year

The following table provides an overview of current pension entitlements of former and current Management Board members who served during fiscal 2020, as well as the expenses and the present value of the pension obligations. The present value of the pension obligations is calculated in compliance with IFRS and the provisions of the German Commercial Code. An IFRS actuarial interest rate of 0.80% (2019: 1.50%) and an HGB actuarial interest rate of 2.30% (2019: 2.71%) were used for discounting.

Pensions of the Members of the Management Board – IFRS

	Expense in fiscal year				Present value of the defined benefit obligation (DBO) as of Dec. 31	
	Total		Interest cost[1]			
€ in thousands	2020	2019	2020	2019	2020	2019
Andreas Schierenbeck (since June 1, 2019)	560	424	6	0	897	424
Sascha Bibert (since June 1, 2019)	253	166	2	0	395	166
David Bryson (since November 1, 2019)	331	102	2	0	383	102
Eckhardt Rümmler (until January 31, 2020)	58	284	58	78	4,080	3,848
Keith Martin[1] (until April 30, 2020)	0	225	0	13	0	0
Niek den Hollander (since June 1, 2020)	322	–	0	–	322	–
Total	**1,523**	**1,200**	**68**	**91**	**6,077**	**4,540**

[1]Provisions recognized in the amount of approximately €0.6 million for company-funded pension entitlements of Keith Martin had been reversed in fiscal 2019 because the company-funded portion of these benefit entitlements never vested. Therefore, no additional expenses arose in fiscal 2020.

Pensions of the Members of the Management Board – HGB

	Expense in fiscal year				Settlement amount of the pension obligation as of Dec. 31	
	Total		Interest cost[1]			
€ in thousands	2020	2019	2020	2019	2020	2019
Andreas Schierenbeck (since June 1, 2019)	396	379	40	18	775	379
Sascha Bibert (since June 1, 2019)	172	137	23	10	309	137
David Bryson (since November 1, 2019)	234	91	16	4	325	91
Eckhardt Rümmler (until January 31, 2020)	192	373	181	220	3,744	3,552
Keith Martin[1] (until April 30, 2020)	0	-549	0	16	0	0
Niek den Hollander (since June 1, 2020)	260	–	14	–	260	–
Total	**1,254**	**430**	**275**	**268**	**5,413**	**4,160**

[1]Provisions recognized in the amount of approximately €0.6 million for company-funded pension entitlements of Keith Martin had been reversed in fiscal 2019 because the company-funded portion of these benefit entitlements never vested. Therefore, no additional expenses arose in fiscal 2020.

Total Compensation for the 2020 Fiscal Year

The total compensation pursuant to HGB for the 2020 fiscal year of former and current Management Board members who served during fiscal 2020 amounted to roughly €9.3 million (2019: €9.3 million).

The service agreements of Eckhardt Rümmler and Keith Martin were terminated effective January 31, 2020, and April 30, 2020, respectively. Niek den Hollander was appointed to the Management Board of Uniper SE as Chief Commercial Officer effective June 1, 2020. His term of office as a member of the Management Board of Uniper is the period from June 1, 2020, through May 31, 2023.

When Sascha Bibert, David Bryson and Niek den Hollander were appointed, Uniper SE agreed to reimburse any incurred moving expenses and rent payments for a limited period. In addition, Sascha Bibert was reimbursed for expired LTI entitlements at his previous employer in two payments of approximately €0.5 million each as of June 30, 2019, and June 30, 2020, respectively.

The individual former and current Management Board members who served during fiscal 2020 received the following compensation according to the German Commercial Code:

Total Compensation of the Management Board

€ in thousands	Fixed compensation		Annual bonus[1]		One-time special incentive bonus[2]		Other compensation[3]		Multi-year variable compensation[4]		Total compensation	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Andreas Schierenbeck (since June 1, 2019)	1,240	723	1,054	787	–	–	27	23	998	526	3,319	2,060
Sascha Bibert (since June 1, 2019)	700	408	592	368	–	–	536	540	566	298	2,394	1,614
David Bryson (since November 1, 2019)	700	117	651	105	–	–	101	3	566	85	2,017	310
Eckhardt Rümmler (until January 31, 2020)	58	686	49	741	–	193	2	22	–	–	109	1,642
Keith Martin (until April 30, 2019)	233	686	197	741	–	193	37	20	–	–	467	1,640
Niek den Hollander (since June 1, 2020)	408	–	254	–	–	–	15		344	–	1,022	–
Total	**3,340**	**2,620**	**2,797**	**2,742**	**0**	**386**	**717**	**609**	**2,474**	**910**	**9,328**	**7,266**

[1]When Niek den Hollander was appointed, it was agreed with him in advance that his target attainment for the annual bonus would be 100% because he joined during the year.

[2]The special incentive bonus was paid in December 2016 to the members of the Board of Management serving at that time and was dependent on the success of the spin-off from E.ON SE. However, owing to the terms providing for prorated repayment of the bonus (repayment provisions), no component of the bonus had yet vested for the 2016 fiscal year. Accordingly, the special incentive bonus was not yet included in the total compensation reported for 2016. For 2019, 25% each of the special incentive for Eckhardt Rümmler and Keith Martin were vested and are therefore presented pro rata. The details of the special incentive bonus can be found in the 2016 Annual Report.

[3]Aside from the customary fringe benefits, other compensation additionally includes moving expenses and rent payments that were reimbursed when Sascha Bibert, David Bryson and Niek den Hollander were appointed, as well as special payments agreed with Sascha Bibert in lieu of expired LTI entitlements at his previous employer E.ON.

[4]Grant-date fair value of multi-year variable compensation.

The following table shows the compensation granted and allocated to members of the Management Board:

Compensation Granted

€ in thousands	Andreas Schierenbeck – since June 1, 2019 (Chief Executive Officer)				Sascha Bibert – since June 1, 2019 (Chief Financial Officer)			
	Target value 2020	Minimum 2020	Maximum 2020	Target value 2019	Target value 2020	Minimum 2020	Maximum 2020	Target value 2019
Fixed compensation	1,240	1,240	1,240	723	700	700	700	408
Fringe benefits[1]	27	27	27	23	63	63	63	1,013
Total	**1,267**	**1,267**	**1,267**	**747**	**763**	**763**	**763**	**1,421**
One-year variable compensation	775	0	1,550	452	435	0	870	254
Annual bonus	*775*	*0*	*1,550*	*452*	*435*	*0*	*870*	*254*
Multi-year variable compensation[2]	998	0	2,713	526	566	0	1,538	298
Performance Cash Plan (2019–2022)	–	–	–	*526*	–	–	–	*298*
Performance Cash Plan (2020–2023)	*998*	*0*	*2,713*	–	*566*	*0*	*1,538*	–
Total	**3,040**	**1,267**	**5,529**	**1,725**	**1,764**	**763**	**3,171**	**1,973**
Service cost	553	553	553	424	250	250	250	166
Total compensation	**3,593**	**1,820**	**6,082**	**2,149**	**2,014**	**1,013**	**3,421**	**2,139**

[1]Aside from the customary fringe benefits, moving expenses and rent payments that were reimbursed when Sascha Bibert was appointed are also included here. The special payments (two payments of €0.5 million each as of June 30, 2019, and June 30, 2020) agreed in lieu of expired LTI entitlements at his previous employer E.ON are reported within the fringe benefits for fiscal 2019.
[2]Grant-date fair value of multi-year variable compensation.

Compensation Granted

€ in thousands	David Bryson – since November 1, 2019 (Chief Operating Officer)				Eckhardt Rümmler – until January 31, 2020 (Chief Operating Officer)			
	Target value 2020	Minimum 2020	Maximum 2020	Target value 2019	Target value 2020	Minimum 2020	Maximum 2020	Target value 2019
Fixed compensation	700	700	700	117	58	58	58	686
Fringe benefits[1]	101	101	101	3	2	2	2	22
Total	**801**	**801**	**801**	**120**	**60**	**60**	**60**	**708**
One-year variable compensation	435	0	870	73	36	0	73	426
Annual bonus	*435*	*0*	*870*	*73*	*36*	*0*	*73*	*426*
Multi-year variable compensation[2]	566	0	1,538	85	0	0	0	0
Performance Cash Plan (2019–2022)	–	–	–	*85*	–	–	–	–
Performance Cash Plan (2020–2023)	*566*	*0*	*1,538*	–	–	–	–	–
Total	**1,802**	**801**	**3,208**	**278**	**96**	**60**	**133**	**1,134**
Service cost	329	329	329	102	0	0	0	206
Total compensation	**2,131**	**1,130**	**3,537**	**379**	**96**	**60**	**133**	**1,339**

[1]Aside from the customary fringe benefits, rent payments that were reimbursed when David Bryson was appointed are also included here.
[2]Grant-date fair value of multi-year variable compensation.

Compensation Granted

€ in thousands	Keith Martin – until April 30, 2020 (Chief Commercial Officer) Target value 2020	Minimum 2020	Maximum 2020	Target value 2019	Niek den Hollander – since June 1, 2020 (Chief Commercial Officer) Target value 2020	Minimum 2020	Maximum 2020	Target value 2019
Fixed compensation	233	233	233	686	408	408	408	–
Fringe benefits[1]	37	37	37	20	15	15	15	–
Total	**270**	**270**	**270**	**706**	**423**	**424**	**424**	**–**
One-year variable compensation	145	0	290	426	254	254	254	–
Annual bonus[2]	*145*	*0*	*290*	*426*	*254*	*254*	*254*	*–*
Multi-year variable compensation[3]	0	0	0	0	344	0	897	–
Performance Cash Plan (2020–2023)	*–*	*–*	*–*	*–*	*344*	*0*	*897*	*–*
Total	**415**	**270**	**560**	**1,132**	**1,021**	**677**	**1,575**	**–**
Service cost	0	0	0	212	322	322	322	–
Total compensation	**415**	**270**	**560**	**1,344**	**1,344**	**1,000**	**1,897**	**–**

[1]Aside from the customary fringe benefits, rent payments that were reimbursed when Niek den Hollander was appointed are also included here.
[2]When Niek den Hollander was appointed, it was agreed with him in advance that his target attainment for the annual bonus would be 100% because he joined during the year.
[3]Grant-date fair value of multi-year variable compensation.

Compensation Allocated

€ in thousands	Andreas Schierenbeck – since June 1, 2019 (Chief Executive Officer) 2020	2019	Sascha Bibert – since June 1, 2019 (Chief Financial Officer) 2020	2019	David Bryson – since November 1, 2019 (Chief Operating Officer) 2020	2019
Fixed compensation	1,240	723	700	408	700	117
Fringe benefits[1]	27	23	536	540	101	3
Total	**1,267**	**747**	**1,236**	**948**	**801**	**120**
One-year variable compensation	1,054	787	592	368	651	105
Annual bonus	*1,054*	*787*	*592*	*368*	*651*	*105*
Multi-year variable compensation	1,688	0	957	0	718	0
Performance Cash Plan (2018–2021)[2]	*–*	*0*	*–*	*0*	*–*	*0*
Performance Cash Plan (2019–2022)[2]	*589*	*0*	*334*	*0*	*95*	*0*
Performance Cash Plan (2020–2023)[2]	*1,099*	*0*	*623*	*0*	*623*	*0*
Total	**4,008**	**1,533**	**2,785**	**1,316**	**2,170**	**225**
Service cost	553	424	250	166	329	102
Total compensation	**4,562**	**1,958**	**3,035**	**1,482**	**2,499**	**327**

[1]Aside from the customary fringe benefits, the agreed reimbursements of moving expenses and rent payments for Sascha Bibert and David Bryson are also included here. The special payments (two payments of €0.5 million each as of June 30, 2019, and June 30, 2020) agreed with Sascha Bibert in lieu of expired LTI entitlements at his previous employer E.ON are reported within the fringe benefits for the 2019 and 2020 fiscal years.
[2]On August 17, 2020, the acquisition by Fortum Deutschland SE of additional voting rights of Uniper SE triggered a change-of-control event, as defined, respectively, in the terms of the Performance Cash Plan and of the Performance Share Plan, when the 75% ownership threshold was crossed. This led to the premature ending of the terms of the allocations granted in 2018 and 2019 under the Performance Cash Plan then in place, and to the premature ending of the allocation granted under the new Performance Share Plan for the 2020 fiscal year. The corresponding obligations were required to be remeasured as of July 31, 2020, with all expenses still to be incurred for the performance period still open previously brought forward and recognized as a one-time expense. The payouts took place in the third quarter of 2020 and must therefore be reported as allocated compensation for 2020.

Compensation Allocated

€ in thousands	Eckhardt Rümmler – until January 31, 2020 (Chief Operating Officer) 2020	2019	Keith Martin – until April 30, 2020 (Chief Commercial Officer) 2020	2019	Niek den Hollander – since June 1, 2020 (Chief Commercial Officer) 2020	2019
Fixed compensation	58	686	233	686	408	–
Fringe benefits[1]	2	22	37	20	15	–
Total	**60**	**708**	**270**	**706**	**424**	**0**
One-year variable compensation	49	741	197	741	254	0
Annual bonus[2]	*49*	*741*	*197*	*741*	*254*	–
Multi-year variable compensation	643	0	643	0	363	0
Performance Cash Plan (2018–2021)[3]	*643*	*0*	*643*	*0*	–	–
Performance Cash Plan (2019–2022)[3]	–	*0*	–	*0*	–	–
Performance Cash Plan (2020–2023)[3]	–	*0*	–	*0*	*363*	–
Other (one-time special incentive bonus)[4]	0	-193	0	-193	0	0
Total	**752**	**1,256**	**1,110**	**1,254**	**1,041**	**0**
Service cost	0	206	0	212	322	–
Total compensation	**752**	**1,461**	**1,110**	**1,466**	**1,363**	**–**

[1]Aside from the customary fringe benefits, the agreed reimbursements of rent payments for Niek den Hollander are also included here.
[2]When Niek den Hollander was appointed, it was agreed with him in advance that his target attainment for the annual bonus would be 100% because he joined during the year.
[3]On August 17, 2020, the acquisition by Fortum Deutschland SE of additional voting rights of Uniper SE triggered a change-of-control event, as defined, respectively, in the terms of the Performance Cash Plan and of the Performance Share Plan, when the 75% ownership threshold was crossed. This led to the premature ending of the terms of the allocations granted in 2018 and 2019 under the Performance Cash Plan then in place, and to the premature ending of the allocation granted under the new Performance Share Plan for the 2020 fiscal year. The corresponding obligations were required to be remeasured as of July 31, 2020, with all expenses still to be incurred for the performance period still open previously brought forward and recognized as a one-time expense. The payouts took place in the third quarter of 2020 and must therefore be reported as allocated compensation for 2020.
[4]25% of the special incentive bonus granted and paid out to the members of the Management Board serving at that time in recognition of the successful spin-off of Uniper SE from E.ON SE in September 2016 vests following the close of each full year from the effective date of the spin-off of Uniper SE from E.ON SE. Eckhardt Rümmler and Keith Martin were required to repay approximately €0.2 million. These repayment amounts were offset against the settlement payments.

Payments Associated with Termination of Management Board Duties

In accordance with the change-of-control severance provisions stipulated in their service agreements, Eckhardt Rümmler and Keith Martin were entitled to settlement payments of roughly €2.3 million each. The settlements had already been paid out in September 2019 and November 2019, respectively, and were therefore classified as advances in fiscal 2019. In recognition of the successful spin-off of Uniper SE from E.ON SE in September 2016, members of the Management Board serving at that time had been granted a special incentive bonus, 25% of which vested following the close of each full year from the effective date of the spin-off of Uniper SE from E.ON SE. For both Eckhardt Rümmler and Keith Martin, 75% of the respective special incentive bonus had vested. The two were therefore required to repay 25% of the special incentive bonus (roughly €0.2 million), respectively. The repayment amounts were offset against the settlement payments.

Uniper SE and its subsidiaries granted no other advances or loans to and did not enter into any contingencies benefiting Management Board members in the 2020 fiscal year. Additional information about the members of the Management Board is provided in the Notes to the Consolidated Financial Statements.

Payments Made to Former Members of the Management Board

Owing to the settlements paid out early to Eckhardt Rümmler and Keith Martin, the total compensation of former Management Board members for fiscal 2020 amounted to roughly €4.6 million (2019: €6.4 million for the settlement payments for Klaus Schäfer and Christopher Delbrück). The settlement amount of the pension obligations (HGB) for former Management Board members totaled roughly €9.2 million as of December 31, 2020 (2019: €6.6 million).

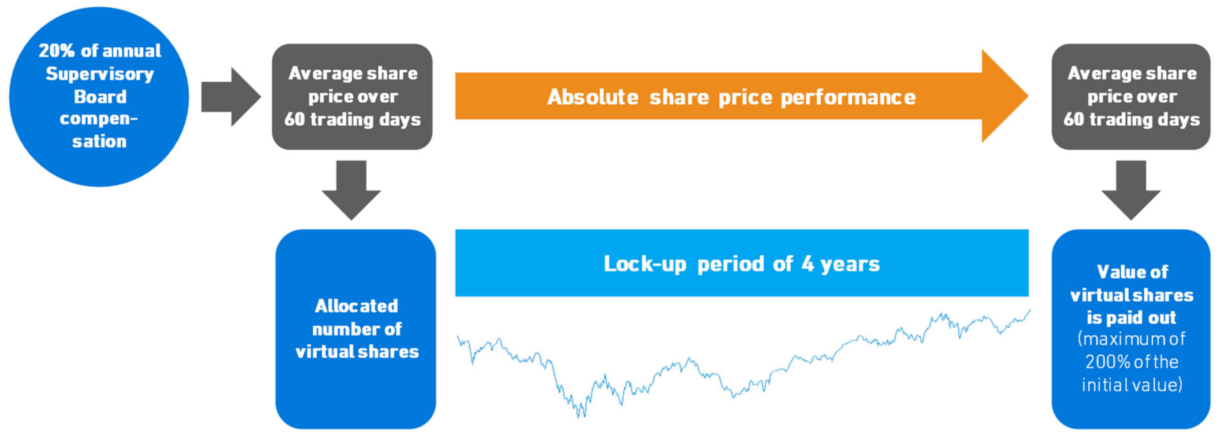
Compensation Plan for the Supervisory Board

The compensation for members of the Supervisory Board determined by the Annual Shareholders Meeting is governed by Section 15 of the Articles of Association of Uniper SE. The objective of the compensation plan is to strengthen the independence of the Supervisory Board as a governing body. That is why – in addition to having their expenses reimbursed – the members of the Supervisory Board also receive fixed compensation, as well as additional compensation for committee duties. Furthermore, in order to have the Supervisory Board participate in the long-term success of Uniper SE, a component of 20% of the aforementioned compensation is converted into virtual shares of Uniper SE.

The Chairman of the Supervisory Board receives €210 thousand in compensation, and the Chairman's deputies receive compensation of €140 thousand. Other Supervisory Board members receive €70 thousand in compensation. The Chairman of the Audit and Risk Committee receives an additional €70 thousand; members of the Audit and Risk Committee receive an additional €35 thousand. Other committee chairs receive an additional €35 thousand; other committee members receive an additional €15 thousand. Members serving on more than one committee receive only the highest applicable committee compensation. The Chairman and the Deputy Chairmen of the Supervisory Board receive no additional compensation for their committee duties. Supervisory Board members departing from the Supervisory Board during a fiscal year receive pro-rated compensation.

Supervisory Board members receive a component of 20% of the compensation described above in the form of variable compensation. That compensation is granted as a future right to payment in the form of virtual shares, with the aforementioned component being the target. The virtual shares are used purely for calculation purposes and do not confer on the beneficiary any entitlements or shareholder rights – particularly voting rights or dividend rights. To determine the number of virtual shares, the variable compensation from the previous year is divided in January of each calendar year by the volume-weighted average share price of Uniper SE from the last 60 trading days before January of the current year. After four calendar years, the virtual shares are multiplied by the average share price of Uniper SE from the last 60 trading days prior to January 1 of the fourth calendar year and increased by the amount of dividends paid to shareholders on each share of Uniper SE over the previous four years. The variable compensation is paid within the first month after the end of the four-year period and is limited to 200% of the compensation described above (payout cap).

Supervisory Board's Virtual Shares



Deviating from the compensation plan as described above, 100% of the prorated compensation payable for the year of departure is paid as fixed compensation. In the event of a departure, the payout amount of as yet unpaid variable compensation for previous years is determined based on the plan as described above. The last day of the month of departure is used to determine the applicable 60-day average share price.

On April 3, 2020, the four independent shareholder representatives on the Uniper Supervisory Board, Jean-François Cirelli, David Charles Davies, Dr. Marion Helmes and Rebecca Ranich, as well as its Chairman, Dr. Bernhard Reutersberg, had given notice in an extraordinary Supervisory Board meeting that they would resign from and leave the Supervisory Board effective at the end of that extraordinary Supervisory Board meeting. In accordance with the Articles of Association of Uniper SE, this triggered the early payout of each departing Supervisory Board member's variable compensation for the 2020 fiscal year, as well as the early settlement and payout of any variable compensation converted into virtual shares during their respective service periods. These obligations had to be revalued as of April 3, 2020, and all expenses still to be incurred had to be recognized as a one-time personnel expense. In return, there will be no more charges to personnel costs in the future from the now-settled variable compensation for these four Supervisory Board members.

On April 17, 2020, the Düsseldorf District Court had appointed Prof. Dr. Werner Brinker, Dr. Bernhard Günther, Prof. Dr. Klaus-Dieter Maubach, Sirpa-Helena Sormunen and Tiina Tuomela as new members and shareholder representatives of the Uniper SE Supervisory Board. Subsequently, in an extraordinary meeting on April 22, 2020, the Supervisory Board of Uniper SE had elected Prof. Dr. Klaus-Dieter Maubach as the new Chairman of the Supervisory Board.

The court-ordered appointments of the new Supervisory Board members expired at the closing of the Annual Shareholders Meeting of Uniper SE that was held virtually on May 20, 2020. Prof. Dr. Werner Brinker, Dr. Bernhard Günther, Prof. Dr. Klaus-Dieter Maubach, Tiina Tuomela and Sirpa-Helena Sormunen were elected as members of the Supervisory Board by the Annual Shareholders Meeting of Uniper SE on May 20, 2020. Prof. Dr. Klaus-Dieter Maubach was reelected, effective May 20, 2020, as Chairman of the Supervisory Board, as Chairman of the Executive Committee and as a member of the Nomination Committee. Also effective May 20, 2020, Prof. Dr. Werner Brinker was reelected, respectively, as a member of the Executive Committee and of the Nomination Committee, and Tiina Tuomela was reelected as a member of the Audit and Risk Committee. Finally, effective May 21, 2020, Dr. Bernhard Günther was reelected Chairman of the Audit and Risk Committee.

Harald Seegatz received additional compensation for supervisory board duties in Uniper Group subsidiaries totaling roughly €6 thousand in the 2020 fiscal year (in fiscal 2019, income from subsidiaries for Harald Seegatz had amounted to roughly €6 thousand).

Supervisory Board compensation granted for the 2020 fiscal year totaled roughly €1.2 million (2019: €1.3 million). A total of roughly €34 thousand (2019: €83 thousand) was reimbursed to the Supervisory Board for outlays.

Where in place, existing D&O insurance policies covering Board member liabilities for their activities as Board members also cover the members of the Supervisory Board.

As in the previous year, Supervisory Board members received no loans or advances from Uniper SE in the 2020 fiscal year. In addition, no contingencies have been entered into for the benefit of Supervisory Board members.

The individual members of the Supervisory Board received the following compensation for the 2020 and 2019 fiscal years:

Supervisory Board Compensation

	Annual compensation				Committee compensation				Income from subsidiaries		Total	
	Fixed		Variable[1]		Fixed		Variable[1]					
€ in thousands	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Prof. Dr. Klaus-Dieter Maubach (Chairman of the Supervisory Board, since April 22, 2020)	117	–	12	–	0	–	0	–	0	–	129	–
Dr. Bernhard Reutersberg (Chairman of the Supervisory Board, until April 3, 2020	54	168	0	35	0	0	0	0	0	0	54	203
Markus Rauramo (Deputy Chairman of the Supervisory Board)	112	111	21	23	0	0	0	0	0	0	133	134
Harald Seegatz (Deputy Chairman of the Supervisory Board)	112	112	21	23	–	0	–	0	6	6	139	141
Ingrid Åsander	56	56	10	12	0	0	0	0	0	0	66	68
Oliver Biniek	56	56	10	12	28	28	5	6	0	0	99	101
Prof. Dr. Werner Brinker (since April 17, 2020)	40	–	4	–	8	–	1	–	0	–	53	–
Jean-François Cirelli (until April 3, 2020)	18	56	0	12	4	12	0	2	0	0	22	82
David Charles Davies (until April 3, 2020)	18	56	0	12	18	56	0	12	0	0	36	135
Dr. Bernhard Günther (since April 17, 2020)	40	–	4	–	38	–	4	–	0	0	85	–
Dr. Marion Helmes (until April 3, 2020)	18	56	0	12	9	28	0	6	0	0	27	101
Barbara Jagodzinski	56	56	10	12	12	12	2	2	0	0	81	82
André Muilwijk	56	56	10	12	28	28	5	6	0	0	99	101
Rebecca Ranich (until April 3, 2020)	18	56	0	12	0	–	0	–	0	0	18	68
Immo Schlepper	56	56	10	12	12	12	2	2	0	0	81	82
Sirpa-Helena Sormunen (since April 17, 2020)	40	–	4	–	0	–	0	–	0	–	44	–
Tiina Tuomela (since April 17, 2020)	40	–	4	–	19	–	2	–	0	–	65	–
Total	**906**	**895**	**121**	**186**	**177**	**176**	**21**	**37**	**6**	**6**	**1,231**	**1,300**

[1]Grant-date fair value of variable compensation. Because Dr. Bernhard Reutersberg, Jean-Francois Cirelli, David Charles Davies, Dr. Marion Helmes and Rebecca Ranich had departed from the Supervisory Board effective April 3, 2020, their compensation for the period from January 1, 2020, through April 3, 2020, was fully paid out as fixed compensation. There was no conversion into virtual shares.

The component of 20% of the Supervisory Board compensation determined for the 2020 fiscal year was converted into virtual shares based on a share price of €27.597 (volume-weighted average of Uniper's share price from the last 60 trading days prior to January 1, 2021). For the 2019 fiscal year, the variable component had been converted into virtual shares at a share price of €28.566.

The following table shows the number of virtual shares of the members of the Supervisory Board for the compensation granted in the 2020 and 2019 fiscal years:

Number of Virtual Shares

Members of the Supervisory Board	Converted in January 2021 as part of compensation for 2020	Converted in January 2020 as part of compensation for 2019	Total	Paid out through January 2021
Prof. Dr. Klaus-Dieter Maubach (Chairman of the Supervisory Board, since April 22, 2020)	1,063	–	1,063	0
Dr. Bernhard Reutersberg[1] (Chairman of the Supervisory Board, until April 3, 2020	0	1,471	1,471	1,471
Markus Rauramo (Deputy Chairman of the Supervisory Board)	1,015	973	1,988	0
Harald Seegatz (Deputy Chairman of the Supervisory Board)	1,015	981	1,996	0
Ingrid Åsander	507	491	998	0
Oliver Biniek	761	736	1,497	0
Prof. Dr. Werner Brinker (since April 17, 2020)	434	–	434	0
Jean-François Cirelli[1] (until April 3, 2020)	0	596	596	596
David Charles Davies[1] (until April 3, 2020)	0	981	981	981
Dr. Bernhard Günther (since April 17, 2020)	703	–	703	0
Dr. Marion Helmes[1] (until April 3, 2020)	0	736	736	736
Barbara Jagodzinski	616	596	1,212	0
André Muilwijk	761	736	1,497	0
Rebecca Ranich[1] (until April 3, 2020)	0	491	491	491
Immo Schlepper	616	596	1,212	0
Sirpa-Helena Sormunen (since April 17, 2020)	359	–	359	0
Tiina Tuomela (since April 17, 2020)	535	–	535	0
Total	**8,385**	**9,384**	**17,769**	**4,275**

[1]Because Dr. Bernhard Reutersberg, Jean-François Cirelli, David Charles Davies, Dr. Marion Helmes and Rebecca Ranich had departed from the Supervisory Board effective April 3, 2020, their compensation for the period from January 1, 2020, through April 3, 2020, was fully paid out as fixed compensation. There was no conversion into virtual shares.

Combined Separate Non-Financial Report

Introduction

Uniper SE prepares and publishes a Combined Separate Non-Financial Report (CNFR) in accordance with Section 315c in conjunction with Sections 289c to 289e of the German Commercial Code. The disclosures made in the report apply equally to Uniper SE as a group and parent company, unless stated otherwise.

The framework of the Global Reporting Initiative (GRI) was used to prepare this report, which references "GRI Standard 103: Management Approach" for recommendations and guidance contained in Standards 103-1 and 103-2.

Key non-financial performance indicators and other information relevant for management purposes are disclosed in the respective chapter "Management System" of the Combined Management Report. They are supplemented in this report by other non-financial performance indicators.

Uniper's business model is described in detail in the Corporate Profile chapter of the Combined Management Report. Additional information, including figures based on GRI standards, will be made available on Uniper's sustainability website (cr.uniper.energy), which is not part of this report.

Material Non-Financial Aspects and Issues

The Combined Separate Non-Financial Report includes information on the five mandatory aspects defined in Sections 289c and 315c of the German Commercial Code:

- Environmental matters
- Social matters
- Employee matters
- Human rights
- Anti-corruption and anti-bribery

By law, aspects of Uniper's business model are material for the report if they potentially have a significant impact on Uniper and third parties and if they are relevant for understanding the Group's current and future development. Uniper's 2020 materiality assessment defined Company-specific issues and aligned them with the German Commercial Code's five mandatory reporting aspects. The materiality assessment adopted a two-dimensional approach that considered the economic, environmental and social impact of Uniper's business activities on the defined issues as well as the issues' impact on the Company. The expectations of important stakeholder groups such as policymakers, competitors, non-governmental organizations (NGOs) and the financial market were taken into account as well. It was analyzed whether from their perspective the impacts could have a significant influence on the Group and third parties and the importance of the impacts for understanding the Group's current and future development.

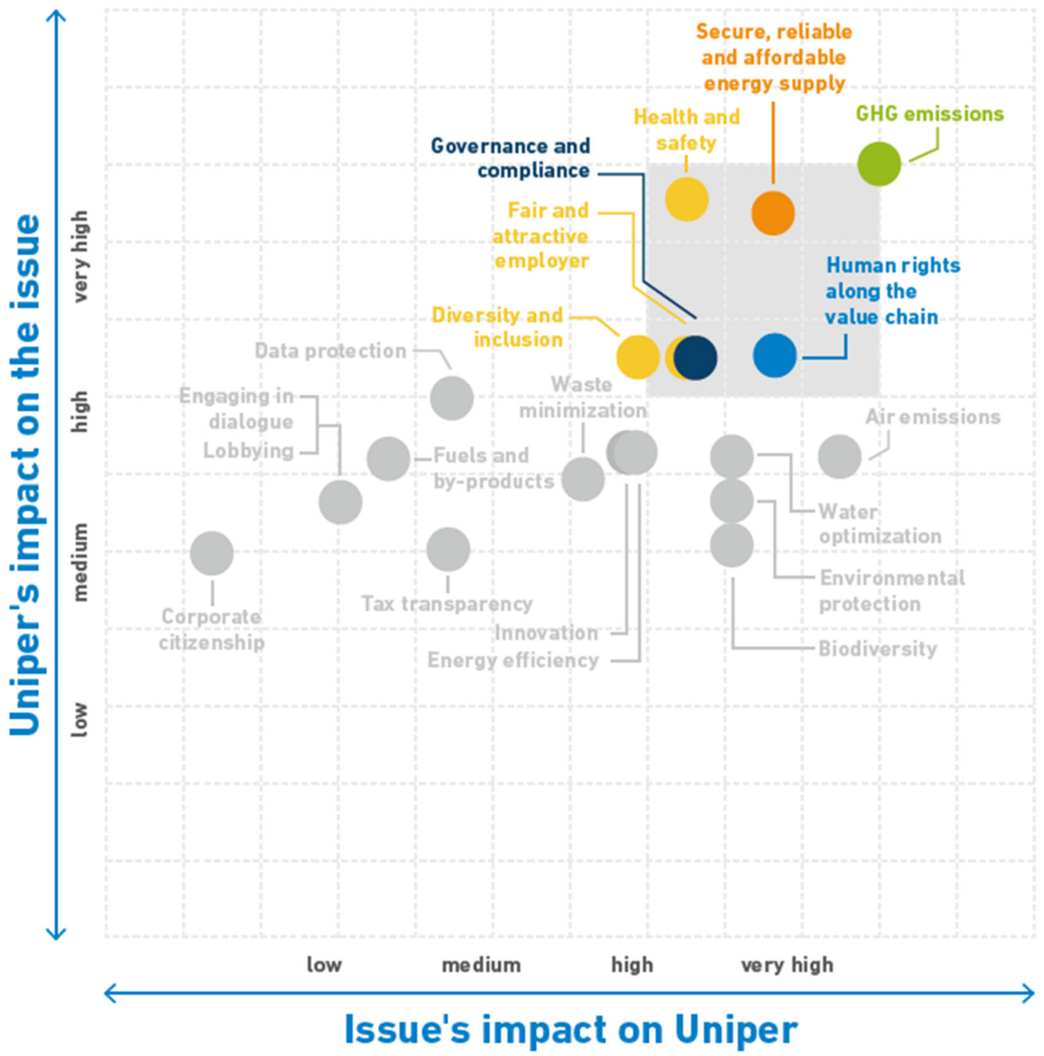
The assessment also analyzed the business relevance of the five mandatory aspects and Uniper's corresponding company-specific issues, the energy industry's influence on them and whether they correlate with one or more of the UN Sustainable Development Goals.

The following materiality matrix provides an overview of the assessment's findings. The horizontal axis indicates the issues' impact on Uniper from the perspective of outside stakeholders; conversely, the vertical axis represents Uniper's impact on the issues. Uniper classifies issues that are at least high on both axes as material. The result is seven material issues, each of which is addressed in this report. The various sections of this report describe Uniper's management approach for the aspects and issues, the progress it achieved in the reporting period and, where appropriate, exceptions to its definition of materiality. The assessment also considered the impact of Covid-19, which increased the materiality of health and safety.

Materiality Matrix

Issues reported on in CNFR linked to mandatory aspects

- Environmental matters
- Employee matters
- Social matters
- Human rights
- Anti-corruption and anti-bribery



Environmental, Social and Governance Risks

Uniper fulfills its environmental, social and governance (ESG) due diligence requirements by conducting dedicated sustainability risk management, which it aligns with its enterprise risk management to ensure that it addresses its most significant ESG risks on a quarterly basis. Enterprise risk management is described in the chapter "Risk and Chances Report" of the Combined Management Report. Uniper's ESG risk process includes assessing the external as well as internal ESG risks, including climate-related risks that could arise from its operations. In 2020 Uniper had no reportable risks pursuant to Section 289c of the German Commercial Code. The impact of its net risks was below the reporting threshold.

Uniper has in place measures to control, minimize and mitigate the ESG risks it identifies. The management actions that Uniper plans and implements are incorporated into its governance structure, responsibilities and relevant policies.

Sustainability Management

The Uniper SE Management Board bears the overall responsibility for the adoption and implementation of Group-wide sustainability measures, with the Chief Sustainability Officer (CSO) playing a key role. David Bryson, who is a member of the Management Board, became CSO on January 1, 2020. The CSO reports periodically to the Supervisory Board on strategic sustainability activities. As Uniper's highest governance board, the Supervisory Board also monitors the Group's fulfillment of its sustainability obligations.

In October 2020, Uniper established a Sustainability Council, which is chaired by the CSO. The council is a cross-functional committee that meets on a quarterly basis to monitor the implementation of Uniper's sustainability strategy and governance framework across the Group.

The Management Board assigns to the Health, Safety, Security and Environment (HSSE) and Sustainability function, the responsibility for defining Group-wide ESG targets and key performance indicators and for identifying and managing ESG risks and emerging issues that could affect Uniper.

The HSSE & Sustainability function reports on its performance to the Management Board on the Uniper Group's performance by means of quarterly performance dialogues. It also engages regularly with the Group Works Council through the Consultative Council, a cross-functional committee that meets biannually.

Sustainability Strategy

Uniper has set a new course to meet rising energy demand while simultaneously propelling the transition to a carbon-neutral future. Uniper will steadily decarbonize its business and also help its customers decarbonize theirs. For Uniper, this involves providing the energy that people and companies need today while taking the smart, steady steps that lead to a thriving and sustainable tomorrow. Uniper's strategy, for these changing times, has three interrelated components: decarbonization, customer centricity and security of supply.

Decarbonization is at the top of Uniper's agenda: for the power it produces, the services it provides, and the commodities it trades. In March 2020, Uniper announced that it aims for its European generation segment to be carbon-neutral by 2035. In December 2020, Uniper stated that this target includes Scope 2 carbon emissions (previously Scope 1 emissions only) from 2021 and that it intends for its power generation business in Europe to reduce its carbon emissions by more than 50% by 2030 compared to a 2019 baseline. Progress toward these targets will be supported by the Company's proactive 7 GW coal-exit plan, triggered in part by coal phase-out laws in Europe, and by several other important measures.

Uniper aims for the entire Group to be carbon-neutral by 2050 in Scope 1, 2 and 3, which will provide important assistance to the countries where Uniper operates in meeting their Paris Agreement targets. As part of this effort, in 2021 Uniper will define a Scope 3 target for the Global Commodities segment, consider establishing a renewables business at the Russian Power Generation segment and begin making disclosures in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

Uniper is a pacesetter in lower-carbon hydrogen, which can be added to the gas system to make it climate-friendlier. More importantly, hydrogen will be a key low-carbon input in hard-to-decarbonize industries such as steel, chemicals, and refineries and in the synthetic fuels that will help make marine, heavy-road, and air transport carbon-neutral. There are three lower-carbon hydrogen varieties: The first is green hydrogen that consist of electrolysis powered by renewable electricity. The second is blue hydrogen from steam reforming, whereby the resulting carbon emissions are captured for storage or usage. The third and final variety is the turquoise hydrogen that consists of methane-cracking, resulting in solid rather than gaseous carbon.

In December 2020 the Company created a new operating unit, Uniper Renewables, to implement its renewables strategy, which foresees the development of a multi-GW portfolio consisting primarily of solar and drive Uniper's continued growth in renewable energy.

Customer centricity guides everything Uniper does. Companies across all industries want to decarbonize. Uniper supports them by supplying them with certified green electricity and by using its engineering expertise and advanced analytics to make their power plants and production processes more energy-efficient and less carbon-intensive.

Supply security is, and will remain, the foundation of Uniper's business. This consists of hydroelectric and nuclear power plants that provide a highly reliable, zero-carbon source of baseload electricity; gas-fired plants that deftly balance out the fluctuations in wind and solar power to keep the grid stable; a portfolio of pipeline gas and LNG that plays a key role in ensuring Europe's gas supply; underground gas storage facilities that ensure there is enough gas to heat homes, even during demand spikes in the winter and increasingly, a wide range of reliability services for grid operators.

Uniper recognizes that the implementation of its ambitious strategy will face challenges, most notably that of developing and deploying low-carbon technologies fast enough for its generation business in Europe to be carbon-neutral by 2035. Uniper is meeting this challenge in part by forging partnerships with leading equipment manufacturers such as Siemens and General Electric to develop lower- and zero-carbon solutions for its gas-fired power plants. Other significant hurdles to overcome include hydrogen's uncertain commercial future, absent meaningful government subsidies, the likelihood of increasingly stringent EU climate policies, and the need to ensure that coal sites scheduled for closure have a viable future. Uniper conducts long-term strategic planning to address such risks and opportunities and is committed to strong governance mechanisms to propel its decarbonization.

The Sustainability Strategic Plan (SSP) describes how sustainability supports the Group's business strategy and defines improvement targets for its ESG performance. The material issues derived from the materiality assessment are clustered into five impact areas, which provide the framework for specific action plans and annual progress reviews in alignment with selected UN Sustainable Development Goals (SDGs). An overview is provided in the table below. Uniper aims to build on its potential for business growth and engage in active management to minimize its operations' main negative environmental and social impacts. The SSP targets are built around a set of long-term commitments that reflect core elements of Uniper's corporate culture and business strategy.

In line with the recommendations of international frameworks such as the OECD Guidelines for Multinational Enterprises, the SSP is Uniper's main tool for defining and managing appropriate risk-mitigation and impact-remediation measures for each material issue during a specific timeframe. This approach centers on the implementation of new processes, such as systematic qualitative analysis of the scope, scale and remediability of the Company's ESG impacts. The HSSE & Sustainability function tracks progress toward achieving the SSP targets and reports on it by means of quarterly reviews for the Management Board and senior managers. Uniper discloses its progress on at least an annual basis.

Uniper Sustainability Strategic Plan (SSP) 2019–2022

SSP impact area	Material issues	Relevant SDGs	Uniper's commitments	Uniper's targets
Climate Action & Security of Supply	• **GHG emissions** • **Innovation** • **Secure, affordable, and reliable energy supply**	7 Affordable and clean energy 9 Industry, innovation and infrastructure 12 Responsible consumption and production 13 Climate action	• Monitor and optimize the carbon intensity of Uniper's generation portfolio. • Include decarbonization activities as a focus area for innovation. • Promote lower-carbon fuels for energy generation.	• Carbon-neutral, in line with the goals of the Paris Agreement, by 2050 at the latest[1]. • Achieve carbon neutrality for our power generation portfolio in Europe by 2035[2]. • Reduction of CO_2 emissions in European generation by at least 50% by 2030 (base year 2019)[2]. • Maintain a Group-wide carbon intensity threshold of 500 g of CO_2 per kilowatt hour (on average) through 2020[3]. • Conduct, by 2022, at least 20 projects whose aims include decarbonization.
Our People	• **Health and safety** • **Fair and attractive employer** • **Diversity and inclusion**	5 Gender equality 8 Decent work and economic growth	• Respect labor rights and ensure a safe, healthy, and secure work environment for all employees and contractors; promote the same standards in Uniper's joint ventures and partnerships. • Have zero tolerance of discrimination. • Ensure equal opportunity and promote inclusion in the entire workforce.	• Achieve a group-wide combined TRIF threshold of 1.0 or below by 2025[4]. • Certify 100% of Uniper's operational assets to ISO 45001 by 2022. • Have women account for 25% of Uniper's top-level executives by 2022. • Achieve an employee inclusion indicator of over 95% by 2022[5].
Environmental Protection	• **Environmental protection** • **Air emissions** • **Energy efficiency** • **Biodiversity** • **Waste minimization** • **Water optimization** • **Fuels and by-products**	12 Responsible consumption and production 15 Life on land	• Promote waste reduction, land pollution prevention, and environmentally responsible mining. • Work with contractors, suppliers, and industrial customers to adopt a life cycle approach in order to protect the environment, use resources efficiently, and market Uniper's by-products.	• Have no severe environmental incidents. • Maintain certification of 100% of Uniper's operational assets to ISO 14001. • Number of major voluntary measures enhancing biodiversity ≥12 in 2021 (total for both Uniper and Fortum)[6].
Human Rights and Compliance Culture	• **Human rights along the value chain** • **Governance and compliance** • **Data protection** • **Tax transparency**	8 Decent work and economic growth 16 Peace, justice and strong institutions	• Have zero tolerance of forced labor, child labor, modern slavery, and human trafficking. • Continue to strengthen Uniper's compliance culture and protect the business from corruption risks.	• Conduct ESG due diligence of 100% of counterparties by 2022[7]. • Train all employees on compliance and Uniper's Code of Conduct by 2021.
Stakeholder Engagement	• **Lobbying** • **Corporate citizenship** • **Engaging in dialogue**	8 Decent work and economic growth 16 Peace, justice and strong institutions 17 Partnerships for the goals	• Actively engage with stakeholders to ensure transparency and ongoing dialogue regarding Uniper's activities. • Foster the development of effective, accountable, and transparent institutions at all levels. • Minimize the impact on communities affected by Uniper's operations.	• At the corporate level, conduct at least three trust-building dialogues with civil society organizations each year up to 2022.

[1]Scope 1, 2 and 3 emissions.

[2]Scope 1 and 2 emissions. Scope 2 emissions included in carbon neutrality target in December 2020.

[3]Carbon intensity calculated on average from 2018 to 2020. Group-wide carbon intensity threshold method: electricity generation adjusted to reflect heat and steam production; consolidation approach: financial control.

[4]Total recordable incident frequency (TRIF) measures the number of incidents per million hours of work.

[5]Employee inclusion indicator: annual employee opinion survey demonstrates that 95% of employees feel included.

[6]Reporting for biodiversity target starts in 2021.

[7]Within the scope of the Know-Your-Counterparty Business Policy, applied to Uniper Global Commodities, Procurement and Energy Services.

Sustainability Policies

Uniper has sound policies in place to manage its material ESG issues. These policies, which are monitored on a regular basis, stipulate how the Group addresses ESG concerns and how it coordinates the cascade effects across the organization.

The HSSE & Sustainability Policy Statement defines Uniper's ambitions and priorities for HSSE & Sustainability. A revised version was adopted in late 2020. This statement then provides the basic framework for developing the SSP and for evaluating its effectiveness.

In addition to the statement, Uniper's Code of Conduct addresses a wide range of compliance issues, such as combatting corruption and protecting human rights. The Code of Conduct is a binding document for all employees and defines the basic principles of conduct. It also provides guidance and support for conducting business and behaving in the workplace in compliance with the law and company rules. The code is founded on a commitment to integrity toward one another, the business and communities. Each year, the Management Board members and senior managers sign a written pledge to adhere to the Code of Conduct. The code is reviewed and updated periodically to ensure appropriateness and compliance with company and regulatory requirements. A revised version was adopted in 2020. Uniper intends to make all compliance and Code of Conduct training mandatory for all new hires starting in 2021. Consequently, progress toward this target cannot be reported for 2020.

Whenever possible, the Group strives to work with third parties that have comparable values and principles. It requires suppliers to sign a declaration of compliance with the Uniper Supplier Code of Conduct.

Uniper has in place a Know-Your-Counterparty (KYC) Business Policy for identifying, verifying, and reporting the main compliance risks potentially posed by new counterparties before business deals are finalized. These risks include corruption, money laundering, terrorism financing and the violation of economic sanctions. The introduction of the policy was accompanied by an e-Learning module and classroom training entitled Know Your Counterparty, Intermediaries and Sanctions, whose purpose is to familiarize staff across the organization with the enhanced processes. The Compliance function used these processes to assess 428 new counterparties in 2020, 395 of which were approved and two of which were rejected due to compliance risks.

Uniper also assesses its counterparties' ESG risk exposure. As part of Uniper's KYC and Procurement policies, the HSSE & Sustainability function has developed and implemented a screening process to identify counterparties with exposure to ESG risks. The process is aligned with the UN Guiding Principles on Business and Human Rights (2011), the OECD Guidelines on Multinational Enterprises (2011) and relevant implementing documents, which aim to embed responsible business conduct into policies and management systems. Uniper set a strategic sustainability target of using the screening process to assess 100% of all counterparties by 2022. At the end of 2020, 56% of active counterparties had been assessed by means of the screening process. Unipro PJSC, Unipro PJSC's subsidiaries and Uniper NefteGaz LLC (currently dormant) do not use the aforementioned screening process because they do not fall within the scope of the Uniper KYC and Procurement policies. Suppliers not subject to mandatory registration as described in Uniper's procurement policies are also not subject to the screening process. Unipro PJSC has implemented its own KYC and Procurement policies.

Effective April 2020, any project or business initiative subject to Management Board approval must consider ESG factors. The objective is to ensure that Uniper engages in good ESG governance Group-wide when assessing and approving projects and business initiatives and that it maximizes value creation by considering their strategic fit, financial merits, risks and ESG factors. Uniper conducts the ESG evaluation by analyzing a project's fit with Uniper's SSP and with objective ESG screening criteria.

Uniper's ESG evaluation uses the ESG screening criteria of the EU Taxonomy Regulation 2020/852. It initially used the technical screening criteria that were recommended by the EU's Technical Expert Group (TEG) on Sustainable Finance in March 2020 with regard to climate-change mitigation and subsequently used the draft screening criteria published by the European Commission in November 2020. Uniper's ESG evaluations also take into consideration the regulation's "do no significant harm" criterion in relation to other environmental goals. Projects that meet Uniper's criteria and also contribute to, or at least do not hinder, the achievement of its sustainability targets, are assigned a lower hurdle rate in order to incentivize their implementation. Where necessary, Uniper's evaluation includes recommendations aimed at mitigating the ESG risks identified and to help meet ESG expectations once a project is implemented.

The aforementioned policies, business directives and Code of Conduct are available to all employees electronically on the Uniper intranet.

Environmental Matters

Uniper's awareness of its environmental impacts is strategically important because the environmental performance of its assets significantly affects its operating efficiency, market position and reputation. Uniper is committed to complying with all applicable laws to prevent uncontrolled emissions to the air, water and soil. Efforts that go beyond compliance are evaluated on a cost-benefit basis and coordinated centrally; the aim is to give Uniper an even lower exposure to reputational and legal risks.

Uniper designs and implements dedicated environmental management systems (EMS) to mitigate environmental risks. By having its facilities' EMS certified to ISO 14001, an internationally recognized standard for such systems, Uniper aims to prevent incidents that could have adverse impacts on the environment. The Company has therefore committed to maintaining 100% ISO 14001 certification for its operational assets. As of year-end 2020, 100% of the operational assets of Uniper's fully consolidated legal entities had retained their ISO 14001 certifications. Datteln 4, Uniper's coal-fired power station in Germany which became operational in 2020, received certification to ISO 14001 at the end of 2020.

Uniper investigates all significant environmental near-hits and all incidents and takes appropriate steps to prevent them from recurring. It also systematically shares knowledge about previous incidents—at Uniper and across the industry—so that they are not repeated. Uniper had no severe environmental incidents in 2020. Its EMS defines "severe environmental incidents" as "the release of a substance into the soil, water, or air that would result in a long-term or irreversible change in the biological or physical environment or an extensive loss of habitats or species."

GHG Emissions

In March 2020, Uniper pledged to make its European power generation portfolio carbon-neutral by 2035. This will involve reducing the Company's direct carbon emissions (Scope 1) in Europe from 21.1 million metric tons in 2020 to net-zero by 2035. These ambitious commitments reflect a fundamental strategic reorientation that focuses on a secure and climate-friendlier energy supply. Uniper will gradually reduce its portfolio's carbon emissions and offer customers products and services that are increasingly climate-friendly. To support these commitments, Uniper will invest a total of €2.7 billion (excluding significant acquisitions) between 2021 and the end of 2023. A portion of these investments (€1.4 billion) is allocated to growth projects. All of Uniper's investments must meet three key criteria. First, as in the past, they must create value for Uniper, its employees, and its shareholders. Second, they must fit with Uniper's core businesses, which is to provide a secure supply of energy. Thirdly, they must contribute to, or at least not hinder, the achievement of the decarbonization target and pass the aforementioned ESG evaluation. Examples of such investments include power-to-gas, utility-scale energy storage, and technologies like green and blue hydrogen, carbon capture and utilization (CCU) and the synthetic, carbon-neutral fuels and chemicals that will enable companies in other sectors to decarbonize.

Unipro, Uniper's subsidiary in Russia, explores options for decarbonizing its power generation operations over the long term. Through one approach it achieves this by participating in Russia's large modernization program that seeks to modernize around 40 GW of fossil-fueled generating capacity—about 16% of Russia's total capacity—by 2032. The modernization program is conducted by means of auctions, with generators submitting bids for generating units to be refurbished or replaced. In the first two auctions, Unipro's three gas-fired generating units totaling about 2.5 GW at Surgutskaya 2 were chosen. Unipro intends to participate in future auctions, which will be held periodically through 2025. From 2021 onward Unipro will also weigh its options for developing renewables projects in Russia under a capacity scheme whose mechanisms are similar to those of the modernization program for fossil-fueled capacity.

Beyond its asset business, Uniper is also exploring ways for its Global Commodities segment to make a substantial contribution to decarbonization. These include being involved in establishing a global trade in climate-neutral gases and other climate-friendly energy carriers.

Since the EU Emissions Trading Scheme came into force in 2005, the legal entities in the Uniper Group have reduced their annual carbon emissions in Europe by 74.2 million metric tons, a decline of nearly 78%.
In 2020 Uniper's direct carbon emissions from the combustion of fossil fuels for power and heat generation (operational control approach) declined by 9.4% to 42.6 million metric tons (2019: 47 million metric tons). This was mainly due to a reduction in output from assets in Russia and the United Kingdom. The breakdown of Uniper's direct carbon emissions (Scope 1) by country is available in the "Non-Financial Performance Indicators" section of the Management Report.

In 2018 Uniper set a target for its Group-wide annual average carbon intensity to remain below a threshold of 500 grams of carbon dioxide per kWh for the period January 1, 2018, to December 31, 2020. Uniper's average carbon intensity for this period was 468 grams per kWh. Uniper therefore achieved its target, in part through asset closures as well as asset improvement and innovation. Uniper uses the financial control approach for carbon dioxide intensity as defined by the Greenhouse Gas Protocol. The generation dataset that is used to calculate intensity includes data points that are inconsistent with regard to boundaries, combining both grid feed-in and net generation volume for different plants (e.g. the Russian plants use net generation volume and the German plants use grid feed-in volume). The divestment of the generation business activities in France and the Czech Republic in July 2019 and April 2020 respectively had a negligible impact on Uniper's carbon intensity.

From 2019 to 2020, Uniper's power production from coal decreased from 19.9 to 19.5 billion kWh. Power production from gas also decreased from 60.3 billion kWh in 2019 to 53.9 billion kWh in 2020, due to decreased production from Uniper's European generation gas plants, mainly due to lower electricity demand following the Covid-19 crisis. During the same period, hydropower production increased by 1.0 billion kWh.

Power Production by Primary Energy Source

Billion kWh	2020	2019
Gas[1]	53.9	60.3
Coal	19.5	19.9
Nuclear	8.0	11.0
Hydro	13.7	12.7
Other renewables[2]	0.0	0.1
Biomass	0.0	0.0
Total[3]	**95.1**	**104.0**

[1]Figures include owned generation from oil.

[2]Figures include production from non-material wind and solar assets (aggregated installed capacity 95 MW).

[3]Possible rounding differences between individual volume figures and totals.

Gas-fired, hydroelectric and nuclear capacity accounts for 64% of Uniper's portfolio, enabling the Group to support the transition toward low-carbon energy generation while it works to further decarbonize its power business.

Uniper Group: Consolidated Generation Capacity as of December 31, 2020

in MW	Gas	Coal	Hydro	Nuclear	Other	Total (country-specific)
Russia[1]	7,139	1,895	–	–	0	9,034
Germany	2,912	4,454	1,927	–	1,418	10,711
United Kingdom	4,180	2,000	–	–	221	6,401
Sweden	449	–	1,771	1,996	1,162	5,378
Netherlands	525	1,070	–	–	–	1,595
Hungary	428	–	–	–	–	428
Total (asset-specific)	**15,633**	**9,419**	**3,698**	**1,996**	**2,801**	**33,548**

[1]Includes Czech Republic. Czech Republic business were sold on April 28, 2020.

A key facet of Uniper's decarbonization strategy is coal phase-out in Europe which has been triggered by the coal exit regulations in the respective countries. As a result, Uniper will stop producing electricity from coal in Germany by 2025, with the exception of Datteln 4, one of the world's most efficient coal-fired plants, in the United Kingdom by 2025, and in the Netherlands by 2029.

In January 2020, Uniper presented a plan for closing its hard-coal-fired generating units in Germany. The decision has been taken to close units with a combined capacity of around 2.9 GW at Scholven, Heyden, Staudinger and Wilhelmshaven power stations by the end of 2025 at the latest. However, in September 2020, Uniper put forward a bid for the early closure of unit 4 at Heyden power plant (875 MW). The bid was accepted by the German Federal Network Agency as part of the first round of auctions for the closure of hard-coal-fired power plants. Under the German Law on the Reduction and Termination of Coal-Fired Power Generation, Uniper will receive compensation for the early closure. Heyden 4 ceased commercial electricity production on December 29, 2020, and will close permanently on July 1, 2021, provided that the transmission system operator and Bundesnetzagentur (BNetzA), do not deem it critical to system stability.

In addition, in February 2020 Uniper signed an agreement to sell its 58% stake in Schkopau, a lignite-fired power plant in Saxony-Anhalt in eastern Germany, to Saale Energie GmbH, a subsidiary of Czech energy producer EPH, which owns the other 42%. The transfer of ownership will take place in October 2021. It will mark the end of Uniper's lignite-fired power generation in Europe.

Uniper has designed master plans for all of its coal sites scheduled for closure. All of these facilities have infrastructure—such as a connection to a district heating network, a high-voltage switching yard, rail links, and other logistics facilities—that remains useful. And many have locations (along waterways, close to industrial clusters) that are very attractive. Uniper is convinced that these two factors—existing infrastructure and location—will enable its coal sites to play a vital role in a low-carbon economy after coal-fired power generation ends.

Some sites, like those that produce steam for industrial customers and for district heating networks, may be converted to gas. One such conversion already under way is at Scholven power station in west-central Germany. Uniper is installing two state-of-the-art combined-cycle gas turbines (CCGT) and auxiliary equipment that will supplement and, from 2022 onward, replace the existing coal-fired plant. Conversion to gas will reduce Scholven's carbon emissions and noise impact, since its fuel will be supplied by pipeline instead of by truck.

Gas turbines are already a low-carbon technology. But they can and must become even cleaner. A Uniper project called 'Making Net Zero Possible' aims to do just that. As part of the project, in the second quarter of 2020 Uniper signed collaborative agreements with both General Electric (GE) and Siemens, the world's two leading turbine manufacturers. Uniper will work closely with GE and Siemens to explore how alternative fuels (biofuels and especially hydrogen) and carbon capture could make Uniper's gas turbines and the compressors at its gas storage facilities carbon-neutral. At year-end 2020, the project was in the process of identifying technically feasible modifications for Uniper's more than 4 GW of gas turbines in Europe as well the gas-storage compressors. The next step would be to conduct a pilot project to test the technical concepts in real life, for example by modifying a Uniper gas turbine to burn hydrogen.

Low-carbon hydroelectricity already accounts for 3.7 GW, or 15%, of Uniper's installed generating capacity in Europe. But Uniper also procures large amounts of renewable electricity by means of power-purchase agreements (PPAs). Under a PPA, Uniper or another counterparty agrees to buy a percentage of the output of a future renewables asset—usually a wind or solar farm—for a set period (typically 10 or 15 years) at an agreed-on price. Uniper has PPAs with wind and solar farms in Norway, Sweden, Spain, and the United States and intends to conclude more.

In December 2020 the Company created a new operating unit, Uniper Renewables, to implement its renewables strategy. The first step will be to develop the solar potential at and, in some cases, near Uniper sites, primarily in Germany and the UK, but also in Hungary and possibly the Netherlands and Sweden. Uniper estimates this potential at about 1 GW. Some of this capacity will be installed as part of the master plans for Uniper's decommissioned coal sites.

Uniper's sales functions continue to identify opportunities to implement solar and wind projects with customers. Uniper Renewables can implement such projects in the future.

Because gas plays a pivotal role in decarbonization as well as energy security, it will be a key focus of Uniper's future strategy. Uniper intends to maintain its broadly diversified gas business and progressively decarbonize it as well.

Uniper plans to gradually replace conventional gas with green gas or green hydrogen in both energy generation and energy trading. Uniper is a pacesetter in the use of power-to-gas (P2G) technology to produce green hydrogen. Its first P2G unit, in Falkenhagen in eastern Germany, entered service in 2013, followed by another in 2015 in Hamburg. Methanization equipment was added to the Falkenhagen facility in 2018. Uniper is exploring options for the Falkenhagen unit's future. These include adding equipment that would use Falkenhagen's green hydrogen output for industrial or mobility applications or for the production of hydrogen-based products like methanol. The P2G units are not economically viable in the current regulatory environment, but remain a substantial part of Uniper's research and development for a low-carbon hydrogen value chain. The pace of green hydrogen's future growth will depend to a large degree on regulatory reforms, particularly the creation of incentives.

In addition, Uniper cooperates with a number of partners from different sectors to conduct a variety of cross-sector, industrial-scale, real-world-laboratory projects aimed at promoting the production of green (but also blue and turquoise) hydrogen under market conditions.

Natural gas is the ideal fuel to support the energy transition. Indeed, ambitious emissions reduction can only be achieved if more gas is used in power generation, heating, transport and industry. Natural gas has the lowest carbon dioxide emissions of any fossil fuel, can be stored and can be used flexibly, including in embedded cogeneration units. The importance of gas-fired power plants, which are ideal for balancing out the volatility of renewables, will increase significantly going forward. Moreover, the supply of gas will remain abundant well into the future.

Uniper sees hydrogen as an essential element of tomorrow's low-emission energy mix, alongside gas, renewables and hydroelectricity. Hydrogen will be essential for decarbonizing major industries, such as steel and chemicals. In applications that cannot use green electricity directly, hydrogen and its derivatives create new opportunities for avoiding carbon emissions. In mid-2020 Europe and Germany adopted hydrogen strategies. In addition, Germany formed a National Hydrogen Council, a twenty-six-member panel of experts that includes Uniper CEO Andreas Schierenbeck.

In June 2020, Uniper, along with the German logistics company Rhenus, the German steel company Salzgitter, the State of Lower Saxony and the City of Wilhelmshaven, signed a letter of intent to conduct a feasibility study for Salzgitter on the production and handling of direct reduced iron (DRI), also known as sponge iron. The planned DRI plant would use green hydrogen produced from electrolysis. It would be sited on the grounds of Uniper's coal-fired power plant in Wilhelmshaven, which is already scheduled for closure. This would enable the plant's infrastructure to be used for an innovative project to help decarbonize Europe's steel industry. The use of sponge iron can reduce the CO2 emissions of steel production by up to 95% if it replaces the traditional blast furnace converter route.

Green Customer, a project launched in July 2020, aims to sharpen Uniper's profile as a provider of decarbonization solutions. Companies of all sizes in all industries want their energy supply and operations to be secure, sustainable, and environmentally friendlier. They are impelled by the need to cut costs and comply with increasingly stringent regulations. Uniper's ambition is to become the partner of choice for decarbonization solutions and to accompany customers on their decarbonization journey.

Green Customer has four main aspects. First, Uniper designs an individually tailored decarbonization roadmap and offers enabling solutions (project financing, marketing support) to help make it a reality. Second, Uniper shows customers how to use less energy and enhance their operations with demand-side management, flexibility services and a range of monitoring and diagnostic tools. Third, it helps customers switch their embedded generation to a lower-carbon energy source and supplies them climate-friendly fuels like biomethane and renewable energy sourced under power-purchase agreements. Finally, Uniper develops a bespoke offsetting strategy for excess carbon or recycling it, including Guarantees of Origin (GoOs) and other types of carbon-reduction certificates.

Another important activity initiated in 2020 was to map methane emissions. Methane's global warming potential is estimated to be at least 25 times that of carbon dioxide over a 100-year horizon and even greater on a 20-year horizon. Identifying, quantifying and minimizing sources of methane emissions across the gas industry is therefore becoming increasingly important. The EU Methane Strategy released by the European Commission in October 2020 recommends that energy companies with gas transportation and storage assets should first work together to establish shared monitoring, reporting and verification (MRV) methodologies. In November 2020 Uniper therefore became a member of the Oil and Gas Methane Partnership (OGMP) 2.0, a voluntary initiative to help oil and gas companies report and reduce methane emissions, foster transparency, and share best practices. Its aim is for the industry as a whole to reduce its methane emissions by 45% by 2025. Promoted by the European Commission and various NGOs, OGMP 2.0 fosters industry-wide collaboration, including with strategic upstream gas suppliers.

Innovation and the development of new sustainable businesses play a key roles in Uniper's new decarbonization strategy and, more generally, help propel the transition to a low-carbon future. Uniper develops scalable business models in a variety of new areas, including climate-friendly hydrogen, flexible electricity supply, smart and green heat supply, waste-to-X solutions, and CCU, in which CO2 is captured from the exhaust stream of power plants or other industrial facilities, processed and used as an alternative carbon source in a variety of industrial applications. Uniper has invested in several projects to refine, scale up, and deploy such technologies on a commercial scale. Uniper has set a target of conducting, by year-end 2022, at least 20 projects whose main aims include decarbonization. At year-end 2020, Uniper was working on 16 such projects. Some of them are described in the Technology and Innovation chapter of the Combined Management Report.

Climate Action and Strategy, an in-house cross-functional working group, supports the development of Uniper's decarbonization strategy and long-term carbon reduction target as part of Uniper's corporate strategy review.

In 2020 Uniper responded to CDP's sector-specific climate-change questionnaire. The questionnaire regarded Uniper's performance in the 2019 calendar year. CDP, formerly known as the Carbon Disclosure Project, runs a global disclosure system for companies to improve awareness through measurement and disclosure of environmental data, climate risks and carbon management. CDP gave Uniper a "B" which is an improvement on the previous score ("B-"). Scores range from A (best) to F. The evaluation of the CDP questionnaire identified and realized potential for improvement in Uniper's sustainability performance. Uniper will continue its efforts in 2021.

Social Matters

Uniper's core business is its main contribution to society. Uniper's conventional generation capacity, natural gas transport operations as well as its technical expertise are essential for meeting people's basic needs.

Secure, Affordable and Reliable Energy Supply

A secure and reliable supply of energy is essential for the functioning of society and a competitive economy. Together with its decarbonization efforts, Uniper's priority is to provide its customers with a secure, affordable and reliable supply of power, gas and heat. To manage the operating risks of its generation assets, Uniper has an integrated asset and HSSE management system that conforms to industry practices.

Uniper's long-term gas supply contracts, natural gas storage facilities, global gas trading activities and capacity for regasifying liquefied natural gas (LNG) play an important role in supply security, especially when demand fluctuates. Furthermore, Uniper's flexible generation facilities can respond quickly to fluctuations in renewables output, which is important for grid stability and supply security, particularly in two of Uniper's core markets: Germany and the UK.

Uniper's key performance indicator for the supply reliability of its generation business is average asset availability. Uniper's conventional power generation fleets in Europe and Russia had an average asset availability of 78.4% in 2020, which was slightly lower than 2019 (79.1%) due to planned outages. Uniper's unplanned unavailability reduced from 12% in 2019 to 9.4% in 2020.

Uniper has employees with decades of experience in integrated, reliable and tailor-made utility management. It now markets this experience in emerging and developing countries, providing operation and maintenance services for power plant operators as well as support for new energy infrastructure projects. These services will enable customers' power plants to meet high international standards for operational excellence, including in HSSE performance.

Average Asset Availability for Conventional Power Generation by Country

Percentages	2020	2019
France	-	79.7
Germany	74.4	77.4
Hungary	90.3	96.9
Netherlands	77.8	56.1
Russia	78.1	79.2
Sweden	91.9	91.1
United Kingdom	80.3	83.2
Total	**78.4**	**79.1**

The figures shown are calculated using availability = 100% minus (planned and unplanned unavailability). Uniper Group figures represent a volume-based weighted average. The calculation refers to Uniper's actual operational portfolio and is based on legal entity share. French assets considered from January 1 to June 30, 2019. These figures exclude asset availability data from Teplarna Tabor in the Czech Republic.

Renewables output drops when weather conditions are unfavorable and, in the case of solar, at night. Gas-fired power plants, which can swiftly ramp up and down their output, are ideally suited to providing backup in such situations, as are hydroelectric plants and some battery solutions.

In January 2019, TenneT, the transmission system operator (TSO) in southeast Germany, awarded Uniper a contract to operate a 300 MW gas turbine at Irsching power station. The new plant, Irsching 6, will serve as a safety cushion for the TSO to supply power at short notice in emergency circumstances when system reliability is at risk. Construction began in September 2020, with the plant scheduled to enter service in October 2022.

After seven years in the so-called network reserve, units 4 and 5 at Irsching power station returned to commercial normal operations on October 1, 2020. Uniper is the sole owner of unit 4 and co-owner of unit 5. Both are highly flexible and rank among Europe's most fuel-efficient CCGTs. They, too, will help ensure security of supply as renewables capacity continues to grow.

The generator and turbines at conventional power plants have a large rotating mass and therefore tend to resist changes in grid frequency (50 Hz or 3000 rpm) when connected to the electrical grid. This tendency is called grid inertia and helps the grid to continue operating close to 50 Hz which is essential for security of supply. The majority of renewables, by contrast, are connected via power electronics which makes them unsuitable to provide real inertia. Consequently, as the proportion of renewables in the electricity generation mix increases, the amount of available grid inertia decreases leading to possible greater frequency volatility. Renewables are also often unable to generate or absorb as much reactive power as traditional generators, which is critical to maintaining voltage levels. Grid operators are aware of these challenges and are looking for solutions. In February 2020, National Grid, Britain's TSO, awarded Uniper four six-year contracts (2021- 2026) to provide grid inertia and voltage support from two Uniper CCGTs, Killingholme and Grain. This will involve reconfiguring steam turbine generators into synchronous condensers at Killingholme and installing two new synchronous condensers at Grain. Running the four synchronous compensators will consume no additional fuel and thus emit no carbon. Providing these stability services will enable National Grid to connect more sources of green electricity, while maintaining security of supply.

The ongoing addition of intermittent wind power to Sweden's energy mix poses similar challenges for its TSO, Svenska Kraftnät. One of these challenges is maintaining constant frequency. To address it, Svenska Kraftnät asked generators to submit bids to provide fast frequency reserve (FFR), capacity that can come online on short notice to support frequency (by generating power) or reduce excess frequency (by absorbing power). In June 2020 Svenska Kraftnät selected two Uniper hydroelectric plants in northern Sweden, Edsele (6 MW) and Lövön (9 MW), to provide FFR. Both are embankment hydro plants that will be equipped with batteries. The plants' reservoirs store energy to address larger imbalances in the grid, whereas the batteries will be able to respond swiftly to frequency deviations. The combination of reservoir and battery will enable the plants to do a wider range of jobs for the TSO. The batteries are expected to be operational in the first quarter of 2021. Uniper is exploring options to deploy the battery-hydro tandem solution at other plants.

Uniper supports TSOs with its engineering expertise as well. In the first quarter of 2020, TenneT selected Uniper Technologies GmbH and CDM Smith, a Bochum-based engineering firm, to expand its grid in northwest Germany, where much of the country's onshore wind capacity is located. Uniper will lead the consortium and provide overall project management for all engineering, procurement, and construction services. Germany aims for renewables to provide about 80% of its electricity by 2050. Adding transmission capacity to move more renewable electricity from the North to large consumption centers in central and southern Germany is crucial for reaching this target.

Uniper plays an important role in ensuring a reliable energy supply in other ways as well. For example, Uniper is a leader in Europe's gas market. Each year it procures enough gas under long-term contracts to heat about 22 million single-family homes (based on average consumption in Germany). In the future, it is expected that demand for gas in Europe will basically remain stable, while European production will decline.

Uniper sources pipeline gas from a variety of producers in several countries, mainly Russia, the Netherlands, and Germany. To help further diversify and secure Europe's gas supply, in late 2020 Uniper began procuring gas from Azerbaijan. Under a long-term contract concluded in 2013 with Baku-based SOCAR (State Oil Company of the Azerbaijan Republic), Uniper will source up to 1.5 billion cubic meters (bcm) of natural gas per year via the Southern Gas Corridor (SGC), a system of pipelines that connects the Caspian region and the Middle East to Southeastern Europe. The contract runs until 2045.

It can currently be assumed that global gas demand will continue to rise. To help meet this demand, Uniper's LNG business continues to grow. The Company aims to increase its current LNG portfolio of 3 million metric tons per annum (mtpa) to 10 mtpa by year-end 2025. The target markets are South America, the Middle East, and Asia, particularly Southeast Asia, regions that import LNG as a fuel for power generation and that are converting from coal to gas.

Uniper is Europe's fourth-largest gas storage company, with 7.6 bcm of underground gas storage capacity in Germany, Austria, and the United Kingdom. Uniper has 5.9 bcm gas storage capacity in Germany alone, the most of any operator. Gas storage facilities are one of the few technologies that can store large amounts of energy from one season to another: gas bought in the summer, when prices are typically lower, can be stored underground and used to heat homes in the winter. Moreover, storage facilities can respond to demand spikes or import interruptions, thereby helping ensure security of supply. Looking into the future, as Europe ramps up its production of green, blue, and turquoise hydrogen, Uniper's underground gas storage facilities will be part of the infrastructure that stores this precious zero-carbon resource.

In addition, Uniper has stakes in gas transmission pipelines (such as OPAL, which runs from the Baltic Sea to the German-Czech border) and finances projects to build them. These assets provide important pathways for the import and transport of gas and therefore play key roles in ensuring Europe's supply security.

Uniper helps secure the supply of other gases as well. In July 2020 Uniper and Irkutsk Oil LLC (INK) signed a long-term agreement for Uniper to purchase a portion of INK's liquid helium output from a new production facility scheduled to enter service in late 2021 in Ust-Kut in eastern Russia. Helium, a by-product of natural gas, has a low density and the lowest boiling point of all elements. These properties make it ideal for a wide variety of applications, including electronics (semiconductors, LCD screens), aerospace, automotive, healthcare, fiber optics, and welding. Global demand is expected to grow, and Uniper's agreement with INK will help it meet this demand.

Employee Matters

Maintaining high health and safety standards is essential for Uniper because it cares about its people. Safety is also important for the operation of Uniper's facilities and enables it to avoid the additional cost of work stoppages and lost time that result from accidents. Uniper's commitment to health and safety also extends to people who live near its facilities and to visitors.

Uniper places a significant emphasis on an open and trusting corporate culture, which it calls the Uniper Way. It has three core elements and three corresponding guiding statements: leadership (grow and empower people), teamwork (become one and simplify proceedings) and individual contribution (act as if it is your own company). The Uniper Way is brought to life through day-to-day interactions. Its core elements are embedded in the main components of the HR cycle: the capability-based approach, guidelines for job interviews and systematic feedback on employees' performance, which fosters continuous self-reflection and improvement. Supported by digitization, these elements help create an agile and flexible organization with more cost-efficient processes.

In 2020 Uniper defined a people strategy to support its corporate strategy, whose vision is to "attract, engage and enable the people of Uniper to build the capabilities necessary to Empower Energy Evolution". As part of this process, it conducted 20 workshops and interviews with senior managers to identify the human resource capabilities that are critical for the Company and its success. Uniper also defined the main people drivers, which include recruiting and employer branding, learning and upskilling, and diversity and inclusion.

The Voice of Uniper, an annual employee survey (excluding Unipro), measures employees' awareness of the Uniper Way and how it is brought to life by managers and teams. The 2020 survey, the fifth since Uniper's foundation, had the highest participation rate so far (66%), rendering its findings even more reliable. These indicated improvements in nearly all categories. This suggests that the improvement measures derived from the 2019 survey were successful. Employees' responses indicated that their support for Uniper's commitment to accelerating the transition to a low-carbon future is strong and that their understanding of Uniper's strategy and objectives has become much clearer.

Health and Safety

Uniper operates large and complex technical assets such as power plants and gas storage facilities that can create various health and safety risks for employees, contractors and the public in general. Unforeseen hazards and unsafe work habits in this environment can therefore lead to serious accidents and resulting injuries and fatalities. Against this background, Uniper's revised HSSE & Sustainability Policy Statement clearly emphasizes the principle to only work safely and to look after people's health and well-being.

Uniper has set up a governance structure to steer and monitor the implementation of Group-wide programs and policies designed to control and mitigate health and safety risks and provide a safe and healthy workplace for everyone working for or with Uniper.

Uniper's Management Board is fully committed to promoting health and safety across the organization and continually monitors the Company's health and safety performance. Health and safety is an ever-present topic on the agenda of senior management team meetings and regularly discussed by the Management Board and the Supervisory Board. Furthermore, Uniper's health team was given a prominent position at Uniper's Leadership conference in February 2020. Chief Operating Officer (COO) David Bryson is the patron of "Beyond Zero", a HSSE & Sustainability initiative for the COO area that encompasses health, safety and lifelong learning.

In 2020 Uniper launched a project to transform itself into a learning organization. Its aim is to foster the sharing of information and best practices between different functions in order to promote mutual learning.

The HSSE & Sustainability function supports the organization and employees in integrating health and safety standards into their strategic and operational planning, business decisions and daily activities. It issues guidelines and policies, conducts workshops and coordinates the sharing of best practices.

Based on the central Group-wide HSSE & Sustainability Improvement Plan, the operating entities design their own annual improvement plans, which include health and safety targets and improvement measures. One of the two top priorities of the Group-wide plan is to continue nurturing Uniper's health culture. Progress toward the targets is monitored regularly. These plans help Uniper live up to its commitment to continually improve its health and safety performance. All efforts to further raise health and safety standards can only be successful if contractors and their employees are closely involved.

In 2020 the Covid-19 pandemic introduced unprecedented challenges. Uniper's top priority at all times was to protect employees while maintaining business continuity. In late February it formed a Covid-19 coordination team consisting of senior leaders from across the organization.

On March 13, 2020, the Management Board made a strategic decision to ask all employees who could work from home to do so. Overnight, this changed the way a large majority of them worked. It was facilitated by state-of-the-art cloud solutions, which even prior to the crisis had enabled Uniper's IT infrastructure and HR processes to support flexible, mobile work arrangements. Only critical workers in commodity trading and IT continued to work regularly at the Company's offices.

At most operating businesses remote working was not an option. Here, Uniper put in place a variety of measures to minimize the risk of workplace infections. For example, crews at power plants made shift changes without direct contact with each other, and the duration of maintenance periods was extended to reduce the number of workers on-site at the same time.

Together, these measures helped make workplace transmission of the virus rare. In the few cases it did occur, its causes were investigated and the lessons learned shared across the organization. A number of employees contracted Covid-19 away from work. As a precautionary measure, colleagues who had had contact with them were asked to self-isolate. The only Uniper facility to experience more than a handful of infections was Berezovskaya 3 generating unit in Russia. Infections among several contractors led to extensive testing of Uniper employees and contractors. The results indicated a fairly large number of asymptomatic cases. Periodic testing continued during the remainder of the year.

In general, health management continued to make progress in 2020. Uniper's integrated health approach offers all employees access to a wide range of services, from medical check-ups and extensive exercise programs to mental well-being campaigns. Another example is Uniper's focus on mental health and stress management in the commercial business, which in 2020 included a variety of virtual initiatives. Functional teams continued to implement actions defined in their unit's health action plans. The 2020 Voice of Uniper employee survey (excludes Unipro) indicated increased satisfaction with Uniper's health support. The average score on the health-related questions increased from 86% positive in 2019 to 89% in 2020. The survey also asked employees how they felt Uniper had dealt with the Covid-19 pandemic in 2020. The feedback was overwhelmingly positive, with employees expressing a high level of appreciation for the measures Uniper adopted to safeguard their health.

The health and safety management systems of all Uniper's operating entities are certified to OHSAS 18001 or ISO 45001 and are regularly reviewed and certified by independent auditors. To continually improve its health and safety standards, Uniper has set a target of upgrading 100% of its operational assets to ISO 45001 by 2022, the new international standard for health and safety management. At year end, Uniper had upgraded 78% of its operational assets to ISO 45001.

Uniper has always considered it of great importance to systematically document and analyze incidents and near misses to use effective communications and corrective measure to help prevent their recurrence. As of year-end 2020, the incident management system (Synergi Life) launched in 2018 is in place at all Uniper units, except those in Sweden and Russia. Here, IT security restrictions continued to slow down implementation. Synergi Life's effectiveness as an incident management tool requires the daily commitment of staff across the organization. The quality of reporting and incident management further improved in 2020 as staff became even more familiar with the tool.

Uniper uses combined total recordable incident frequency (TRIF) as a safety metric. Combined TRIF measures the number of work-related accidents sustained both by Uniper's employees and its contractors per million hours of work. For the purposes of this indicator, work-related accidents are defined as fatalities, lost-time injuries, restricted-work injuries, and medical-treatment injuries that occur on the job. Uniper's combined TRIF for 2020 was 1.17, a significant improvement from 2019 (1.48). A minor increase in reportable accidents at the engineering business was more than offset by a decrease in accidents in the steam and hydroelectric fleets and at operations in Russia. This positive performance is also due to the consistently high level of occupational safety at high-risk construction activities across Uniper. Uniper has committed to maintaining combined TRIF at or below 1.00 by 2025.

Despite Uniper's continual improvement in its 'year on year' safety performance, tragically, on September 24, 2020, one of Uniper's employees suffered a fatal electrical shock while working on a switchgear upgrade project at a customer's premises in Germany. Immediately following the incident, senior managers visited the site. Psychological support was offered to the colleagues and a comprehensive internal independent investigation launched to determine the incident's circumstances and root causes. The internal investigation is complete despite information from the external site being restricted due to a live legal case. The focus is to ensure the incident is not repeated. The findings were presented at a number of senior management meetings. Uniper's Management Board placed a high priority on effectively communicating the lessons learned across Uniper to prevent recurrence. Specific actions resulting from the investigation are in the process of being implemented. The incident has shown that despite the improvement of the overall safety performance, there is more Uniper has to do to prevent such incidents.

Fair and Attractive Employer

Uniper's purpose is to Empower Energy Evolution while making the Company more efficient and more competitive. The Group's long-term HR activities support this strategy by focusing on capability management. Uniper has identified the critical capabilities needed to achieve its future strategic objectives and anticipate changes in its competitive environment. It will maintain and nurture them through a capability-based approach to hiring and developing people.

Competitive compensation and fringe benefits are essential for attracting and retaining talented employees. Employee compensation includes variable components that give due regard to the Group's performance and reward individual employee performance for specific employee groups. Uniper provides its employees with other valuable benefits such as disability insurance and family coverage. Company-funded benefits are supplemented by attractive retirement planning in several countries. This helps employees lay the foundation for their future financial security and that of their dependents, while at the same time fostering employee retention.

In 2020 Uniper's employer value proposition—"Energy Evolution starts with U!"—was promoted through a new career website and job board. It featured a series called "Evolutionaries," which consisted of brief videos in which Uniper employees tell their stories, giving potential candidates insights into working at Uniper. These and other employer branding measures are designed to enhance Uniper's image as an attractive employer among current employees as well as outside applicants. Despite the Covid-19 pandemic, Uniper was able to recruit a large number of new employees in 2020 and onboard them using a variety of virtual events.

In January 2020 Leading Employers, an employer rating firm, placed Uniper in the top 1% of German companies, in part owing to the Company's holistic employer qualities. Leading Employer processes a large variety of data to rate companies. Nyckeltalsinstitutet AB in Sweden named Uniper an Excellent Employer, meaning that Uniper is among the country's top 10% of employers in terms of working conditions.

In mid-2020 Uniper joined "Komm, mach MINT," a nationwide campaign in Germany run by the Federal Ministry of Education and Research to support women and girls in science, technology, engineering and mathematics (STEM). Furthermore, it also agreed to provide seven scholarships at five universities in Germany. In Sweden Uniper sponsored "Kraftkvinnorna Power Woman of the Year" and "Women in Nuclear" and participated in a program for young women in the energy sector. In observance of International Women's Day in Engineering (June 23), Uniper held a number of events at its power plants in the United Kingdom.

Uniper takes a variety of steps to meet the challenges of demographic change and a shortage of qualified personnel. It provides young people with vocational training for a wide variety of commercial and technical occupations, internships that prepare them for formal apprenticeships, and the opportunity to participate in its graduate program. Uniper's approach to employee training is practical, with a focus on learning with and from colleagues. The spectrum of its training offerings is broad, both in-house and from outside providers. In 2020 Uniper continued to conduct training mandated by law and necessary for practical reasons in order to ensure the long-term resilience of its business operations.

In addition, Uniper enhanced its digital learning offerings by launching a cooperative arrangement with LinkedIn Learning. The arrangement enables all of the Company's employees in Germany to use an online platform to book external training quickly and easily. Uniper also initiated a program to improve employees' digital capabilities. The program will be expanded in 2021 and made available Group-wide.

In 2020 Uniper put in place a new leadership development framework. It includes a program designed to address all leadership topics that are essential for new leaders to succeed at Uniper. In addition, deep dive modules for experienced leaders on topics like inclusive, agile, and remote leadership were added to Uniper's leadership curriculum, which can be accessed by managers Group-wide.

Diversity and Inclusion

As stated in the section "Relevant Information about Management Practices", the Uniper Management Board signed the German Diversity Charter ("Charta der Vielfalt") in 2016, thereby committing the Company to support diversity as an opportunity for creating an open corporate culture in which everyone feels included.

Diversity and inclusion play an important role in enhancing Uniper's competitiveness, resilience, creativity, innovation and enterprise value. Promoting diversity and inclusion, treating them as an opportunity, and combatting discrimination are all central to the Uniper Way. What counts are individuals' capabilities and commitment.

Uniper complies with all anti-discrimination laws and regulations in countries where it operates, such as the German General Anti-Discrimination Act. Compliance is supported by clear company policies as well as by training. Uniper offers e-Learning modules on diversity, inclusion and unconscious bias to managers and employees and seeks to hire and promote minorities and people with disabilities. It also provides a range of learning programs designed to develop and enhance the skills employees need to succeed.

To help establish and nurture an open, inclusive and diverse corporate culture in which all employees feel engaged, Uniper implemented a Diversity and Inclusion Improvement Plan for 2018–2020. Its purpose was to reinforce employees' awareness of diversity and inclusion and to set specific targets for increasing employee engagement in teams and minimizing discrimination. First indications show success in the areas of awareness and engagement where the number of diversity and inclusion ambassadors increased from six in 2017 to 68 in 2020 and the number of members of the diversity and inclusion Ping community on Uniper's intranet, increased from 250 members in 2018 to 470 in 2020. However, a full review of the plan's success will be conducted in the first half of 2021.

As in prior years, in 2020 senior managers were encouraged to update the diversity and inclusion plan for their area of responsibility and include it in their 2020 objectives. Managers at all levels participated in workshops and peer coaching designed to promote inclusive leadership practices. In addition, a training course is available to new and current employees. It presents diversity and inclusion as integral to Uniper's culture and success. Uniper also took steps to promote diversity in its recruitment and selection processes.

Uniper has an ambassador network in place for diversity and inclusion, helping to further spread the topic throughout the organization and business functions.

Uniper has set a target for women to account for 25% at the first and second management levels below the Management Board by June 30, 2022. It intends to achieve this target through measures such as more diverse selection and recruitment procedures, mentoring, and flexible work arrangements for all employees. As of year-end 2020, women accounted for 21% of top executives, still below the target.

Uniper is committed to not tolerating discrimination or harassment in any form. It provides training to managers to help them recognize and prevent even the most subtle forms of harassment. It has in place a process for addressing potential violations. If employees feel that they or a colleague is being harassed, they are encouraged to contact their HR department, their unit's Compliance Officer, the Works Council, or, if they wish to remain anonymous, a whistleblower hotline. Uniper takes violations very seriously and does everything it can to rectify the situation, including taking disciplinary action.

Uniper's target is to achieve an employee inclusion indicator of over 95% by 2022. This means that at least 95% of employees say in the annual 'Voice of Uniper' survey (excludes Unipro) that they feel included in their team. The employee inclusion indicator increased from 87% in 2019 to 89% in 2020, and was thus at the prior-year level and still below the target of 95%.

Human Rights Protection

Uniper conducts business around the world, including in countries whose institutions are not always fully able to protect basic human rights. Human rights violations are unacceptable for Uniper. In order for Uniper to not benefit from breaches of human rights, respect for human rights is embedded into its business policies and procedures. Uniper acts in accordance with the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the German National Action Plan on Business and Human Rights. Severe human rights violations such as unlawful forced displacements, forced labor and child labor can be a direct or indirect consequence of business activities, particularly in countries with a history of insufficient standards for the protection of human rights. Moreover, factors such as authoritarian governments, weak democratic institutions and a widespread lack of transparency and accountability in some of these countries pose significant challenges to effective operations and supply chain management.

Respecting human rights is an ongoing process that requires proactivity and the commitment of the entire organization to achieve continual improvement. This includes timely and adequate measures to remediate adverse impacts on a case-by-case basis. In addition, Uniper adopts tailored solutions in cooperation with non-governmental organizations and participates in multi-stakeholder initiatives like Bettercoal that are designed to help prevent adverse impacts on human rights in its operations and along its supply chain.

The Uniper Code of Conduct states that the Group expects its business partners and suppliers to do the same. Consequently, Uniper is committed to identifying, mitigating and monitoring any human-rights-related risks in its business operations and its sphere of influence.

On an annual basis, Uniper performs a worldwide assessment, which is based on a combination of economic and social indexes, to map key potential country-specific issues—such as working conditions, violation of political rights and civil liberties as well as security threats—that may directly affect Uniper. The assessment's findings resulted in the implementation of modified due diligence requirements and mitigation measures, such as the inclusion of specific contract clauses, particularly when negotiating with new counterparties operating in medium- or high-risk countries.

Special attention is given to commercial counterparties or projects in high-risk countries with a Corruption Perception Index score below 30, which indicates a high level of perceived corruption. This is a conventional threshold reflecting the systemic weakness of a country's institutions. Fuel procurement and commodities trading in particular are among the Uniper businesses exposed to these kinds of country-specific issues.

In 2020 Uniper prioritized existing and potential counterparties of its Global Commodities segment. It conducts robust KYC compliance checks and takes into consideration any credible media source raising concerns about ESG issues. The decision to enter or continue a business relationship with suppliers classified as high risk is made by Uniper's Risk Committee which also includes members of the Management Board. ESG considerations are discussed if a supplier has been flagged as exposed to major or significant ESG risks during preliminary desk research. Uniper relies on third-party software intelligence, providing a classification of risk levels (significant: BB-CCC; Major: C-CC).

For coal procurement, Uniper seeks to mitigate ESG risks by participating in Bettercoal, a not-for-profit initiative established by a group of major European utilities committed to a more responsible coal supply chain. Following a country prioritization strategy to maximize the remediation of actual impacts along the coal supply chain, the focus of Bettercoal members has been on addressing supplier-specific and regional systemic issues in Colombia and Russia.

The Bettercoal assessment program, which is based on the Bettercoal Code reviewed in 2020, encompasses a wide range of topics, including detailed provisions for human rights due diligence in conflict-affected areas. In response to the assessments, coal mining companies design continuous improvement plans, which are an integral part of Uniper's due diligence and risk management system.

Bettercoal established country-specific voluntary working groups to enhance the monitoring of mining companies' improvement plans and to propose solutions to regional systemic issues. Uniper chairs the working group for Colombia and participates in the Russia working group.

Despite the limitations imposed by the Covid-19 pandemic, the Bettercoal Russia working group continued its stakeholder engagement campaigns in 2020. It conducted two virtual conferences on issues such as mine closure and land restoration, health and safety, and environmental monitoring.

In 2020 the Colombia working group, which has been chaired by Uniper since its foundation, drew on experiences and insights gained in 2019 to design a detailed action plan and define goals for the contextual issues prioritized in order to have an impact on solving them. The group continued to monitor the three major Colombian coal mining companies' continuous improvement plans and to actively engage with stakeholders.

A key element of the group's 2020 action plan to address and discuss prioritized issues with relevant stakeholders was to be an engagement visit to Colombia in March 2020. The group's intention was to meet face to face with governmental agencies, mining companies, dialogue institutions, international organizations, communities and unions to discuss in depth the prioritized issues and other topics relevant to the Colombian mining context. Due to the pandemic, however, the trip had to be postponed. Nevertheless, the group continued to engage with Colombian stakeholders virtually in 2020 and plans to conduct a virtual engagement tour in the first quarter of 2021.

Uniper tracks the percentage of coal purchased directly from Bettercoal suppliers, with a view to increase this number year on year. At year-end 2020, the coal purchased directly from Bettercoal suppliers increased to 68% (2019: 55%).

In 2020 Uniper continued its Sustainability Round Table discussions with several international non-governmental organizations (NGOs). As in prior years, discussions with critical stakeholders in 2020 focused on human rights issues along the coal supply chain, reductions in carbon emissions through the phase-out of coal-fired power generation and the environmental impact of gas exploration and transport. In line with its desire to improve and learn by sharing views with civil society organizations, Uniper has expanded the number of NGOs it engages with and is committed to conducting, at the corporate level, at least three new dialogues with such organizations each year through 2022. Uniper conducted five formal dialogues in 2020, thereby surpassing the target.

Anti-Corruption and Anti-Bribery

Corruption and bribery promote social inequality and crime, undermine confidence and increase the cost of transactions. Non-compliance with laws or Company policies aimed at combating corruption may lead to criminal and civil liability, not only for the persons involved but also for the Group and its directors and officers. Uniper is committed to preventing corruption in all its dimensions.

Uniper has business dealings with counterparties around the world, including those located in countries that rank low on Transparency International's Corruption Perception Index, indicating a high level of perceived corruption. Failure to fulfill the legal and regulatory requirements necessary to comply with key anti-corruption rules would likely lead to serious reputational, legal and financial impacts on the Group. Uniper considers high-risk corruption cases as a serious corruption violation. Relevant employees are regularly trained in policies and systems that help prevent corruption.

Engaging in any type of corruption, whether with public officials or in the private sector, is a breach of the Uniper Code of Conduct. Employees are prohibited from offering, promising, or giving anything of value (such as money, gifts, offers of employment, or other benefits) to gain business or to influence any action or for any other advantage, especially to a public official. They are likewise prohibited from doing so indirectly through a spouse, partner, relative, or friend. Business relations with intermediaries (agents, brokers, advisors, representatives and so forth) pose a higher risk of corruption and bribery. Consequently, Uniper carries out all such relations in accordance with its Business Policy Intermediary Agreements to avoid the intermediary's fee or commission being used to make illegal payments on Uniper's behalf. In 2020 an e-Learning module on preventing bribery, corruption, money laundering and reinforcing awareness of whistle-blowing was provided to employees in roles most likely to expose them to such risks.

If employees become aware of suspicious activities, they can report them directly to the Compliance function or use an (anonymous) internal and external whistleblower system that protects the rights of both the whistleblower and the person(s) reported. Uniper's Compliance Management System includes quarterly compliance reports to the Uniper SE Management Board. The purpose is to monitor the performance of the Compliance Management System. Two new instances of alleged corruption and bribery were reported at Uniper in 2020. One case is pending, the other was closed as unfounded.

The Uniper SE Management Board ordered an independent audit, in accordance with IDW AsS 980, of the adequacy and effectiveness of the Compliance Management System (CMS) at preventing corruption during the period April 1, 2018, to March 31, 2019. The independent auditor provided the Management Board with an unrestricted audit certificate. The audit report contained a number of recommendations, most of which were adopted in 2020.

In a rapidly changing global business environment, Uniper needs to be aware of external restrictions on its business activities. Uniper is committed to complying with all applicable economic sanctions and other forms of international restrictions.

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting[1]

To Uniper SE, Düsseldorf

We have performed a limited assurance engagement on the combined separate non-financial report pursuant to §§ (Articles) 289b Abs. (paragraph) 3 and 315b Abs. 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of Uniper SE, Düsseldorf (hereinafter the "Company") for the period from 1 January to 31 December 2020 (hereinafter the "Non-financial Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – 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.

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial report and issued an independent assurance report in the German language, which is authoritative. The following text is a translation of the independent assurance report.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Non-Financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with § 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- Identification of the likely risks of material misstatement of the Non-financial Report
- Inspection of relevant documents and systems for data collection and reporting
- Analytical evaluation of selected disclosures in the Non-financial Report
- Evaluation of the presentation of the non-financial information

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §315c in conjunction with 289c to 289e HGB.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement.

The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Düsseldorf, March 2, 2021

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Hendrik Fink	ppa. Theres Schäfer
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents to be audited) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

Independent Auditor's Report

To Uniper SE, Düsseldorf

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Uniper SE, Düsseldorf, and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of recognized income and expenses as part of equity, statement of cash flows, consolidated statement of changes in equity for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Uniper SE, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1 **Energy trading**
2 **Recoverability of goodwill**
3 **Recoverability of power plants and gas storage facilities**

Our presentation of these key audit matters has been structured in each case as follows:

a Matter and issue
b Audit approach and findings
c Reference to further information

Hereinafter we present the key audit matters:

1 **Energy trading**

a Within the Uniper Group, a large number of physically settled and financially settled contracts are primarily entered into by the subsidiary Uniper Global Commodities SE (hereinafter referred to as "UGC") for the Group companies for the optimization of the electricity and gas portfolio (including the existing long-term physical supply agreements, in particular for gas procurement), as well as to ensure the gas storage and gas transport infrastructure and for the efficient control of the commodity price risks. In this respect, UGC is active on the spot and forward markets for electricity, gas, coal, freight, oil, LNG and emission rights on various exchanges as well as on the "over the counter" market.
Individual long-term contracts often stipulate the possibility for the contracting partners to adjust contractual terms and conditions (particularly price formulae) at specific time intervals to altered market conditions (so-called price revision clauses). Insofar as no commercial agreement has been reached between the parties in this respect, clarification is often achieved before a court of law or arbitration tribunal.
In the case of energy trading contracts, these consist of derivative financial instruments or contracts for the purchase or sale of non-financial items. These transactions are generally either measured at fair value through profit or loss or treated as a pending transaction because of the future receipt or the future supply of the contractual object as part of the expected purchase, sale or usage requirement of the company (so-called "own use exemption").
The measurement is carried out on the basis of price notations on the future markets or on the basis of valuation models irrespective of whether the contracts have to be recognized on the balance sheet at market value or whether the measurement is necessary for the purpose of identification of anticipated losses.
Financial instruments that do not fall in the scope of IFRS 9 because of the "own use exemption" and are not recognized at market value are combined into portfolios in accordance with the stipulations of the Group's risk management and, as such, subjected to an examination for anticipated losses in accordance with IAS 37.
The accounting treatment for physically settled contracts within the scope of IFRS 9 is determined on the basis of the risk management of UGC which assigns these derivative financial instruments from a Group point of view to the respective purpose and therefore the respective accounting treatment. In accordance with this, physically settled derivative financial instruments that do not serve the expected purchasing, sale or usage requirement as well as all financially settled derivative financial instruments are measured at the fair value through profit or loss.
The energy trading operations are supported by energy trading systems. This is where handling takes place of the process chain of recording of commercial transactions, position determination and valuation, confirmation of the commercial transactions and risk management. Separation of the transactions (own use vs. recognition with effect on income at fair value) is guaranteed in the individual trading systems by a book structure. Adherence to the book structure is monitored on a regular basis.

Due to the large trade volume and the complexity of the accounting treatment of derivatives pursuant to IFRS 9 and/or IFRS 13, as well as the accounting regulations for provisions for contingent losses pursuant to IAS 37, considerable uncertainties and margins for discretion in the measurement of individual instruments exist. Against this background, and due to the significant effect on the assets, liabilities, and financial position and the financial performance, this business area is of particular significance for the consolidated financial statements and the performance of our audit.

b Within the scope of our audit and under inclusion of our internal specialists from the "Corporate Treasury Solutions" division, we initially gained an understanding of the trading strategies within the Group and the related transaction streams and evaluated the risk management strategy employed within the Group.
In addition to this, we also assessed the appropriateness of the implemented internal control system for the conclusion, handling and measurement of energy trade transactions including the trading systems employed in this respect. In the course of our audit of the internal control system we also assessed the effectiveness of the controls implemented by the Company on a sample basis. Furthermore, we also evaluated the internal action guidelines and requirements of risk management as well as the stipulated responsibilities and measures for their monitoring and to ensure that the trade data is up to date. We analyzed the methodology for determination of the fair values of derivative financial instruments with regard to compliance with IFRS 13 and assessed the adequacy of the market-based input factors as well as the underlying valuation models.
We assessed the logic and integrity of the applied valuation models, as well as the consideration of contractual terms and conditions and assumptions. We have reconciled observable input data with externally available information. In the case of non-observable input data, we assessed the derivation of relevant assumptions and expectations and evaluated the adequacy thereof. Insofar as such assumptions relate to the outcome of ongoing price negotiations and arbitration proceedings we also obtained and utilized assessments from the lawyers involved. With regard to the accounting for the contracts outside the application area of IFRS 9, we assessed the application of the "Own Use Exemption" for the physically settled transactions on the basis of the implemented processes within the Group and the appropriate application of the "Own Use Exemption". In addition, we assessed the result of the examination of those transactions which are recognized without effect on income because of the "Own Use Exemption" with regard to anticipated losses and the necessity for the recognition of provisions for contingent losses as well as their evaluation pursuant to IAS 37.

In our view, the accounting and measurement policies applied by the executive directors and the methodology for accounting for energy trade transactions are appropriate overall.

c The Company's disclosures on energy trading and its effects on the consolidated financial statements are contained in the notes to the consolidated financial statements, in particular in notes 29 as well as 3, 5, 7 and 8.

2 Recoverability of goodwill

a In the Company's consolidated financial statements, goodwill amounting in total to €1.8 billion (representing 4% of total assets and 16% of equity) is reported. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. Impairment testing is carried out at the level of the groups of cash-generating units to which the relevant goodwill has been allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally calculated on the basis of the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. The present values are calculated using discounted cash flow models. For this purpose, the adopted Group medium-term business plan forms the starting point, which is extrapolated based on assumptions about long-term rates of growth. This also takes into account expectations about future market developments and energy policy developments at national and European level - such as legislative proposals to end coal-fired power generation or the EU Commission's "Green Deal" on climate neutrality - and assumptions about the development of other macroeconomic influencing factors as well as the expected impact of the ongoing Corona crisis on the Group's business activities. The discount rate used is the weighted average cost of capital for the relevant group of cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore, also against the background of the effects of Corona crisis, subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

b As part of our audit, we assessed, among other things, the methodology employed for the purposes of performing the impairment test and tested the company's essential control for this purpose. After matching the future cash inflows used for the calculation against the adopted Group medium-term business plan, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations as well as energy policy developments. In this connection, we also evaluated the assessment of the executive directors regarding the effects of the Corona crisis on the business activities of the Group and examined how they were taken into account in determining the future cash flows. We also assessed whether the basis for including the costs of Group functions was appropriate. In the knowledge that even relatively small changes in the discount rate applied and the growth rate used can have a material impact on the value of the entity calculated using this method, we focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In addition, we formed independent quantitative expected values and compared these with the quantitative values according to Uniper's calculation scheme. In order to reflect the uncertainty inherent in the projections, we assessed the sensitivity analyses performed by the Company and carried out our own sensitivity analyses with respect to those groups of cash-generating units with low headroom (recoverable amount compared with the carrying amount). Taking into account the information available, we determined that the carrying amounts of the respective cash-generating units, including the allocated goodwill, were adequately covered by the discounted future net cash inflows.
Overall, the measurement inputs and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable

c The Company's disclosures on the balance sheet item goodwill and on the impairment test are contained in notes 14 and 17 of the notes to the consolidated financial statements.

3 Recoverability of power plants and gas storage facilities

a In the Company's consolidated financial statements, property, plant, and equipment and rights of use amounting in total to €9.8 billion (representing 24% of total assets and 87% of equity) are reported. Most of the carrying amount of the property, plant, and equipment and rights of use relates to power stations and gas storage facilities. The power stations and gas storage facilities are tested for impairment by the Company whenever there are indications of impairment to determine any possible need for write-downs. The impairment test is performed at the level of the cash-generating unit in accordance with IAS 36. The carrying amount of the relevant cash-generating unit is compared with the corresponding recoverable amount for the purposes of the impairment test. The recoverable amount is generally calculated on the basis of the value in use. The present value of the future cash flows from the respective cash-generating unit normally serves as the basis of measurement. The present values are calculated using discounted cash flow models. The starting point is the adopted Group medium-term business plan. . This also takes into account expectations about future market developments and energy policy developments at national and European level - such as legislative proposals to end coal-fired power generation or the EU Commission's "Green Deal" on climate neutrality - and assumptions about the development of other macroeconomic influencing factors as well as the expected impact of the ongoing Corona crisis on the Group's business activities. The discount rate used is the weighted average cost of capital for the relevant cash-generating unit.
As a result of the impairment test impairment losses of €396 million and reversals of impairments totaling €176 million were recognized mainly on power plants in the Germany, United Kingdom and Russia. Impairment losses at the gas storage facilities also totaled €17 million and reversals of impairments totaled €153 million.

The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating unit, the discount rate used, and other assumptions, and is therefore, , also against the background of the effects of Corona crisis, subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

b As part of our audit, we assessed, among other things, the methodology employed for the purposes of performing the impairment test and tested the company's essential control for this purpose. After matching the future cash inflows used for the calculation against the adopted Group medium-term business plan, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations as well as energy policy developments. In this connection, we also evaluated the assessment of the executive directors regarding the effects of the Corona crisis on the business activities of the Group and examined how they were taken into account in determining the future cash flows. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the respective recoverable amount calculated using this method, we focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In addition, we formed independent quantitative expected values and compared these with the quantitative values according to Uniper's calculation scheme. In order to reflect the uncertainty inherent in the projections, we assessed the sensitivity analyses performed by the Company. Overall, the measurement inputs and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

c The Company's disclosures on property, plant, and equipment and on impairment testing arecontained in notes 15 and 17 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined 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 executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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 whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management 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 audit opinions. 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 of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file [UniperSE_IFRS_Konzernabschluss_2020.zip] and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) [if considered to be beneficial for the understanding of the separate report on ESEF compliance in an international context: and the International Standard on Assurance Engagements 3000 (Revised)]. Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file .
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 20 May 2020. We were engaged by the supervisory board on 31 August 2020. We have been the group auditor of Uniper SE, Düsseldorf, without interruption since the Company first met the requirements as a public interest entity within the meaning of § 319a Abs. 1 sentence 1 HGB in the financial year 2016.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Ralph Welter.

Düsseldorf, March 2, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Ralph Welter) Wirtschaftsprüfer (German Public Auditor)	(sgd. Michael Servos) Wirtschaftsprüfer (German Public Auditor)

Uniper Consolidated Statement of Income

€ in millions	Note	2020	2019
Sales including electricity and energy taxes		51,291	66,175
Electricity and energy taxes		-324	-371
Sales	**(5)**	**50,968**	**65,804**
Changes in inventories (finished goods and work in progress)		-83	2
Own work capitalized	(6)	93	93
Other operating income	(7)	24,578	26,348
Cost of materials	(8)	-48,710	-63,398
Personnel costs	(11)	-1,012	-955
Depreciation, amortization and impairment charges	(15)	-1,077	-1,750
Other operating expenses	(7)	-24,196	-25,281
Income from companies accounted for under the equity method	(16)	48	58
Income/Loss before financial results and taxes		**608**	**922**
Financial results	(9)	-67	37
Net income/loss from equity investments		*-9*	*-8*
Interest and similar income		*121*	*123*
Interest and similar expenses		*-349*	*-237*
Other financial results		*171*	*159*
Income taxes	(10)	-139	-315
Net income/loss		**402**	**644**
Attributable to shareholders of Uniper SE		*397*	*610*
Attributable to non-controlling interests		*6*	*34*
€			
Earnings per share (attributable to shareholders of Uniper SE) – basic and diluted	**(13)**		
From continuing operations		1.08	1.67
From net income/loss		**1.08**	**1.67**

Uniper Consolidated Statement of Recognized Income and Expenses

€ in millions	2020	2019
Net income/loss	**402**	**644**
Remeasurements of equity investments	177	-72
Remeasurements of defined benefit plans	-327	-244
Remeasurements of defined benefit plans of companies accounted for under the equity method	-2	–
Income taxes	107	92
Items that will not be reclassified subsequently to the income statement	**-46**	**-225**
Cash flow hedges	2	-6
Unrealized changes	*5*	*-5*
Reclassification adjustments recognized in income	*-2*	*-2*
Currency translation adjustments	-687	386
Unrealized changes	*-686*	*386*
Reclassification adjustments recognized in income	*-1*	–
Companies accounted for under the equity method	2	1
Unrealized changes	*-1*	*1*
Reclassification adjustments recognized in income	*3*	–
Income taxes	–	2
Items that might be reclassified subsequently to the income statement	**-683**	**382**
Total income and expenses recognized directly in equity	**-729**	**158**
Total recognized income and expenses (total comprehensive income)	**-326**	**802**
Attributable to shareholders of Uniper SE	*-220*	*711*
Attributable to non-controlling interests	*-106*	*91*

Uniper Consolidated Balance Sheet

€ in millions	Note	Dec. 31, 2020	Dec. 31, 2019
Assets			
Goodwill	(14), (17)	1,751	1,886
Intangible assets	(14), (17)	734	742
Property, plant and equipment and right-of-use assets	(15), (17)	9,769	10,201
Companies accounted for under the equity method	(16), (17)	380	446
Other financial assets	(18)	926	710
Equity investments		*827*	*610*
Non-current securities		*98*	*100*
Financial receivables and other financial assets	(20)	4,047	3,813
Receivables from derivative financial instruments	(20)	2,723	4,787
Other operating assets and contract assets	(20)	182	159
Income tax assets	(10)	–	–
Deferred tax assets	(10)	1,061	988
Non-current assets		**21,572**	**23,732**
Inventories	(19)	1,166	1,508
Financial receivables and other financial assets[1]	(20)	1,128	651
Trade receivables	(20)	6,522	7,090
Receivables from derivative financial instruments	(20)	7,284	8,601
Other operating assets and contract assets	(20)	1,999	1,287
Income tax assets	(10)	23	16
Liquid funds[1]	(21)	289	871
Assets held for sale	(4)	239	–
Current assets		**18,650**	**20,024**
Total assets		**40,222**	**43,756**

[1]Comparative figures restated due to a reclassification between the “Financial receivables and other financial assets” and “Liquid funds” line items. Further information can be found in Notes 20 and 21 to the Consolidated Financial Statements.

Uniper Consolidated Balance Sheet

€ in millions	Note	Dec. 31, 2020	Dec. 31, 2019
Equity and liabilities			
Capital stock	(22)	622	622
Additional paid-in capital	(22)	10,825	10,825
Retained earnings	(22)	3,082	3,145
Accumulated other comprehensive income		-3,778	-3,207
Equity attributable to shareholders of Uniper SE		**10,751**	**11,386**
Attributable to non-controlling interests	(22)	437	556
Equity		**11,188**	**11,942**
Financial liabilities and liabilities from leases	(25)	1,027	1,119
Liabilities from derivative financial instruments	(25)	2,477	4,277
Other operating liabilities and contract liabilities	(25)	193	694
Provisions for pensions and similar obligations	(23)	1,371	1,031
Miscellaneous provisions	(24)	5,657	5,422
Deferred tax liabilities	(10)	333	410
Non-current liabilities		**11,056**	**12,954**
Financial liabilities and liabilities from leases	(25)	716	815
Trade payables	(25)	6,804	7,308
Liabilities from derivative financial instruments	(25)	7,550	8,238
Other operating liabilities and contract liabilities	(25)	1,153	1,322
Income taxes	(10)	95	61
Miscellaneous provisions	(24)	1,456	1,115
Liabilities associated with assets held for sale	(4)	205	–
Current liabilities		**17,977**	**18,860**
Total equity and liabilities		**40,222**	**43,756**

Uniper Consolidated Statement of Cash Flows[1]

€ in millions	2020	2019
Net income/loss	**402**	**644**
Depreciation, amortization and impairment of intangible assets, of property, plant and equipment, and of right-of-use assets	1,077	1,750
Changes in provisions	103	-700
Changes in deferred taxes	21	223
Other non-cash income and expenses	-369	-362
Gain/Loss on disposal of intangible assets, property, plant and equipment, equity investments and securities (> 3 months)	10	-11
Intangible assets and property, plant and equipment	*14*	*4*
Equity investments	*-5*	*-6*
Securities (> 3 months)	*–*	*-10*
Changes in operating assets and liabilities and in income taxes	-3	-612
Inventories and emission allowances	*301*	*185*
Trade receivables	*496*	*1,515*
Other operating receivables and income tax assets	*2,533*	*3,503*
Trade payables	*-333*	*-477*
Other operating liabilities and income taxes	*-3,000*	*-5,338*
Cash provided by operating activities (operating cash flow)	**1,241**	**932**
Proceeds from disposal of	83	346
Intangible assets and property, plant and equipment	*12*	*19*
Equity investments	*71*	*327*
Purchases of investments in	-743	-657
Intangible assets and property, plant and equipment	*-725*	*-655*
Equity investments	*-17*	*-2*
Proceeds from disposal of securities (> 3 months) and of financial receivables and fixed-term deposits[2]	596	1,189
Purchases of securities (> 3 months) and of financial receivables and fixed-term deposits	-1,064	-657
Cash provided by investing activities	**-1,128**	**220**
Cash proceeds/payments arising from changes in capital structure[3]	4	3
Cash dividends paid to shareholders of Uniper SE	-421	-329
Cash dividends paid to other shareholders	-28	-32
Proceeds from new financial liabilities	450	55
Repayments of financial liabilities and reduction of outstanding lease liabilities	-684	-1,173
Cash provided by financing activities	**-679**	**-1,477**
Net increase in cash and cash equivalents	**-566**	**-326**
Effect of foreign exchange rates on cash and cash equivalents	-18	9
Cash and cash equivalents at the beginning of the reporting period	825	1,138
Cash and cash equivalents of deconsolidated companies	–	-4
Cash and cash equivalents of first-time consolidated companies	1	8
Cash and cash equivalents at the end of the reporting period	**243**	**825**
Supplementary information on cash flows from operating activities		
Income tax payments	-91	-47
Interest paid	-59	-76
Interest received	33	44
Dividends received	56	42

[1]Note 28 to the Consolidated Financial Statements contains additional information on the Statement of Cash Flows.

[2]Comparative figures restated due to a reclassification between the “Financial receivables and other financial assets” and “Liquid funds” line items. Further information can be found in Notes 20 and 21 to the Consolidated Financial Statements.

[3]No material netting has taken place in either of the periods presented here.

Statement of Changes in Equity

€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income that might be reclassified subsequently to the income statement: Currency translation adjustments	Accumulated other comprehensive income that might be reclassified subsequently to the income statement: Cash flow hedges	Equity attributable to shareholders of Uniper SE	Non-controlling interests	Total
Balance as of January 1, 2019	**622**	**10,825**	**3,088**	**-3,536**	**5**	**11,004**	**497**	**11,501**
Dividends			-329			-329	-32	-361
Total comprehensive income			386	329	-4	711	91	802
Net income/loss			610			610	34	644
Other comprehensive income			-224	329	-4	101	57	158
Remeasurements of defined benefit plans			-152			-152	-1	-152
Remeasurements of investments			-72			-72		-72
Changes in accumulated other comprehensive income				329	-4	325	58	382
Balance as of December 31, 2019	**622**	**10,825**	**3,145**	**-3,207**	**1**	**11,386**	**556**	**11,942**
Balance as of January 1, 2020	**622**	**10,825**	**3,145**	**-3,207**	**1**	**11,386**	**556**	**11,942**
Change in scope of consolidation							17	17
Dividends			-421			-421	-28	-449
Changes in ownership			6			6	-2	4
Total comprehensive income			351	-572		-220	-106	-326
Net income/loss			397			397	6	402
Other comprehensive income			-46	-572		-617	-112	-729
Remeasurements of defined benefit plans			-222			-222		-222
Remeasurements of investments			177			177		177
Changes in accumulated other comprehensive income				-572		-572	-112	-683
Balance as of December 31, 2020	**622**	**10,825**	**3,082**	**-3,779**	**1**	**10,751**	**437**	**11,188**

Notes

(1) General Information

The parent company of the Uniper Group is Uniper SE ("the Company"). The registered office of the Company is in Düsseldorf. Its address is: Uniper SE, Holzstraße 6, 40221 Düsseldorf, Germany. The Company is entered in the Düsseldorf Commercial Register, Section B, under the number 77425. Uniper's operating activities are aimed at the supply of energy and related services.

These Consolidated Financial Statements of Uniper SE and its subsidiaries (collectively "the Group" or "Uniper") were prepared by the Management Board of Uniper SE on February 26, 2021, discussed in detail at the Audit and Risk Committee meeting on March 2, 2021, and approved by the Supervisory Board at its board meeting on March 3, 2021.

The Management Board and the Supervisory Board of Uniper SE made the requisite declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) in January 2021. The declaration has been made permanently and publicly accessible to shareholders on the Company's website (www.uniper.energy).

The majority shareholder of Uniper SE is Fortum Oyj, Espoo, Finland ("Fortum"). As a separate listed group, Uniper publishes its quarterly statements, its half-year interim financial statements and its consolidated annual financial statements, all of which are also included in Fortum's respective consolidated financial statements. The majority shareholder of Fortum is the Republic of Finland.

By resolution of the Supervisory Board of Uniper SE dated January 27, 2020, Niek den Hollander was appointed to succeed Keith Martin as a member of the Management Board of Uniper SE from June 1, 2020. The appointment was made for three years in accordance with the recommendations of the German Corporate Governance Code.

On March 26, 2020, Fortum announced that it had closed the first tranche of the agreement to purchase shares of Uniper SE, resulting in the acquisition of shares held by Elliott Management Corporation and its affiliates ("Elliott") and by Knight Vinke Energy Advisors Limited and its affiliates ("Knight Vinke"). After closing the first tranche, Fortum held 69.6% of the voting rights of Uniper SE. On May 8, 2020, Fortum closed the second and final tranche of the agreement and purchased the remaining 3.8% stake in Uniper SE held by Elliott. Effective May 8, 2020, Fortum held 73.4% of the shares and voting rights of Uniper SE. On August 17, 2020, Fortum announced that its interest in Uniper had increased to 75.01% as of that date.

In an extraordinary meeting of the Supervisory Board on April 3, 2020, Dr. Bernhard Reutersberg resigned his office as Chairman of the Supervisory Board and left the Supervisory Board. At the same time as Dr. Bernhard Reutersberg, Jean-François Cirelli, David Charles Davies, Dr. Marion Helmes and Rebecca Ranich also resigned from and left the Supervisory Board. The resignations from the Supervisory Board reflect the change in Uniper's shareholder base.

On April 17, 2020, the Düsseldorf District Court appointed the following individuals as new members and shareholder representatives of the Uniper SE Supervisory Board (in alphabetical order):

- Prof. Dr. Werner Brinker, independent energy consultant, Germany
- Dr. Bernhard Günther, member of the Management Board of Innogy SE, Germany
- Prof. Dr. Klaus-Dieter Maubach, Managing Director of maubach.icp GmbH and member (Deputy Chairman) of the Board of Directors of Fortum Oyj, Finland
- Sirpa-Helena Sormunen, General Counsel of Fortum Oyj, Finland
- Tiina Tuomela, Executive Vice President, Generation, of Fortum Oyj, Finland

The court-appointed Supervisory Board members were elected to the Supervisory Board at the Annual Shareholders Meeting on May 20, 2020. The Supervisory Board of Uniper SE elected Prof. Dr. Klaus-Dieter Maubach as the new Chairman of the Supervisory Board.

(2) Basis of Preparation of the Financial Statements

The Consolidated Financial Statements of Uniper SE have been prepared in accordance with Section 315e (1) of the German Commercial Code (HGB) and with those IFRS and IFRS Interpretations Committee (IFRS IC) interpretations that were adopted by the European Commission for use in the EU as of the end of the fiscal year, and whose application was mandatory as of December 31, 2020. Any changes in accounting policies compared with the previous year that may have arisen from this or from voluntary actions are presented and explained in Note 3, "Newly Adopted Standards and Interpretations." The fiscal year of the Group is identical to the calendar year.

Financial Statement Preparation and Accounting Methods

The Consolidated Financial Statements are prepared in euro (€). Unless otherwise indicated, all amounts are presented in millions of euro (€ million). Uniper applies commercial rounding. Any rounding differences existing between individual amounts and totals are accepted.

Both the accounting policies and the classification of items in the Consolidated Financial Statements are generally retained from period to period. Any changes are explained in Note 3.

The Consolidated Balance Sheet has been prepared using a classified balance sheet structure. Assets that will be realized within twelve months of the reporting date, as well as liabilities that are due to be settled within one year of the reporting date, are generally classified as current.

The Consolidated Statement of Income is classified using the nature-of-expense method, which is also applied for internal purposes.

The accounting policies applied in the Consolidated Financial Statements are explained in the respective relevant individual Notes to the Financial Statements.

Assumptions and Estimation Uncertainty

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that may influence the application of accounting policies within the Uniper Group and affect the measurement and presentation of reported figures. Estimates are based on past experience and on additional knowledge obtained on transactions to be reported. Actual amounts may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period, or in the period of the revision and subsequent periods if both current and future periods are affected.

At Uniper, estimates are particularly necessary for the recognition and measurement of deferred tax assets, to account for pension provisions and miscellaneous provisions, for impairment testing, for the determination of the fair value of certain financial instruments, and to account for price-adjustment clauses contained in long-term contracts.

The significant assumptions and estimates are presented in the respective relevant individual Notes to the Financial Statements.

There are also uncertainties relating to future developments in the United Kingdom following its departure from the EU (Brexit). To the extent known as of the reporting date, any associated risks have also been taken into account in these financial statements.

There may be future effects due to Covid-19 on the Consolidated Financial Statements arising from more volatile commodity markets and, correspondingly, more volatile revenues and cost of materials at Uniper, as well as from interest rate adjustments in different countries, increased volatility in foreign exchange rates, a deterioration in creditworthiness, and customer defaults or arrears. These factors can affect the carrying amounts of assets and liabilities, the amount and timing of earnings recognition, as well as cash flows. Material indirect or direct effects of the Covid-19 pandemic on the assets, financial condition and earnings of the Group are explained in the following discussion, as well as in the respective relevant individual notes to the financial statements.

It is reasonably possible that changes in estimates and assumptions will be necessary in the next fiscal year.

Uniper makes the overall assumption that its accounting appropriately reflects the position of the Company as of the date of preparation of the Consolidated Financial Statements.

Impact of the Covid-19 Pandemic and of the Measures Taken to Contain It Worldwide

In March 2020, the World Health Organization officially designated the outbreak of the novel lung disease (Covid-19) a pandemic that is currently spreading around the world. Uniper is continuously monitoring developments in this regard and has taken measures to protect its employees and business partners. The measures in place for its employees since March include working from home for administrative functions and new shift models for operational work. Uniper also has effective business continuity plans in place for its operations and administrative functions, which ensure that the Company is well prepared for such events. Nevertheless, the pandemic and the measures taken to contain it worldwide have had a negative impact on the global traded markets and have contributed to significant decreases in prices and substantial price volatility in the commodity and financial markets. By the end of the fiscal year, some of these markets had returned to prior-year levels. Uniper has not applied for assistance under the German government's package of measures to help businesses mitigate the impact of the coronavirus. Current developments, as well as possible future developments that were apparent as of the reporting date, also have an impact on Uniper's assets, financial condition and earnings, and have been taken into account accordingly in the financial statements, applying the assumption that the adverse consequences of the Covid-19 pandemic would not endure beyond the three-year period used for medium-term planning.

Given that some commodity prices had recovered by the end of the fiscal year, previous impairment charges on inventories were reversed; the reversals, in turn, were partly offset by negative effects from hedging transactions. In the expectation that defaults of customers with non-investment-grade ratings that have been weakened economically by the pandemic will increase in the future, loss allowances were increased for financial assets relating to operating activities – such as trade receivables. As a result of the ongoing government support programs in Germany and the ECB bond purchase programs, interest rates fell compared with year-end 2019, which led to a corresponding increase in pension provisions. The fair value of plan assets did not rise to the same extent year over year. The updating of forecasts of market prices for commodities, electricity and gas on the trading markets resulted in individual impairments and recoveries in the value of generation assets and gas storage infrastructure. Due to the favorable development of gas prices later in the year, the European Generation and Global Commodities segments recorded recoveries in the value of generation assets and gas storage infrastructure. In contrast, the development of coal prices resulted in impairments in the European Generation segment. There were impairments in the Russian Power Generation segment during the year due to price developments and the postponement of the commissioning of the Berezovskaya 3 power plant unit, which is currently under construction.

The decrease in revenues and cost of materials resulted primarily from lower average market prices in the power and gas business relative to the previous year, since a significant portion of the contracts involving physical settlement that Uniper enters into (failed own-use contracts) is presented at the spot price applicable on the settlement date – applying the recognition and measurement rules codified in IFRS – rather than at the originally hedged contract price. The difference between the spot price and the contractually hedged price is instead recognized in the line items for other operating income and expenses. Driven down by the pandemic, the decreased commodity spot prices have thus brought about a shift in the presentation of realized income and expenses from revenues and cost of materials to other operating income and expenses, but that shift does not affect contractual cash flows and therefore has no impact on adjusted EBIT. Noticeably lower electricity sales volumes, however, also contributed to the decline in sales revenues. Hedging, on the other hand, resulted in a net positive unrealized contribution to earnings due to higher prices at year-end. Gains on procurement-side carbon hedges and on gas and oil forward contracts were partly offset by negative measurement effects arising from hedges of the sales-side power portfolio.

Foreign Currency Translation

The financial statements of Uniper SE and its subsidiaries are prepared in their functional currencies.

Transactions of Uniper companies that are denominated in foreign currency are translated using the exchange rate applicable on the transaction date. Monetary foreign currency items are adjusted to the current exchange rate at each balance sheet date; any gains and losses resulting from fluctuations in the relevant currencies, and the effects upon realization, are recognized in income and reported as other operating income and other operating expenses, respectively.

The functional currency and the reporting currency of Uniper SE is the euro. In the Consolidated Financial Statements, the assets and liabilities of those foreign Uniper companies with a functional currency other than the euro are translated at the mid-market rates applicable on the balance sheet date, while items of the income statement are translated using annual average exchange rates. Differences arising from the translation of asset and liability items compared with the corresponding translation of the previous year, as well as exchange rate differences between the income statement and the balance sheet, are reported separately within net assets as a component of other comprehensive income and not reclassified to the income statement until the foreign subsidiary's disposal. Any differences arising from the currency translation of results of companies accounted for under the equity method are similarly recognized in income.

Foreign exchange transactions out of the Russian Federation may be restricted in certain cases.

The following table depicts the movements in exchange rates for the periods indicated for major currencies of countries outside the European Monetary Union:

Currencies

		€1, rate at year-end	
	ISO Code	**2020**	**2019**
British pound	GBP	0.90	0.85
Russian ruble	RUB	91.47	69.96
Swedish krona	SEK	10.03	10.45
U.S. dollar	USD	1.23	1.12

Currencies

		€1, annual average rate	
	ISO Code	2020	2019
British pound	GBP	0.89	0.88
Russian ruble	RUB	82.72	72.46
Swedish krona	SEK	10.48	10.59
U.S. dollar	USD	1.14	1.12

(3) Newly Adopted Standards and Interpretations

Standards and Interpretations Applicable for the First Time in 2020

The International Accounting Standards Board (IASB) and the IFRS IC have issued the following standards and interpretations that have been adopted by the EU into European law and were applied for the first time in the reporting period from January 1 through December 31, 2020.

New Financial Reporting Standards and Interpretations

Standard/Interpretation		IASB/IFRS IC effective date	Endorsed by EU	Impact on Uniper
Framework	The Conceptual Framework for Financial Reporting	Jan. 1, 2020	Yes	Insignificant
Amendments to IFRS 3	Definition of a Business	Jan. 1, 2020	Yes	None
Amendments to IAS 1 and IAS 8	Definition of Material	Jan. 1, 2020	Yes	Insignificant
Amendments to IFRS 9, IAS 39, and IFRS 7	Interest Rate Benchmark Reform (Phase 1)	Jan. 1, 2020	Yes	None

Standards and Interpretations Not Yet Applicable in Fiscal 2020

The IASB has issued additional standards. They were not applied by Uniper in the 2020 fiscal year because the standards were not required to be applied and no voluntary early adoption took place, or because their adoption by the EU into European law remains outstanding at this time:

New Financial Reporting Standards and Interpretations (Not Applied in Fiscal 2020)

Standard/Interpretation		IASB/IFRS IC effective date	Endorsed by EU	Impact on Uniper
Amendment to IFRS 16	Covid-19-Related Rent Concessions	Jun. 1, 2020	Yes	None
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform (Phase 2)	Jan. 1, 2021	Yes	To be examined on a case-by-case basis
Amendments to IFRS 3	Reference to the Conceptual Framework	Jan. 1, 2022	No	To be examined on a case-by-case basis
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	Jan. 1, 2022	No	To be examined on a case-by-case basis
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	Jan. 1, 2022	No	None
Omnibus standard	Annual Improvements to IFRS Standards (2018–2020 Cycle)	Jan. 1, 2022	No	None
Amendments to IFRS 17	Insurance Contracts	Jan. 1, 2023	No	To be examined on a case-by-case basis
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	Jan. 1, 2021	Yes	To be examined on a case-by-case basis
Amendments to IAS 8	Definition of Accounting Estimates	Jan. 1, 2023	No	Work in progress
Amendments to IAS 1	Disclosure of Accounting Policies	Jan. 1, 2023	No	Work in progress
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	Jan. 1, 2023	No	None

(4) Scope of Consolidation, Equity Investments and Disposals

Consolidation Principles, Scope of Consolidation

The Consolidated Financial Statements incorporate the financial statements of Uniper SE and entities controlled by Uniper (subsidiaries). Control exists when Uniper, as the investor, has the current ability to direct the relevant activities of the investee entity. Relevant activities are those activities that most significantly affect the performance of a business. In addition, Uniper must participate in this business performance in the form of variable returns and be able to influence those returns to its benefit through existing opportunities and rights. Control is normally deemed established if Uniper directly or indirectly holds a majority of the voting rights in the investee. In structured entities, control can be established by means of contractual arrangements. The results of the subsidiaries acquired or disposed of during the year are included in the Group's total comprehensive income from the date of acquisition until the date of disposal. Where necessary, adjustments are made to the subsidiaries' financial statements to bring their accounting policies into line with those of the Group. Intragroup receivables, liabilities and results are eliminated in the consolidation process.

Subsidiaries and associated companies that are not included in the Consolidated Financial Statements on materiality grounds are accounted for outside the scope of IFRS 9 and measured at cost, with adjustments for any loss allowances.

The number of consolidated companies changed as follows:

Scope of Consolidation

	Domestic	Foreign	Total
Consolidated companies as of January 1, 2020	**29**	**31**	**60**
Additions	1	0	1
Disposals/mergers	1	2	3
Consolidated companies as of December 31, 2020	**29**	**29**	**58**

As of December 31, 2020, a total of 2 domestic and 8 foreign associated companies were accounted for under the equity method (2019: 3 domestic and 9 foreign companies).

A complete list of all the companies included in the scope of consolidation, as well as the disclosures on shareholdings required pursuant to Section 313 (2) of the German Commercial Code, which are an integral part of these Notes to the Financial Statements, are provided in Note 35.

Business Combinations

Business combinations are accounted for by applying the purchase method, whereby the purchase price is offset against the proportional share in the net assets of the acquiree. Intangible assets are recognized separately if they are clearly separable or if their recognition arises from a contractual or other legal right. Provisions for restructuring measures are not recognized in a purchase price allocation. When measuring an acquisition, the values at the acquisition date, which is the date at which control of the acquiree was obtained, are used as the basis. The acquiree's identifiable assets, liabilities and contingent liabilities are generally recognized at their fair values irrespective of the extent to which they are attributable to non-controlling interests. Key sources of estimation uncertainty relate to the determination of these fair values. Fair values of land, buildings and major technical equipment are generally determined using independent expert reports that have been prepared by third parties. For marketable securities, published exchange or market prices at the time of acquisition are used. If exchange or market prices are unavailable for consideration, fair values are determined using the most reliable information available that is based on market prices for comparable assets or on suitable valuation techniques. In such cases, Uniper determines fair value using the discounted cash flow method by discounting estimated future cash flows. The discount rate reflects the specific risks inherent in the assets acquired.

Non-controlling interests can be measured either at cost (partial goodwill method) or at fair value (full goodwill method). The choice of method can be made on a case-by-case basis. The partial goodwill method is generally used within the Uniper Group.

If the purchase price paid exceeds the proportional share in the net assets at the time of acquisition, the positive difference is recognized as goodwill. No goodwill is recognized for positive differences attributable to non-controlling interests. Any negative difference is recognized in income after reassessment of valuation methods and premises.

No reportable business combinations were effected in the 2020 and 2019 fiscal years.

Assets Held for Sale and Liabilities Associated with Assets Held for Sale

Individual non-current assets or groups of assets and any directly attributable liabilities ("disposal groups") are reported as assets held for sale if they can be disposed of in their present condition and if there is sufficient probability of their disposal actually taking place. For a group of assets and associated liabilities to be classified as a disposal group, the assets and liabilities in it must be held for sale in a single transaction or as part of a comprehensive plan.

Non-current assets that are held for sale either individually or collectively as part of a disposal group are no longer depreciated. They are instead accounted for at the lower of the carrying amount and the fair value less any costs to sell yet to arise. If the fair value is less than the carrying amount, an impairment loss is recognized. The previous year's balance sheet is not restated.

Disposals and Assets Held for Sale in Fiscal 2020

Stake in Schkopau Lignite-Fired Power Plant

In late February 2020, Uniper signed an agreement with Saale Energie GmbH ("Saale Energie"), a subsidiary of the Czech company Energetický a průmyslový holding, a. s. ("EPH"), on the sale of the interest in the Schkopau lignite-fired power plant in Saxony-Anhalt. Uniper is the operator of the power plant and holds a stake of about 58%. Saale Energie holds a stake of around 42% in the Schkopau power plant and will take over Uniper's stake effective October 1, 2021. The proceeds from the sale will be determined when control is transferred on October 1, 2021, taking into account various purchase price adjustment clauses.

Held as a disposal group in the European Generation segment, the major asset and liability items of these activities as of the December 31, 2020, reporting date were non-current assets (€145 million) and current assets (€94 million), as well as provisions (€20 million) and liabilities (€185 million). No cash or cash equivalents were divested in connection with the disposal.

The reclassification as a disposal group took place on October 1, 2020. The equity investment remains unimpaired. Accordingly, no impairment charges were necessary in the 2020 fiscal year.

With the sale of the Schkopau power plant stake, Uniper will have fully withdrawn from lignite-fired power generation in Europe.

Disposal Groups in Fiscal 2019

Uniper Activities in Italy

At the end of March 2019, Uniper had concluded an agreement with First State Investments to divest its stake in OLT Offshore LNG Toscana S.p.A. First State Investments acquired Uniper's 48.2% shareholding in OLT and the outstanding loan receivable in its entirety. The sales price for both Uniper's stake and the loan amounted to some €400 million in total and, as part of the closing of the transaction, was adjusted for payments already made to Uniper for 2018 and 2019. Uniper received funds totaling roughly €330 million when the transaction closed.

Uniper Activities in Brazil

In early April 2019, Uniper sold its remaining 6% stake in Brazil-based ENEVA S.A. in the context of a secondary offering of equity positions by several ENEVA shareholders. Net proceeds amounted to roughly €76 million. Following the sale, Uniper no longer has any business operations in Brazil. Before their disposal, the shares had been accounted for in OCI with changes in fair value recognized, in accordance with IFRS 9, and presented within other financial assets.

Uniper Activities in France

In December 2018, Uniper received a unilateral binding offer from Energetický a průmyslový holding, a. s. ("EPH"), Prague, Czech Republic, through its wholly-owned subsidiary EP Power Europe, a. s., and entered into negotiations with EPH on the sale of Uniper's generation and sales activities in France. The goal was the disposal of all activities in France that were reported within the European Generation segment. Up to the closing of the transaction, Uniper's portfolio in France included two gas-fired power plants with around 400 MW of generating capacity each in Saint-Avold (Lorraine), two hard-coal power plants, each with a capacity of around 600 MW, located in Saint-Avold and in Gardanne (Provence) and Provence 4, a 150 MW biomass power plant located in Gardanne, as well as wind and solar power plants with a combined capacity of around 100 MW. Uniper additionally supplied electricity and gas products to industrial customers in France and also offered energy-related services.

Held as a disposal group in the European Generation segment, the major asset and liability items of these activities as of the disposal date were non-current assets (€268 million) and current assets (€395 million), as well as provisions (€424 million) and liabilities (€341 million). Cash and cash equivalents divested in connection with the disposal amounted to €4 million. A reclassification of accumulated OCI was not necessary.

An immaterial positive deconsolidation effect resulted from the closing of the transaction on July 9, 2019.

(5) Revenues

Revenues are generated predominantly from sales of electricity and gas via traded markets, as well as to industrial customers and resellers, and include hedges settled through physical delivery. Also shown in this line item are revenues earned from the transportation of gas and from deliveries of steam, heat and water, as well as from the rendering of services.

Revenues from trading operations transacted via traded markets (including hedges settled through physical delivery) are recognized when control is transferred to the purchaser. These transactions contain a performance obligation.

For physically settled transactions that are not within the scope of IFRS 9 (own-use transactions), contract prices, which reflect the economic character of these transactions and the contractually agreed consideration amounts, are used to determine revenues unless IFRS 15 provides for a different method, e.g., to account for constraint of variable consideration. For physically settled transactions that must be accounted for as derivatives pursuant to IFRS 9 criteria (failed own-use transactions), revenue is recognized at the market price applicable at the time of recognition. Accordingly, such contracts are presented as physical spot contracts with a financial hedge.

The Company, in principle, recognizes revenue from its sales and service operations upon delivery of goods to customers, or upon completion of services rendered. Performance is deemed complete when the control associated with ownership has been transferred to the purchaser as contractually agreed, compensation has been contractually established, and collection of the resulting receivable is probable. Uniper's commodity supply contracts with customers generally contain a performance obligation for which the entire transaction price is recognized as sales revenues when the obligation is satisfied. Progress is usually measured in terms of the volume of energy supplied. For contracts having solely a consumption-based price component, Uniper recognizes revenue in the amount the Company bills to the customer. In contracts where, on the other hand, the transaction price includes a fixed component in addition to the consumption-based component, revenue from the fixed price component is recognized in line with the customer's actual consumption profile. The timing difference between payment and revenue recognition occurs only within fiscal years for contracts having a seasonal delivery profile, meaning that there will be no material impact on the revenue from such contracts for any fiscal year as a whole. In these contracts, the consumption-based price component is similarly recognized as revenue based on the volume supplied.

Revenues include the surcharge mandated by the German Renewable Energy Sources Act and other applicable statutory charges. They are presented net of sales taxes, returns, rebates and discounts, and after elimination of sales within the Uniper Group. The electricity tax is levied, in particular, on electricity delivered to retail customers and is calculated on the basis of a fixed tax rate per megawatt-hour (MWh) that varies between different classes of customers. In line with German accounting and presentation practice, electricity and energy taxes paid are deducted from sales revenues on the face of the income statement.

Sales revenues generated from the rendering of services are recognized on an ongoing basis as services are rendered and recognized in the amount that Uniper bills for them.

At €50,968 million, sales revenues in the 2020 fiscal year were 23% lower than in the previous year (2019: €65,804 million). This amount includes revenue relating to prior periods of €35 million (2019: €95 million).

The decrease resulted primarily from lower average market prices in the power and gas business relative to the previous year, since a significant portion of the contracts involving physical settlement that Uniper enters into (failed own-use contracts) is presented at the spot price applicable on the settlement date, rather than at the originally hedged contract price. The difference between the spot price and the contractually hedged price is instead recognized in the line items for other operating income and expenses. Driven down by the pandemic, the decreased commodity spot prices have thus brought about a shift in the presentation of realized income and expenses from revenues and cost of materials to other operating income and expenses, but that shift does not affect contractual cash flows and therefore has no impact on adjusted EBIT. Lower electricity sales volumes, however, also contributed to the decline in sales revenues.

Uniper anticipates revenues of €898 million (2019: €978 million) from unsatisfied performance obligations. Of this total, €219 million is attributable to 2021 (in 2019 for 2020: €321 million) and €679 million to years after 2021 (in 2019 for the years after 2020: €657 million).

These amounts do not include contracts having an expected duration of one year or less, nor do they include contracts under which Uniper billed the customer for performance obligations that match exactly the value consumed by the customer during the same period. Variable price components that are subject to restrictions are also not included in unsatisfied performance obligations.

As stated previously, Uniper's sales are especially contingent on the aforementioned physically settled contract types from its trading operations. Accordingly, the disclosure of outstanding performance obligations allows no conclusions to be drawn about the Group's sales in the coming years.

As of December 31, 2020, contract assets amounted to €4 million (2019: €7 million). They result from contracts in which the consumption by the customer, and payments by the customer of the base or service price, vary seasonally. An amount of €7 million from the opening balance as of January 1, 2020, was reclassified to trade receivables (2019: €5 million reclassified).

An amount of €394 million in revenue was generated from the contract liabilities included in the opening balance and recognized in the 2020 fiscal year (2019: €1,145 million). As of December 31, 2020, contract liabilities amounted to €628 million (2019: €777 million).

The classification of revenues by segment, product and region is presented in Note 33.

(6) Own Work Capitalized

Own work capitalized amounted to €93 million in the 2020 fiscal year (2019: €93 million) and was generated from engineering and IT services, among other items.

(7) Other Operating Income and Expenses

Gains and losses on derivatives representing economic hedging relationships for which hedge accounting according to IFRS 9 is not applied are reported within other operating income and expenses for the duration of the forward contracts (the period between contract inception and settlement). Also included in this line item are gains and losses from financial hedging transactions and, to a limited extent, from proprietary trading.

The table below provides details of other operating income for the periods indicated:

Other Operating Income

€ in millions	2020	2019
Income from exchange rate differences	455	469
Gain on derivative financial instruments	23,400	25,325
Gain on disposal of equity investments and securities	5	14
Write-ups of non-current assets	338	174
Gain on disposal of property, plant and equipment	3	6
Miscellaneous	376	359
Total	**24,578**	**26,348**

Other operating income decreased to €24,578 million in the 2020 fiscal year (2019: €26,348 million). This was caused primarily by the marking to market of commodity derivatives. At €23,400 million, income from invoiced and open transactions and from related currency hedges was down €1,925 million from the previous year (€25,325 million). The explanations already take into account the effect from the difference between the spot price and the contractually hedged price on the accounting treatment of forward contracts to buy or sell non-financial items when those are accounted for under IFRS 9 (failed own-use contracts).

Income from exchange rate differences consisted primarily of realized gains from the translation of foreign-currency receivables and liabilities in the amount of €439 million (2019: €441 million). There also were unrealized currency effects from translation at the closing rate on the balance sheet date in the amount of €15 million (2019: €26 million).

Gains on disposals of equity investments and securities amounted to €5 million (2019: €14 million). They include primarily the sale of the stake in Gas-Union GmbH. The corresponding gains in the previous year had resulted predominantly from the disposal of the stake in OLT Offshore LNG Toscana S.p.A., including the outstanding loan receivable, and the sale of the activities in France.

Write-ups of non-current assets are discussed in Note 17.

As in previous years, income from goods and services recharged amounting to €23 million (2019: €25 million) and income from the reversal of provisions amounting to €214 million (2019: €210 million) are reported under miscellaneous other operating income.

The following table provides details of other operating expenses for the periods indicated:

Other Operating Expenses

€ in millions	2020	2019
Loss from exchange rate differences	452	491
Loss on derivative financial instruments	22,981	24,088
Expected credit losses on trade receivables and contract assets	-10	6
Taxes other than income taxes	18	-9
Loss on disposal of equity investments and securities	–	8
Miscellaneous	754	697
Total	**24,196**	**25,281**

Other operating expenses decreased to €24,196 million in the 2020 fiscal year (2019: €25,281 million). The decrease resulted primarily from changes in the fair value of commodity derivatives. At €22,981 million, expenses from invoiced and open transactions and from related currency hedges were down €1,107 million from the previous year (€24,088 million). The explanations already take into account the effect from the difference between the spot price and the contractually hedged price on the accounting treatment of forward contracts to buy or sell non-financial items when those are accounted for under IFRS 9 (failed own-use contracts).

Expenses from exchange rate differences consisted primarily of realized losses arising from the translation of foreign currency receivables and liabilities in the amount of €429 million (2019: €461 million). There also were unrealized currency effects from translation at the closing rate on the balance sheet date in the amount of €23 million (2019: €30 million).

No losses were realized on disposals of equity investments and securities in the reporting year (2019: €8 million). The losses in the previous year had resulted predominantly from the sale of the investment in the Brazilian company ENEVA S.A.

Miscellaneous other operating expenses in 2020 included third-party services of €78 million (2019: €78 million) and IT expenditure of €189 million (2019: €186 million). The line item additionally includes a large number of other transactions and expenses including, for example, short-term lease expenses, insurance premiums and fees.

Also reported under other operating income and expenses are results generated from proprietary trading, which are presented net in order to clarify the presentation of the respective underlying commodities. The total income from proprietary trading in fiscal 2020 before netting was €9,082 million (2019: €10,470 million). The corresponding gross expenses totaled €9,068 million (2019: €10,402 million).

(8) Cost of Materials

The expenses from the consumption of raw materials and supplies are measured at the lower of their acquisition or production cost and their net selling price. Write-downs of inventories to net realizable value, and reversals of such write-downs if the net selling price has risen again, are recognized respectively as increases and decreases in the cost of materials (see also Note 19 for details on the measurement of inventories).

For physically settled transactions that are not within the scope of IFRS 9 (own-use transactions), contract prices, which reflect the economic character of these transactions and the contractually agreed consideration amounts, are used to determine cost of materials, unless a different method exists, e.g., to account for constraint of variable consideration. For physically settled transactions that must be accounted for as derivatives pursuant to IFRS 9 criteria (e.g., failed own-use transactions), the expense is recognized in income or capitalized as inventory or emission rights at the market price applicable at the time of recognition. Accordingly, such contracts are presented as physical spot contracts with a financial hedge.

The cost of materials resulting from the rendering of services is recognized on an ongoing basis as services are rendered and recognized in the amount that Uniper is billed for them (less any price reductions).

The following table provides details of the cost of materials for the periods indicated:

Cost of Materials

€ in millions	2020	2019
Expenses for raw materials and supplies and for purchased goods	47,970	62,547
Expenses for purchased services	740	850
Total	**48,710**	**63,398**

The cost of materials fell to €48,710 million in the 2020 fiscal year (2019: €63,398 million). The decrease in cost of materials resulted primarily from lower average market prices in the power and gas business relative to the previous year, since a significant portion of the contracts involving physical settlement that Uniper enters into (failed own-use contracts) is realized at the spot price applicable on the settlement date, rather than at the originally hedged contract price. The difference between the spot price and the contractually hedged price is instead recognized in the line items for other operating income and expenses. Driven down by the pandemic, the decreased commodity spot prices have thus brought about a shift in the presentation of realized income and expenses from revenues and cost of materials to other operating income and expenses, but that shift does not affect contractual cash flows and therefore has no impact on adjusted EBIT. Lower electricity volumes and an associated reduced consumption of raw materials and supplies, however, also contributed to this development.

Expenses for raw materials and supplies and for purchased goods consisted especially of purchases of gas and electricity in the amount of €38,778 million (2019: €52,869 million). Network usage charges of €696 million (2019: €1,033 million) are also included in this line item.

Expenses for purchased services mainly comprised recharged transportation fees totaling €298 million (2019: €381 million), as well as maintenance costs totaling €245 million (2019: €201 million) and other purchased services totaling €198 million (2019: €268 million).

(9) Financial Results

Interest income and expenses are recognized pro rata using the effective interest method. Dividend income is recognized when the right to receive the distribution payment arises. The implementation of the loss allowance model is described in detail in Note 29. Note 24 contains further discussion of the accounting for the Swedish Nuclear Waste Fund ("Kärnavfallsfonden" or "KAF").

The following table provides details of financial results for the periods indicated:

Financial Results

€ in millions	2020	2019
Income from companies in which equity investments are held	7	1
Impairment charges/reversals on other financial assets	-17	-9
Net income from equity investments	**-9**	**-8**
Interest and similar income	121	123
Amortized cost	*102*	*104*
Other interest and similar income	*20*	*19*
Interest and similar expenses	-349	-237
Amortized cost	*-30*	*-48*
Other interest and similar expenses	*-319*	*-190*
Net interest income	**-228**	**-114**
Impairment charges/reversals	1	-1
Net income from securities	1	29
Result from the Swedish Nuclear Waste Fund	168	131
Other financial results	**171**	**159**
Financial results	**-67**	**37**

In the 2020 fiscal year, financial results decreased by €103 million to -€67 million (2019: €37 million).

An additional €112 million in interest expense from the measurement of non-current provisions – primarily effects from changes in interest rates used in the nuclear power sector in Sweden – was not offset by the only slight increase of +€12 million in positive other financial results. Income from equity investments remained largely constant at -€9 million (2019: -€8 million).

At €121 million, interest and similar income in fiscal 2020 was constant year over year (2019: €123 million). Capitalized borrowing costs of €64 million (2019: €89 million) were lower year over year owing especially to the commissioning of the Datteln 4 coal-fired power plant.

Interest and similar expenses rose to -€349 million (2019: -€237 million). This increase resulted primarily from interest effects in the measurement of non-current provisions. Interest rates declined once again in the 2020 fiscal year. In the hydroelectric power and storage businesses, this decline in rates was less pronounced than in the previous year; accordingly, the interest expense from the measurement of associated non-current provisions in the Uniper Group fell year over year. In contrast, a greater decline in 2020 relative to the previous year in the discount rate used for the nuclear power sector in Sweden (see also the discussion in Note 24) led to a valuation-related interest expense of -€216 million (2019: -€52 million), leaving interest and similar expenses higher overall.

Other financial results rose slightly to €171 million as of the end of fiscal 2020 (2019: €159 million). This change was mainly due to the increased valuation result from the Swedish Nuclear Waste Fund in the amount of €168 million (2019: €131 million), but it also reflects the decreased valuation result from other securities in the amount of €1 million (2019: €29 million).

(10) Income Taxes

Current taxes for the reporting period and for prior periods are measured at the amount expected to be paid to or recovered from the tax authorities.

Deferred taxes are the result of temporary differences between the carrying amounts of the assets and liabilities on the IFRS balance sheet and their corresponding tax bases. Deferred tax assets also include tax relief entitlements resulting from the expected use of existing loss carryforwards in future years. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences and unused loss carryforwards can be offset. Deferred taxes are not taken into consideration for the portion of the deferred tax assets to which these assumptions do not apply.

Deferred taxes are measured using the tax rates that are applicable, or expected to be applicable, in the affected country when they are realized. Deferred tax assets and liabilities are netted for each company or tax group.

The change in the deferred taxes presented on the balance sheet is composed primarily of deferred taxes recognized in income and in equity, and further includes currency effects.

Income taxes are determined company by company, taking into account the tax regulations applicable in the respective countries. Uncertain tax positions are recognized at their most likely value.

Taxes on income, including deferred taxes, break down as follows:

Income Taxes

€ in millions	2020	2019
Domestic	47	-4
Foreign	71	96
Current taxes	**118**	**92**
Domestic	96	123
Foreign	-76	100
Deferred taxes	**21**	**223**
Total income taxes	**139**	**315**

The tax expense in the fiscal year amounted to €139 million, compared with a tax expense of €315 million in the previous year. Earnings before taxes resulted in a net tax expense in 2020 and an associated effective tax rate of 26% (2019: 33%), which – as in the previous year – primarily reflects the effect of not recognized deferred taxes. Of the amount reported as current income taxes in the 2020 fiscal year, -€29 million related to prior periods (2019: -€4 million). Of the €21 million in deferred taxes reported in total, an amount of €25 million (2019: €204 million) resulted from changes in temporary differences, and an amount of -€4 million (2019: €19 million) from changes in loss carryforwards.

Deferred tax liabilities were not recognized as of the reporting date in respect of differences between the net assets and the tax bases of subsidiaries and associates (“outside basis differences”) to the extent that Uniper can control the reversal effect and it is probable that temporary differences will not be reversed in the foreseeable future. Accordingly, no deferred taxes were recognized on these outside basis differences totaling €101 million (2019: €59 million).

The income tax rate of 31% applicable in Germany is made up of corporate income tax (15%), trade tax (15%) and the solidarity surcharge (1%). The differences between this rate and the effective rate of tax are reconciled as follows:

Reconciliation to Effective Income Taxes / Tax Rate

	2020		2019	
	€ in millions	%	€ in millions	%
Income/Loss before taxes	**541**	**100**	**959**	**100**
Expected income taxes	168	31	297	31
Foreign tax rate differentials	-48	-9	-27	-3
Changes in tax rates / tax law	-15	-3	0	–
Tax effects on tax-exempt income	-22	-4	-1	–
Tax effects of non-deductible outlays and permanent differences	1	0	6	1
Tax effects on net income from companies accounted for under the equity method	-14	-3	-15	-2
Tax effects of goodwill impairment and deconsolidation	-7	-1	-4	–
Tax effects of changes in value and non-recognition of deferred taxes[1]	65	12	67	7
Tax effects of other taxes on income	26	5	1	–
Tax effects of income taxes related to other periods	-9	-2	-5	-1
Other	-6	-1	-5	-1
Effective income taxes / tax rate	**139**	**26**	**315**	**33**

[1]Primarily reflects the effect of excluded deferred taxes within and outside Germany.

Deferred tax assets and liabilities break down as shown in the following table:

Deferred Tax Assets and Liabilities

	December 31, 2020		December 31, 2019	
€ in millions	Tax assets	Tax liabilities	Tax assets	Tax liabilities
Intangible assets	43	194	65	202
Property, plant and equipment	124	616	212	796
Financial assets	5	6	–	6
Inventories	20	42	22	43
Receivables	59	3,745	30	4,724
Provisions	1,741	30	1,634	53
Liabilities	3,299	90	4,416	195
Loss carryforwards	110	–	126	–
Other	82	26	196	60
Subtotal	**5,483**	**4,748**	**6,701**	**6,079**
Changes in value	-7	–	-44	–
Deferred taxes (gross)	**5,476**	**4,748**	**6,656**	**6,078**
Offsetting	-4,416	-4,416	-5,667	-5,667
Deferred taxes (net)	**1,061**	**333**	**988**	**410**
Current	*279*	*12*	*132*	*8*

Of the deferred taxes reported, a total of €344 million was recognized directly in equity (2019: €240 million).

Income taxes recognized in other comprehensive income in the reporting year break down as follows:

Income Taxes on Components of Other Comprehensive Income

€ in millions	Before income taxes	Income taxes	After income taxes	Before income taxes	Income taxes	After income taxes
			2020			2019
Cash flow hedges	2	–	2	-6	2	-5
Remeasurements of equity investments	177	–	177	-72	–	-72
Currency translation adjustments	-687	–	-687	386	–	386
Remeasurements of defined benefit plans	-327	107	-220	-244	92	-152
Companies accounted for under the equity method	2	–	2	1	–	1
Total	**-832**	**106**	**-726**	**65**	**93**	**158**

The tax loss carryforwards as of the dates indicated are as follows:

Tax Loss Carryforwards

€ in millions	December 31 2020	2019
Domestic tax loss carryforwards	305	291
Foreign tax loss carryforwards	752	974
Total	**1,057**	**1,265**

German domestic tax loss carryforwards can be offset against a combined maximum of €1 million plus 60% of the total amount of taxable income over €1 million reported for the respective assessment period ("minimum taxation" rule); any remaining loss carryforward can be carried forward without limitation as to time. This rule relating to minimum taxation for corporate income tax purposes also applies to trade tax loss carryforwards. The domestic tax loss carryforwards result from adding corporate income tax loss carryforwards amounting to €163 million (2019: €157 million) and trade tax loss carryforwards amounting to €141 million (2019: €134 million).

Foreign tax loss carryforwards consist primarily of corporate income tax loss carryforwards. A significant portion of the foreign tax loss carryforwards relates to previous years.

Deferred taxes were not recognized, or no longer recognized, as of the December 31, 2020, reporting date on €132 million (2019: €215 million) in domestic tax loss carryforwards and on €208 million (2019: €284 million) in foreign loss carryforwards that, for the most part, do not expire.

No deferred tax assets were recognized in respect of temporary differences amounting to €2,340 million (2019: €1,902 million).

As of December 31, 2020, Uniper reported deferred tax assets for companies that incurred losses in the reporting period or in the prior-year period that exceed the reported deferred tax liabilities by €34 million (2019: €179 million). The basis for recognizing deferred tax assets is an estimate by management of the extent to which it is probable that the respective companies will achieve taxable earnings in the future against which the as yet unused tax losses, tax credits and deductible temporary differences can be offset. This estimate is based on various company-specific factors that, in addition to the actual and planned earnings of the past, take account particularly of internal corporate medium-term or long-term planning, as well as any potential implications arising from Covid-19. The existence of regulated fees, for instance, has a positive effect on earnings planning. Furthermore, appropriate consideration is given to the length of the respective planning period.

(11) Personnel-Related Information

Personnel Costs

Personnel Costs

€ in millions	2020	2019
Wages and salaries	796	747
Social security contributions	111	119
Expenses for retirement and other employee benefits	105	88
Occupational retirement benefits	*104*	*87*
Total	**1,012**	**955**

The personnel costs of the Uniper Group rose by €58 million in the 2020 fiscal year to €1,012 million (2019: €955 million). The increase resulted from expenses incurred for Uniper's strategy implementation, which includes, among other things, a proactive phase-out plan for coal in Europe, as well as from higher expenses for occupational retirement benefits. Negotiated pay adjustments led to increases in wages and salaries, as did the non-recurring expense from the revaluation and settlement of allocations under the long-term incentive (LTI) packages for the years 2018 (relevant only for the Management Board), 2019 and 2020 in connection with the occurrence of the change-of-control event that took place when Fortum Deutschland SE acquired over 75% of Uniper's shares. The increases mentioned were partially offset especially by the disposal of Uniper's activities in France in the third quarter of 2019.

Employees

During the reporting year, Uniper employed an average of 11,649 persons (2019: 11,743). Not included in this figure are 175 apprentices (2019: 188), nor are interns, work-study students, board members and managing directors.

The workforce reduction in the European Generation segment is primarily attributable to the sale of Uniper's activities in France in fiscal 2019 and to the ongoing decommissioning of power plant units in Sweden. The employee headcount in the Global Commodities segment was slightly higher in fiscal 2020 than in the previous year because of the development of business units. In the Russian Power Generation segment, there was a project-related increase in employees year over year. The number of employees in Administration/Consolidation rose primarily when outsourced financial-administration functions were reintegrated into the Uniper Group in fiscal 2019 from a Shared Service Center in Cluj, Romania, operated by external entities, as well as through the integration of Uniper HR Services Hannover GmbH, Hanover, Germany, into the Group in the fourth quarter of 2020.

The average employee headcount by segment broke down as shown in the table below:

Employees[1]

	2020	2019
European Generation	4,787	5,035
Global Commodities	1,283	1,245
Russian Power Generation	4,545	4,504
Administration/Consolidation	1,035	959
Total	**11,649**	**11,743**
Domestic	*4,770*	*4,644*
Foreign	*6,879*	*7,099*

[1]Figures do not include board members, managing directors, apprentices, work-study students and interns.

Share-based Payment

The Uniper Group's share-based compensation plans are classified as cash-settled share-based payments. A provision in the amount of the prorated fair value of the payment obligation is recognized as of the balance sheet date. Changes in the fair value are recognized in income. The fair value is determined using accepted financial-industry methods.

In the 2020 and 2019 fiscal years, employees of the Uniper Group participated in the share-based payment programs of the Uniper Group. In addition, Uniper Group Supervisory Board members receive a component of their compensation in the form of virtual shares.

Share-based payment plans (the employee stock purchase program in the UK, as well as the Uniper Performance Cash Plan, the Uniper Performance Share Plan and the Supervisory Board's virtual shares) generated expenses in 2020 amounting to €16.2 million (2019: €4.3 million). The change resulted primarily from the occurrence of the change-of-control event previously mentioned.

Employee Stock Purchase Program

Uniper employees in the United Kingdom have the opportunity to purchase Uniper shares as part of an employee stock purchase program and to acquire bonus shares in addition. The expense for the Uniper companies resulting from the issue of these shares amounted to €0.3 million in 2020 (2019: €0.2 million) and is reported under "Wages and salaries" as personnel costs.

Long-Term Variable Compensation

Members of the Management Board of Uniper SE and – on a voluntary basis – selected executives of the Uniper Group receive share-based payment as a component of their long-term variable compensation. The purpose of such compensation is to reward the contribution made to increasing enterprise value and to further the long-term success of the Company. This variable compensation component, comprising a long-term incentive effect along with a certain element of risk, provides for a sensible linking of the interests of shareholders and management.

The following discussion includes reports on the Uniper Performance Cash Plan introduced for members of the Management Board of Uniper SE in 2016 and granted to selected executives of the Uniper Group in 2017 and 2019, on the Performance Share Plan introduced in 2020, and on the long-term variable Supervisory Board compensation granted in the form of virtual shares.

Uniper Performance Cash Plan

In 2018 and 2019, the members of the Management Board of Uniper SE received allocations under the Uniper Performance Cash Plan in place at that time. In addition, selected executives of the Uniper Group received allocations for fiscal 2019.

The amounts paid out under the Performance Cash Plan are based on an LTI target amount, which is granted at the start of the performance period as a future entitlement. The plan has a performance period of four years. The performance factor on which the payout is based is determined at the end of the performance period using the absolute total shareholder return (TSR). The payout amount is capped at 400% of the target amount (payout cap). Long-term compensation is generally paid out in cash after the end of the performance period.

The absolute TSR refers to the total return on Uniper's stock and takes into account the performance of the share price and dividend payments during the four-year performance period. The TSR reflects the Company's capital-market performance and thus serves to align the interests and objectives of both management and shareholders. The initial price is the equal-weighted average closing price (arithmetic mean) of the last 60 trading days prior to the beginning of the performance period. The final price is determined by analogy as the arithmetic mean of the closing prices of the last 60 trading days prior to the end of the performance period. This mitigates the effects of incidental, short-lived price changes.

The LTI payout is subject to firm predefined parameters for the absolute TSR and takes place only upon reaching a calibrated threshold. If an absolute TSR of 15% is achieved, a payout equivalent to 50% of the target amount takes place. If the TSR threshold of 15% is not achieved, no LTI payment takes place. An absolute TSR of 25% constitutes 100% target attainment and therefore results in a payout of the full LTI target amount. The maximum payout of 400% of the target amount is obtained only upon reaching an absolute TSR of 80%. Additional increases in the absolute TSR will not result in additional payouts. Linear interpolation is used to translate intermediate figures between specified parameters.

Through the acquisition of additional voting rights of Uniper SE, Fortum Deutschland SE increased its stake in Uniper SE to 75.01% on August 17, 2020. That triggered a change-of-control event as defined in the terms governing the Performance Cash Plan. This led to the premature ending of the terms of the allocations granted under the Performance Cash Plan in the 2018 and 2019 fiscal years. The corresponding obligations from the allocations under the Performance Cash Plan were required to be remeasured as of July 31, 2020, with all expenses still to be incurred for the performance period still open previously brought forward and recognized as a one-time expense.

In return, there will be no more charges to future personnel costs from the now-settled allocations for 2018 and 2019. The corresponding cash payments amounted to €9.7 million. The payouts took place in the third quarter of 2020. A further provision for the Performance Cash Plan is therefore no longer recognized (2019: €3.8 million). The total expense recognized in 2020 thus amounted to €5.9 million (2019: €3.8 million).

Uniper Performance Share Plan

The members of the Management Board of Uniper SE and selected executives of the Uniper Group received allocations under the Uniper Performance Share Plan in 2020. With the introduction of the Performance Share Plan, the Performance Cash Plan granted previously has been replaced.

The annual tranches are granted in the form of virtual shares, and each tranche is subject to a performance period of four years. To determine the number of virtual shares initially granted in each tranche, an individual target amount is divided by the equal-weighted average closing price (arithmetic mean) of the last 60 trading days prior to the beginning of the respective performance period (the "Uniper Starting Share Price"). This mitigates the effects of incidental, short-lived price changes. At the end of the four-year performance period, the number of virtual shares granted at the beginning of the performance period is multiplied by a performance factor to calculate the final number of virtual shares.

The performance factor is governed by the relative stock-market performance of Uniper's shares. That performance is determined by comparing the total shareholder return (TSR) of Uniper SE stock with that of the benchmark STOXX® Europe 600 Utilities. TSR is a measure of share price performance plus notionally reinvested gross dividends during the four-year performance period. It appropriately adjusts Uniper SE's stock-market performance for exogenous factors and general market developments. The relative TSR additionally reflects the overall performance of the Company relative to that of its competition, thereby aligning management and shareholder interests. The performance factor is governed by the difference between the TSR of Uniper SE and the TSR of the STOXX® Europe 600 Utilities. If the difference is -10 percentage points or worse, the performance factor is 0. The performance factor is 1 if Uniper's TSR exactly matches the TSR of the STOXX® Europe 600 Utilities (difference of 0 percentage points). If the difference is +30 percentage points, the performance factor is 2.5. Linear interpolation is used to translate intermediate figures and those exceeding a difference of +30 percentage points.

The gross payout amount is determined by multiplying the final number of virtual shares by the equal-weighted average closing price (arithmetic mean) of the last 60 trading days prior to the end of the performance period (the "Uniper Ending Share Price"). Beneficiaries additionally receive a dividend equivalent derived from the total accumulated dividends paid for each virtual share over the performance period. The total payout is capped at 250% of the individual target amount (payout cap), and payout generally takes place at the end of the four-year performance period.

Through the acquisition of additional voting rights of Uniper SE, Fortum Deutschland SE increased its stake in Uniper SE to 75.01% on August 17, 2020. That triggered a change-of-control event as defined in the terms governing the Performance Share Plan. This led to the premature ending of the terms of the allocations granted under the Performance Share Plan in the 2020 fiscal year. The corresponding obligations were required to be remeasured as of July 31, 2020, with all expenses still to be incurred for the performance period still open previously brought forward and recognized as a one-time expense.

In return, there will be no more charges to future personnel costs from the now-settled allocations for 2020. The corresponding cash payments amounted to €9.4 million. The payouts took place in the third quarter of 2020. A provision for the Performance Share Plan is therefore no longer recognized. The total expense recognized in 2020 thus amounted to €9.4 million (2019: €0 million).

Supervisory Board's Virtual Shares

Supervisory Board members receive a component of 20% of their compensation in the form of variable compensation. That compensation is granted as a right to a future payment in the form of virtual shares. The virtual shares are used purely for calculation purposes and do not confer on the beneficiary any entitlements or shareholder rights – particularly voting rights or dividend rights. To determine the number of virtual shares, the variable compensation from the previous year is divided in January of each calendar year by the volume-weighted average share price of the Company from the last 60 trading days prior to January 1 of the reporting year. After four calendar years, the virtual shares are multiplied by the average share price of the Company from the last 60 trading days prior to January 1 of the fourth calendar year and increased by the amount of dividends paid to shareholders on each share of the Company over the previous four years. The variable compensation is paid within the first month after the end of the four-year period and is limited to 200% of the allocation amount (payout cap).

On April 3, 2020, the four independent shareholder representatives on the Uniper Supervisory Board, Jean-François Cirelli, David Charles Davies, Dr. Marion Helmes and Rebecca Ranich, as well as its chairman, Dr. Bernhard Reutersberg, had given notice in an extraordinary Supervisory Board meeting that they would resign from and leave the Supervisory Board effective at the end of that extraordinary Supervisory Board meeting. In accordance with the Articles of Association of Uniper SE, this triggered the early payout of each departing Supervisory Board member's variable compensation for the 2020 fiscal year, as well as the early settlement and payout of any variable compensation converted into virtual shares during their respective service periods. These obligations had to be revalued as of April 3, 2020, and all expenses still to be incurred had to be recognized as a one-time personnel expense. In return, there will be no more charges to personnel costs in the future from the now-settled variable compensation for these four Supervisory Board members. The payouts totaled roughly €0.4 million. The provision for the Supervisory Board's virtual shares as of December 31, 2020, is roughly €0.9 million (2019: €0.7 million). The expense for fiscal 2020 thus amounted to roughly €0.6 million (2019: €0.3 million).

(12) Other Disclosures

Compensation of Supervisory Board and Management Board

Supervisory Board

Total compensation paid to the Supervisory Board for the 2020 fiscal year amounted to roughly €1.2 million (2019: €1.3 million). Outlays were reimbursed for a total of €34 thousand (2019: €83 thousand).

Members of the Supervisory Board were granted a total of 8,385 virtual shares for the 2020 fiscal year (2019: 9,384) having a grant-date fair value of roughly €0.1 million (2019: €0.2 million).

As in the previous year, there were no outstanding loans or advances to members of the Supervisory Board in the 2020 fiscal year, nor have any contingencies been entered into in favor of the Supervisory Board.

The compensation plan for the Supervisory Board and the amounts paid to each Supervisory Board member are presented in the Compensation Report.

The "Related Persons" section of Note 30 contains additional disclosures on the compensation of members of the Supervisory Board.

Management Board

Total compensation paid to members of the Management Board amounted to roughly €9.3 million (2019: €9.3 million). They receive a fixed base salary and other compensation elements (fringe benefits) unrelated to performance, as well as performance-based compensation components including the bonus and share-based payments (as a long-term incentive).

Members of the Management Board were granted allocations under the Uniper Performance Share Plan in the 2020 fiscal year having a grant-date fair value of €2.5 million. Based on the Uniper Starting Share Price, 92,894 virtual shares were thus granted in total.

In accordance with the change-of-control severance provisions stipulated in their service agreements, Eckhardt Rümmler and Keith Martin were entitled to settlement payments of roughly €2.3 million each. The settlement payments for Eckhardt Rümmler and Keith Martin had already been disbursed in September 2019 and November 2019, respectively, and were therefore classified as advances. Members of the Management Board had been granted a special incentive bonus in recognition of the successful spin-off of Uniper SE from E.ON SE in September 2016, 25% of which vested following the close of each full year from the effective date of the spin-off of Uniper SE from E.ON SE. For both Eckhardt Rümmler and Keith Martin, 75% of the respective special incentive bonus had vested. The two were therefore required to repay 25% of the special incentive bonus (roughly €0.2 million), respectively. The repayment amounts were offset against the settlement payments.

Uniper SE and its subsidiaries granted no advances or loans to and did not enter into any contingencies benefiting Management Board members in the 2020 fiscal year.

Owing to the settlements paid out early to Eckhardt Rümmler and Keith Martin, the total compensation of former Management Board members for fiscal 2020 amounted to roughly €4.6 million (2019: €6.4 million for the settlement payments for Klaus Schäfer and Christopher Delbrück). The settlement amount of the pension obligations for former Management Board members totaled roughly €9.2 million as of December 31, 2020 (2019: €6.6 million).

The compensation plan for the Management Board and the amounts paid to each Management Board member are presented in the Compensation Report.

The "Related Persons" section of Note 30 contains additional disclosures on the compensation of members of the Management Board.

Additional Information About the Supervisory Board and the Management Board

The disclosures pursuant to Section 285, no. 10, of the German Commercial Code are an integral part of these Notes to the Financial Statements and are presented in a table following the list of shareholdings (Note 35).

Fees and Services of the Independent Auditor

During the 2020 fiscal year, the following fees for services provided by the independent auditor of the Consolidated Financial Statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PwC Germany"), and by companies in the international PwC network, were recorded as expenses:

Independent Auditor Fees

€ in millions	2020	2019
Financial statement audits	10.8	11.3
PwC Germany	*8.5*	*9.1*
Other attestation services	0.4	0.3
PwC Germany	*0.4*	*0.3*
Tax advisory services	0.0	0.0
PwC Germany	–	–
Other services	1.1	0.8
PwC Germany	*0.3*	*0.2*
Total	**12.3**	**12.4**
PwC Germany	*9.2*	*9.6*

The fees for financial statement audits concern the audit of the Consolidated Financial Statements and the financial statements of Uniper SE and its affiliates, including the examination of the internal control system for intragroup services, as well as the review of the interim financial statements. Additionally included within this category is the project-related review performed in the context of the introduction of IT and internal control systems.

Fees for other attestation services concern, in particular, fees charged for other mandatory and voluntary audits.

Fees for tax advisory services in 2020 included ongoing consulting related to the preparation of tax returns outside Germany. No material tax advisory services were performed.

Fees for other services consist primarily of energy-industry advisory services, specialist support in regulatory issues, and advisory on accounting issues for planned transactions.

As in the previous year, non-audit-related advisory fees made up less than 30% of the financial statement audit fees in the 2020 fiscal year.

(13) Earnings per Share

The computation of basic and diluted earnings per share for the periods indicated is shown below:

Earnings per Share

€ in millions	2020	2019
Income/Loss from continuing operations	402	644
Less: non-controlling interests	-6	-34
Income/Loss from continuing operations (attributable to shareholders of Uniper SE)	**397**	**610**
Net income/loss attributable to shareholders of Uniper SE	**397**	**610**
€		
Earnings per share (attributable to shareholders of Uniper SE)		
from continuing operations	1.08	1.67
from net income/loss	**1.08**	**1.67**
Weighted-average number of shares outstanding (in millions)	366	366

The computation of diluted earnings per share is identical to that of basic earnings per share because Uniper SE has issued no potentially dilutive ordinary shares.

(14) Goodwill and Intangible Assets

Goodwill is not amortized. It is instead tested for impairment at the level of the group of cash-generating units (CGUs) on at least an annual basis (see also Note 17). Goodwill created by acquisition activities is allocated to those CGUs expected to benefit from the business combination. The group of CGUs to which goodwill is allocated are generally equivalent to the operating segments, since goodwill is reported and considered in management performance indicators only at that level.

Intangible assets are capitalized at their cost. If an intangible asset's useful life is determinable, it is amortized over that useful life on a straight-line basis. Useful lives and amortization methods are subject to annual verification.

Development costs are capitalized as an intangible asset if they can be clearly attributed to a newly developed product or process whose completion is technically feasible and that will be available for own use or for sale. At Uniper, this is true particularly for self-developed software. Research costs are recognized in income as incurred.

Assets subject to amortization and assets not subject to amortization – especially goodwill – are tested for impairment at least annually and whenever events or changes in circumstances indicate that such assets may be impaired (see also Note 17). Impairment charges on intangible assets other than goodwill are reversed and recognized in income if the reasons for the previously recognized impairment losses no longer exist. The reversal of an impairment charge may not exceed the amortized cost that would have been determined had no charge been recognized.

The following are the useful lives of the Group's intangible assets:

Useful Lives of Intangible Assets

Marketing-related, customer-related and contract-based intangible assets	5 to 30 years
Technology-based intangible assets (particularly software)	3 to 5 years

The changes in goodwill and intangible assets are presented in the following table:

Goodwill and Intangible Assets

€ in millions	Goodwill	Customer-related intangible assets	Contract-based intangible assets	Technology-based intangible assets	Internally generated intangible assets	Intangible assets not subject to amortization	Advance payments on intangible assets	Total
Acquisition and production costs								
January 1, 2020	5,027	17	1,337	187	195	49	64	6,876
Exchange rate differences	-322	–	-6	-3	–	2	–	-330
Changes in scope of consolidation[1]	–	–	-23	–	–	–	–	-22
Additions	–	–	–	6	1	–	37	44
Disposals	–	-1	–	-6	-4	–	–	-11
Transfers	2	–	18	6	45	–	-46	26
December 31, 2020	4,707	16	1,326	190	237	50	55	6,583
Accumulated depreciation								
January 1, 2020	-3,141	-17	-791	-154	-143	-1	1	-4,246
Exchange rate differences	187	–	6	2	–	–	–	195
Changes in scope of consolidation[1]	–	–	23	–	–	–	–	23
Additions	–	–	-20	-17	-30	–	–	-66
Disposals	–	1	–	6	4	–	–	10
Transfers	-2	–	-18	–	–	–	–	-21
Impairment charges	–	–	–	-1	–	–	–	-1
Reversals	–	–	8	–	–	–	–	8
December 31, 2020	-2,956	-16	-792	-164	-168	-1	1	-4,097
Net carrying amounts								
December 31, 2020	1,751	0	534	26	69	49	55	2,485

[1]The change in the scope of consolidation also relates to the reclassification of the investment in the Schkopau lignite-fired power plant to assets held for sale (see Note 4 to the consolidated financial statements).

Goodwill and Intangible Assets

€ in millions	Goodwill	Customer-related intangible assets	Technology-based intangible assets	Internally generated intangible assets	Internally generated intangible assets	Intangible assets not subject to amortization	Advance payments on intangible assets	Total
Acquisition and production costs								
January 1, 2019	4,814	19	1,328	171	174	49	61	6,617
Exchange rate differences	214	–	5	1	–	-1	–	220
Changes in scope of consolidation	–	–	–	–	–	-18	–	-18
Additions	–	–	1	7	13	18	23	62
Disposals	–	-2	-2	-3	–	–	–	-7
Transfers	–	–	5	10	8	–	-20	2
December 31, 2019	5,027	17	1,337	187	195	49	63	6,875
Accumulated depreciation								
January 1, 2019	-2,998	-18	-765	-137	-115	-1	–	-4,033
Exchange rate differences	-143	–	-5	-1	–	–	–	-149
Changes in scope of consolidation[1]	–	–	–	–	–	–	–	–
Additions	–	-1	-22	-18	-28	–	–	-68
Disposals	–	2	1	3	–	–	–	6
Transfers	–	–	–	–1	–	–	–	–1
Impairment charges	–	–	–1	–1	–	–	–	-1
Reversals	–	–	–	–	–	–	–	–
December 31, 2019	-3,141	-17	-791	-154	-143	-1	–	-4,246
Net carrying amounts								
December 31, 2019	1,886	0	546	33	52	48	64	2,628

As in the previous year, there were no restricted interests in intangible assets as of the balance sheet date.

(15) Property, Plant and Equipment

Items of property, plant and equipment and their components are capitalized at cost and depreciated on a straight-line basis over their expected useful lives. If there are indications of impairment, an impairment test (see also Note 17) is performed. The costs arising from the obligation to retire an item of property, plant and equipment after its use has ended are additionally capitalized at the time of its acquisition or production.

Borrowing costs are capitalized as part of the cost of a qualifying asset. For non-specific financing arrangements, a uniform Company-specific financing rate of 4.68% was applied within the Uniper Group for the 2020 fiscal year (2019: 4.43%). This rate covers the interest rates of all financial liabilities, including those for long-term leases.

Government investment subsidies are reported on the balance sheet as deferred income. They are then reclassified to the income statement on a straight-line basis over the associated asset's expected useful life.

Gains and losses on disposal are recognized in income under other operating income or expenses (see also Note 7).

The useful lives of the major categories of property, plant and equipment are presented below:

Useful Lives of Property, Plant and Equipment

Buildings	10 to 50 years
Technical equipment, plant and machinery	10 to 65 years
Other equipment, fixtures, furniture and office equipment	3 to 25 years

The changes in property, plant and equipment are presented in the following table:

Property, Plant and Equipment

€ in millions	Real estate and leasehold rights	Buildings	Technical equipment, plant and machinery	Other equipment, fixtures, furniture and office equipment	Advance payments and construction in progress	Total
Acquisition and production costs						
January 1, 2020	1,695	3,210	26,484	374	3,187	34,950
Exchange rate differences	48	-231	-578	-10	-188	-959
Changes in scope of consolidation	17	-141	-1,278	-7	–	-1,409
Additions	2	84	490	19	412	1,007
Disposals	-2	-10	-193	-29	-22	-257
Transfers	2	227	1,903	16	-2,153	-6
December 31, 2020	1,761	3,139	26,828	364	1,236	33,327
Accumulated depreciation						
January 1, 2020	-270	-2,064	-20,884	-294	-1,237	-24,749
Exchange rate differences	–	101	308	7	-3	413
Changes in scope of consolidation	–	118	1,149	5	–	1,272
Additions	-8	-70	-495	-27	–	-600
Disposals	–	9	152	21	7	189
Transfers	–	-98	-844	–	941	–
Impairment charges	–	-69	-475	-4	135	-412
Reversals	–	42	280	8	–	330
December 31, 2020	-278	-2,031	-20,809	-283	-157	-23,558
Net carrying amounts						
December 31, 2020	1,483	1,108	6,018	80	1,079	9,769

Property, Plant and Equipment

€ in millions	Real estate and leasehold rights	Buildings	Technical equipment, plant and machinery	Other equipment, fixtures, furniture and office equipment	Advance payments and construction in progress	Total
Acquisition and production costs						
January 1, 2019	1,717	3,056	25,945	341	2,631	33,690
Exchange rate differences	-21	116	398	5	72	571
Changes in scope of consolidation	–	–	-1	–	-16	-17
Additions	2	46	165	27	602	841
Disposals	-6	-12	-101	-9	-10	-139
Transfers	3	4	78	10	-92	3
December 31, 2019	1,695	3,210	26,484	374	3,187	34,950
Accumulated depreciation						
January 1, 2019	-261	-1,896	-19,573	-258	-1,090	-23,078
Exchange rate differences	–	-42	-212	-3	3	-255
Changes in scope of consolidation	–	–	–	–	–	–
Additions	-7	-71	-528	-28	–	-634
Disposals	–	7	80	8	–	96
Transfers	–	–	-1	–	-4	-5
Impairment charges	-4	-78	-806	-13	-145	-1,047
Reversals	–	17	157	–	–	174
December 31, 2019	-270	-2,064	-20,884	-294	-1,237	-24,749
Net carrying amounts						
December 31, 2019	1,425	1,146	5,600	80	1,950	10,201

Borrowing costs were capitalized in the reporting year in the amount of €64 million (2019: €89 million) as part of the cost of property, plant and equipment.

In addition to owned assets, property, plant and equipment also includes right-of-use assets from leases in which the Uniper Group acts as the lessee. Note 31 contains additional information about leases.

As in the previous year, there were no restricted interests in property, plant and equipment as of the balance sheet date.

(16) Companies Accounted for Under the Equity Method

Interests in associated companies (significant influence) and joint ventures (joint control) are accounted for using the equity method. Interests in associated companies accounted for using the equity method are reported on the balance sheet at cost, including all directly attributable incidental acquisition expenses, and adjusted for changes in the Uniper's share of the net assets after the date of acquisition and for any impairment charges. Losses that might exceed the Group's interest in an associated company or joint venture when attributable long-term loans are taken into consideration are generally not recognized. If there are indications of impairment, an impairment test (see also Note 17) is performed. Any difference between the cost of the investment and the remeasured value of its net assets is recognized in the consolidated financial statements as part of the carrying amount. Any dividends received are deducted from the recognized value to prevent double recognition. Unrealized gains and losses arising from transactions with associated companies accounted for using the equity method are eliminated within the consolidation process on a pro-rata basis if and insofar as these are material. The financial statements of investments accounted for under the equity method are generally prepared using accounting that is uniform within the Group.

In the 2020 fiscal year, as in the previous year, no companies are classified as material associates.

The carrying amounts of individually immaterial companies accounted for under the equity method break down as follows:

Companies Accounted for Under the Equity Method

€ in millions	December 31, 2020			December 31, 2019		
	Uniper Group	Associates[1]	Joint ventures[1]	Uniper Group	Associates[1]	Joint ventures[1]
Companies accounted for under the equity method	380	372	7	446	437	9

[1]The associates and joint ventures presented as equity investments are associated companies and joint ventures accounted for at cost on materiality grounds.

Dividends and other profit distributions received by Uniper from companies accounted for under the equity method amounted to €47 million in the reporting year (2019: €40 million).

The following table summarizes significant line items of the aggregated statements of comprehensive income of the individually immaterial associates and joint ventures that are accounted for under the equity method:

Aggregated Financial Information for Individually Immaterial Associates and Joint Ventures Accounted for Under the Equity Method

€ in millions	Associates		Joint ventures		Total	
	2020	2019	2020	2019	2020	2019
Proportional share of net income	47	57	1	1	48	58
Proportional share of other comprehensive income	–	1	–	–	–	1
Proportional share of total comprehensive income	47	58	1	1	48	59

As of the balance sheet date, there were no companies accounted for under the equity method whose shares are marketable; due to changes in the structure of the governing bodies of a company hitherto accounted for as such, significant influence was lost, and the equity investment was reclassified to "Other financial assets – equity investments" in fiscal 2020. In the previous year, these shares had a carrying amount of €34 million and a fair value of €68 million.

As in the previous year, no investments in associates were restricted as collateral for financing as of the balance sheet date.

As in the previous year, there are no further material restrictions apart from those contained in standard legal and contractual provisions.

(17) Impairment Testing in Accordance with IAS 36

An impairment loss is charged to an asset if its recoverable amount is less than its carrying amount. For individual assets that generate no independent cash inflows, the recoverable amount for the smallest identifiable group of assets is determined. If the reason for a previously recognized impairment charge no longer exists, the charge is reversed and recognized in income – except in the case of goodwill.

Goodwill and other intangible assets not subject to amortization are tested for impairment at least annually.

Uniper performs its annual goodwill impairment test in the fourth quarter of the fiscal year. The test involves comparing the recoverable amount of the group of cash-generating units (CGUs) with its carrying amount. The recoverable amount is defined as the higher of the fair value less costs to sell of the group of CGUs and its value in use. An impairment loss is recognized if the recoverable amount is lower than the carrying amount.

Goodwill impairment tests are generally derived from the respective individual measurements of the separate subunits ("sum of the parts" measurement). Uniper determines recoverable amounts for the Global Commodities and Russian Power Generation CGUs on the basis of value in use and applies a discounted cash flow (DCF) valuation model to measure these amounts. The European Generation CGU carries no goodwill.

Material estimations and judgments made by management in the context of impairment testing are described in the following overview.

Goodwill:
Valuations for the Global Commodities CGU and the Russian Power Generation CGU are based on the medium-term corporate planning authorized by the Management Board.

The following special considerations apply respectively for each segment:

Global Commodities	Russian Power Generation
Calculations of the value in use are generally based on the three planning years of the medium-term plan plus a period of long-term planning. Subsequent to the long-term planning calculations, a terminal value is assessed. Long-term planning was based on a period ending in 2035, particularly against the backdrop of long-term contractual relationships in trading and in the gas-storage business.	The value in use is determined by the Russian generation activities. It is measured in local currency and reflects the regulatory framework over a detailed planning period of 25 years.

The cash flow assumptions extending beyond the detailed planning period are determined using segment-specific growth rates that are based on historical analysis and prospective forecasting. The growth rates used are generally derived from the inflation rates in the respective countries where the CGUs operate.

The principal assumptions underlying the determination by management of the recoverable amount are the respective forecasts for commodity market prices, future electricity and gas prices in the traded markets, the seasonal price difference in gas markets (known as the "summer-winter spread") in the gas-storage business, Uniper's investment activity, changes in the regulatory and statutory framework, as well as for rates of growth and the cost of capital. These assumptions are based on publicly available market data, on external market analyses and on internal estimates based on past experience.

Non-current assets:
Intangible assets, property, plant and equipment, including right-of-use assets, and groups of these assets, as well as companies accounted for under the equity method, are tested for impairment as indicated at the level of the individual asset or the CGU. Impairment testing of the aforementioned assets or CGUs is performed whenever there are indications of impairment. In the European Generation segment, for example, the tests are based on remaining useful life and on other plant-specific valuation parameters. Uncertainties relating to a variable regulatory environment are generally accounted for by means of scenario evaluations. Recoverable amounts were usually determined using the value in use.

Growth rates and cost of capital:
The growth rates and the cost of capital are described in the following overview. They relate solely to those units making a significant value contribution to the respective CGU:

Impairment Testing Parameters

	European Generation		Global Commodities		Russian Power Generation[1]	
	2020[2]	2019	2020[2]	2019	2020[2]	2019
Goodwill						
Growth rate (in %)	N/A	N/A	1.0	1.0	3.75	4.0
Cost of capital before taxes (in %)	N/A	N/A	6.8	6.7	11.6	11.9
Cost of capital after taxes (in %)	N/A	N/A	4.8	4.6	9.3	9.6
Other non-current assets						
Cost of capital before taxes (in %)	6.1–7.3	6.0–7.4	4.7–7.4	4.7–7.0	N/A	11.9
Cost of capital after taxes (in %)	4.7–5.7	4.7–5.2	3.3–7.1	3.3–5.4	N/A	9.6

[1]Growth rate and cost of capital in local currency.
[2]Cost of capital of 2019 have been used for trigger-based tests during the year 2020.

The goodwill of the European Generation segment has been written down in its entirety. The growth rate and the cost of capital do not, therefore, have to be disclosed.

Impairment Testing Result

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2020

€ in millions	European Generation	Global Commodities	Russian Power Generation	Uniper Group
Net carrying amount of goodwill as of January 1, 2020	**0**	**1,312**	**574**	**1,886**
Changes resulting from acquisitions and disposals	–	–	–	–
Impairment charges	–	–	–	–
Exchange rate differences	–	–	-135	-135
Net carrying amount of goodwill as of December 31, 2020	**0**	**1,312**	**439**	**1,751**
Other non-current assets[1]				
Impairment charges	299	17	97	413
Reversals	176	161	–	338

[1]Other non-current assets consist of intangible assets (Note 14) and of property, plant and equipment (Note 15).

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2019

€ in millions	European Generation	Global Commodities	Russian Power Generation	Uniper Group
Net carrying amount of goodwill as of January 1, 2019	**0**	**1,312**	**504**	**1,816**
Changes resulting from acquisitions and disposals	–	–	–	–
Impairment charges	–	–	–	–
Exchange rate differences	–		70	70
Net carrying amount of goodwill as of December 31, 2019	**0**	**1,312**	**574**	**1,886**
Other non-current assets[1]				
Impairment charges	896	78	74	1,048
Reversals	49	125	–	174

[1]Other non-current assets consist of intangible assets (Note 14) and of property, plant and equipment (Note 15).

Goodwill Impairment Testing

As in the previous year, the annual goodwill impairment tests performed in the fourth quarter of 2020 necessitated no recognition of impairment losses. The recoverable amount of the Global Commodities segment is composed of a group of CGUs and significantly exceeds the carrying amount. The group of CGUs in the Russian Power Generation segment likewise has a recoverable amount exceeding its carrying amount. In both cases, reasonably possible changes in the key assumptions would not necessitate the recognition of an impairment loss.

Impairment Testing of Non-Current Assets

Because impairments had been recognized on a large number of generation assets in previous years, especially in the European Generation segment, the assets involved will be particularly sensitive in subsequent years to changes in the key assumptions used to determine their recoverable amounts. A corresponding charge must be recognized automatically on, among other things, any construction-period interest capitalized in the context of new construction projects – even under otherwise unchanged forecasts.

Impairment Testing Results in the First Half of 2020

Impairment charges on property, plant and equipment totaled €237 million in the first half of 2020 (first half of 2019: €5 million) and were not materially changed by currency translation effects as of the December 31, 2020, reporting date. They related primarily to power plants within and outside Germany held by the European Generation and Russian Power Generation segments, where they were necessitated by changes in market conditions due to the Covid-19 pandemic and, specifically in the case of the Berezovskaya 3 power plant unit currently under construction, additionally by continuing delays in the unit's return to service, some of which are Covid-19-related.

Reversals of impairment charges previously recognized on power plants amounted to €148 million in the first half of 2020 (first half of 2019: no reversals). They related primarily to two gas-fired power plants in Germany held by the European Generation segment, which were written back to reflect their planned return to the market.

Impairment Testing Results in the Second Half of 2020

The regular medium-term corporate planning in the fourth quarter of 2020 is also affected by the events and uncertainties described previously. It, too, takes into account the assumed duration of the Covid-19 pandemic as described previously. Based on the medium-term corporate planning approved by Management Board resolution, combined with the regular updates of the cost of capital and of the forecasts for commodity market prices and for future electricity and gas prices in the traded markets, many individual impairments and reversals were recognized as indicated in the European Generation and Global Commodities segments. In the Russian Power Generation segment, on the other hand, there were no further indications necessitating additional impairment testing in the second half of 2020.

Impairment charges of €176 million recognized in the second half of 2020 (previous year: €1,043 million) related primarily to power plants within and outside Germany held by the European Generation segment, where they were necessitated by changed market conditions. Impairment charges in the previous year had related primarily to power plants in the Russian Power Generation segment.

Reversals of €190 million recognized in the second half of 2020 (2019: €174 million) related primarily to impairments of gas-storage infrastructure in Germany recognized in preceding years and amounted to €149 million.

Full-Year Presentation

A total of roughly €413 million in impairments was charged to property, plant and equipment in the 2020 fiscal year (2019: €1,048 million), of which €299 million (2019: €896 million) related to the European Generation segment and roughly €97 million to the Russian Power Generation segment (2019: €74 million). Immaterial impairments totaling €17 million were recognized in the Global Commodities segment (2019: €78 million).

The most substantial individual impairment in the 2020 fiscal year in terms of amount related to the European Generation segment's Maasvlakte 3 hard-coal power plant in the Netherlands and totaled €78 million (2019: €368 million). In the context of the update of the measurement assumptions in the fourth quarter of 2020, a further impairment charge was necessitated by the changed industry environment.

The Dutch government's draft legislation, published in December 2020, to limit the use of coal between 2021 and 2024, which is aimed at attaining the Netherlands' climate targets and intends to provide commensurate compensation for operators of coal-fired power plants, promises no material opposing effect on assets and earnings in the Netherlands.

The impairment charge recognized in the previous year had resulted from changes in conditions during that period, which included the impact of the law to phase out coal-fired power generation enacted by the Parliament and Senate of the Netherlands in December 2019. The Dutch coal phase-out law provides that the power plant may not be fired with hard coal after 2029, which means that, under current law, Uniper is being forced to shut down a power plant with a technical useful life of 40 years after a mere 14 years of service – with no financial compensation foreseen by the Government of the Netherlands.

In addition, a charge of €82 million (2019: €59 million) was recognized for the Berezovskaya 3 power plant unit currently under construction, reflecting the impact of changed market conditions, as well as continuing delays in the unit's return to service. This impairment in the Russian Power Generation segment related entirely to the first half of 2020.

Another material individual impairment in fiscal 2020 in terms of amount related to the Datteln 4 hard-coal power plant, which was commissioned in late May 2020, and totaled €71 million (2019: €137 million). The charges in 2020 resulted from the updated impact of changed market conditions. The useful-life scenarios applied in the previous year were applied again in the reporting year, as they remain valid even after the enactment of Germany's coal phase-out law. The previous year's impairments of €137 million had been due to an adjustment of these scenarios and to an update of various assumptions, which, among other things, led to an impairment of capitalized construction-period interest.

Additional impairments totaling €103 million were recognized on various power plants in the United Kingdom because of the changed market environment. The power plants had already been written down by €302 million in the previous year. The uncertainty as of the December 31, 2020, reporting date surrounding a future trade agreement between the EU and the United Kingdom following the completion of the UK's withdrawal from the EU (Brexit) was given, as in the previous year, the best possible consideration when testing British generation assets for impairment by making an adjustment to the cost of capital.

Reversals of impairments recognized in previous years amounted to €338 million in fiscal 2020 (2019: €174 million). The most substantial reversals in terms of amount related to German gas-storage infrastructure in the amount of €153 million and to gas-fired power plants in Germany, which had already been written back in the previous year, in the amount of €149 million. The previous year's most substantial reversal in terms of amount had been recognized on German gas infrastructure – due to changed expectations about future prices – and had amounted to €121 million.

Assets in the European Generation segment for which an impairment loss was recognized or reversed during the 2020 fiscal year have a total recoverable amount of more than €2.2 billion, with four power plants written down to a carrying amount of zero. The total recoverable amount of assets in the Russian Power Generation segment for which an impairment loss was recognized is €1.0 billion. In the Global Commodities segment, the total recoverable amount of assets for which an impairment loss was recognized or reversed is €1.2 billion.

Impairment losses of €1 million were recognized in fiscal 2020 on companies accounted for under the equity method (2019: €6 million).

(18) Other Financial Assets

See also Note 29 for discussion of accounting policies and of material judgments and estimations made by management.

Associated companies and joint ventures that are not included in the Consolidated Financial Statements on materiality grounds, but are instead presented as equity investments, are accounted for outside the scope of IFRS 9 and measured at cost less any loss allowances. Inflows of shares in the earnings of these companies are immediately recognized in income.

Other Financial Assets

	December 31, 2020			December 31, 2019		
€ in millions	**Uniper Group**	**Associates**	**Joint ventures**	**Uniper Group**	**Associates**	**Joint ventures**
Equity investments	827	18	5	610	17	5
Non-current securities	98	–	–	100	–	–
Total	**925**	**18**	**5**	**710**	**17**	**5**

The amount shown for non-current securities relates mainly to fixed-income securities.

As of December 31, 2020, impairment losses on other financial assets amounted to €16 million (2019: €9 million). The carrying amount of other financial assets that were impaired during the fiscal year was less than €1 million (2019: €14 million).

Also included within equity investments are other equity investments for which Uniper has elected to present changes in fair value in other comprehensive income. The following table shows the corresponding equity investments and their fair values:

Other Equity Investments – Measured at Fair Value Through Other Comprehensive Income (2020)

€ in millions	Fair value	Dividends	Equity transfer	Reason for equity transfer
AS Latvijas Gaze	75	3	N/A	N/A
European Energy Exchange AG	33	1	N/A	N/A
Forsmarks Kraftgrupp AB	562	–	N/A	N/A
Global Commodities Holdings Limited	1	0	N/A	N/A
GSB-Sonderabfall-Entsorgung Bayern GmbH	1	–	N/A	N/A
Holdigaz SA	8	0	N/A	N/A
Mellansvensk Kraftgrupp AB	90	–	N/A	N/A
Other strategic equity investments	2	0	N/A	N/A
Total	**771**	**4**	**N/A**	**N/A**

Disposal of Non-Strategic Activities (2020)

€ in millions	Reason for disposal	Fair value at the date of disposal	Cumulative fair value
ENAG Energiefinanzierungs AG	Termination of sub-participation agreement	14	14
Total		**14**	**14**

Other Equity Investments – Measured at Fair Value Through Other Comprehensive Income (2019)

€ in millions	Fair value	Dividends	Equity transfer	Reason for equity transfer
European Energy Exchange AG	21	1	N/A	N/A
Forsmarks Kraftgrupp AB	411	–	N/A	N/A
Global Commodities Holdings Limited	1	0	N/A	N/A
GSB-Sonderabfall-Entsorgung Bayern GmbH	1	–	N/A	N/A
Holdigaz SA	8	0	N/A	N/A
Mellansvensk Kraftgrupp AB	68	–	N/A	N/A
Transitgas AG	2	0	N/A	N/A
Other strategic equity investments	1	0	N/A	N/A
Total	**512**	**1**	**N/A**	**N/A**

Disposal of Non-Strategic Activities (2019)

€ in millions	Reason for disposal	Fair value at the date of disposal	Cumulative fair value
ENEVA S.A.	Sale of 6.1% financial investment	80	
Total		**80**	**–**

(19) Inventories

Inventories are measured at the lower of acquisition or production cost and net realizable value. To determine the acquisition cost of inventories from physical settlement of forward transactions that are excluded from the scope of IFRS 9 (own-use transactions), contract prices, which reflect the economic character of these transactions and the contractually agreed consideration amounts, are used. If physically settled transactions are included within the scope of IFRS 9 (failed own-use transactions) and must be accounted for accordingly, the acquisition cost is equal to the market price applicable at initial recognition.

The cost of raw materials, finished products and goods purchased for resale is generally determined based on the average cost method. Valuation allowances are recognized as necessary.

Inventories

	December 31	
€ in millions	**2020**	**2019**
Raw materials and supplies	477	648
Goods purchased for resale	583	599
Work in progress and finished products	105	261
Total	**1,166**	**1,508**

Raw materials and supplies include, in particular, coal, uranium and nuclear fuel rods, as well as crude oil and other raw materials and supplies. The change in raw materials and supplies resulted largely from the consumption of crude oil. The major components of goods purchased for resale are gas and coal inventories. Work in progress and finished products mainly comprise oil products. The change in finished products resulted largely from sales of oil products. The comparative figures have been restated to account for a reclassification within inventories.

In 2020, there were valuation allowances of €22 million (2019: €58 million) and reversals of valuation allowances totaling €93 million (2019: €7 million). The reversals related mainly to gas inventories (€55 million; 2019: valuation allowances of €25 million) and coal inventories (€12 million; 2019: valuation allowances of €7 million) purchased for resale.

As in the previous year, no inventories were transferred as collateral in 2020.

(20) Receivables, Other Assets and Contract Assets

The receivables reported also include receivables from finance leases. These receivables are measured at the present value of the outstanding lease payments. They result predominantly from electricity supply contracts that must be classified as leases.

The reimbursement right from KAF shown within other financial assets is presented in accordance with the provisions of IFRIC 5, "Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds."

The recognition and measurement of all other financial assets is discussed in detail in Note 29.

Assets reported as miscellaneous operating assets include emission rights. These rights are capitalized at cost at the time of acquisition. The acquisition cost for transactions that are included within the scope of IFRS 9 (failed own-use transactions) is equal to the market price applicable at initial recognition. Contracts that are excluded from the scope of IFRS 9 (own-use transactions) are recognized with the contract price as the acquisition cost. Emission rights that are held in order to satisfy obligations relating to the Group's power-plant emissions are subsequently measured at amortized cost.

Receivables and Other Assets

	December 31, 2020		December 31, 2019	
€ in millions	**Current**	**Non-current**	**Current**	**Non-current**
Receivables from finance leases	16	180	15	194
Other financial receivables and financial assets	1,112	3,866	636	3,619
Financial receivables and other financial assets	**1,128**	**4,047**	**651**	**3,813**
Trade receivables	6,522	–	7,090	–
Receivables from derivative financial instruments	7,284	2,723	8,601	4,787
Other operating assets and contract assets	1,999	182	1,287	159
Trade receivables and other operating assets	**15,805**	**2,905**	**16,978**	**4,946**
Total	**16,933**	**6,952**	**17,629**	**8,759**

Note 31 contains detailed disclosures about leases.

The reimbursement right from KAF is included within other financial assets in the amount of €2,495 million (2019: €2,320 million). Of this total, €180 million (2019: €154 million) is reported under current financial assets and €2,315 million (2019: €2,165 million) under non-current financial assets. Since this asset is designated for a particular purpose, the Uniper Group's access to it is restricted (see also Note 24).

In addition, current financial receivables include margin deposits for forward transactions amounting to €835 million (2019: €318 million) and shareholder loans amounting to €3 million (2019: €3 million), while non-current financial receivables include shareholder loans in the amount of €570 million (2019: €568 million).

Other financial receivables included restricted cash of €95 million deposited as part of over-the-counter transactions (2019: €18 million; restated because a reclassification from liquid funds occurred).

Note 5 contains disclosures about contract assets that are reported as miscellaneous operating assets.

(21) Liquid Funds

Liquid funds include cash on hand and bank balances, as well as current available-for-sale securities. Liquid funds with an original maturity of less than three months are considered to be cash and cash equivalents, unless they are restricted, in which case they are presented separately.

Liquid Funds

	December 31	
€ in millions	**2020**	**2019**
Current securities with an original maturity greater than 3 months	46	46
Cash and cash equivalents	243	825
Total	**289**	**871**

The reported cash and cash equivalents include cash on hand and bank balances with an original maturity of less than three months in the amount of €243 million (2019: €825 million; restated because of a reclassification to the "Operating receivables, other operating assets and contract assets" line item).

(22) Equity

Capital Stock

The capital stock (share capital) of Uniper SE remains unchanged at €622 million. It consists of 365,960,000 registered no-par-value shares. The notional interest in the share capital is €1.70 per registered share.

Authorized Capital

The Management Board is authorized, subject to the Supervisory Board's consent, to increase the Company's capital stock until June 30, 2021, by up to €145,112,289 through the issue on one or more occasions of up to 85,360,170 new no-par-value registered shares against cash and/or non-cash contributions. The Management Board may, subject to the Supervisory Board's consent, exclude the subscription right that must, in principle, be granted to shareholders. Such exclusion of subscription rights is possible when shares are issued against cash contributions in the amount of up to 10% of the capital stock then existing or – should this value be lower – the capital stock existing when the authorization is exercised. Subscription rights may also be excluded when shares are issued against non-cash contributions, but only to the extent that the shares issued under such authorization against non-cash contributions do not represent in the aggregate more than 20% of the capital stock then existing or – should this value be lower – the capital stock existing when the authorization is exercised. Furthermore, shareholder subscription rights may also be excluded with regard to fractional amounts and when shares are issued to persons employed by the Company or one of its affiliates.

Contingent Capital

The Management Board is authorized, subject to the Supervisory Board's consent, to issue debt instruments during the period up to June 30, 2021, having a total nominal value of up to €1,000,000,000 that, respectively, grant rights or impose obligations of conversion or purchase, in accordance with the relevant terms and conditions of the bonds and warrants, with respect to up to 85,360,170 no-par-value registered shares of the Company, representing a pro-rata interest in its capital stock of up to €145,112,289 in total, to or on the holders or creditors of the bonds or warrants. The bonds may also be issued by an affiliate of the Company against cash and/or non-cash contributions. Here, too, the Management Board may, with the Supervisory Board's consent, exclude the subscription right to which shareholders are entitled in principle. In connection with these convertible bonds and warrant-linked bonds, conditional capital was created by shareholder resolution. Pursuant thereto, the capital stock is conditionally increased by up to €145,112,289 through the issue of up to 85,360,170 no-par-value registered shares for the purpose of granting shares upon exercise of rights and obligations of conversion or purchase.

Treasury Shares

By resolution dated August 30, 2016, the Company is authorized to purchase own shares representing up to a total of 10% of the capital stock existing when the resolution was adopted until June 30, 2021. At the Management Board's discretion, such purchase may take place on the stock exchange, by way of a purchase offer addressed to all shareholders, a public offering or a public solicitation of offers for the exchange of liquid exchange shares for Company shares (a so-called "exchange offer"), or through the use of derivatives (put or call options or a combination of both). The Management Board is also authorized, subject to the Supervisory Board's consent and excluding shareholder subscription rights, to use shares of the Company in a specified manner. The Management Board is further authorized to cancel treasury shares without requiring a separate shareholder resolution to that effect.

Additional Paid-in Capital

As of December 31, 2020, additional paid-in capital is unchanged from the previous year at €10,825 million. This figure consists primarily of additional paid-in capital pursuant to Section 272 (2), no. 1, HGB.

Retained Earnings

Retained Earnings

	December 31	
€ in millions	**2020**	**2019**
Statutory reserves	–	–
Other retained earnings	3,082	3,145
Total	**3,082**	**3,145**

As of December 31, 2020, retained earnings amounted to €3,082 million (2019: €3,145 million). Of this amount, €41.2 million (2019: €33.2 million) is subject to the distribution restriction pursuant to Section 268 (8), sentence 3, in conjunction with sentence 1, of the German Commercial Code (HGB) and in accordance with Section 253 (6), sentence 2, HGB.

Dividend

At the Annual Shareholders Meeting on May 19, 2021, the Management Board and the Supervisory Board will propose that the net income available for distribution reported in the annual financial statements of Uniper SE be used to distribute a dividend of €1.37 per share (365,960,000 shares) of the dividend-paying capital stock of €622.1 million.

Accumulated Other Comprehensive Income

Cumulative currency translation differences represent the principal component of accumulated OCI.

The share of accumulated OCI attributable to companies accounted for under the equity method is illustrated in the table below:

Share of Accumulated OCI Attributable to Companies Accounted for Under the Equity Method

€ in millions	2020	2019[1]
Balance as of December 31 (before taxes)	**-20**	**-20**
Taxes	3	3
Balance as of December 31 (after taxes)	**-17**	**-17**

[1]The comparative figures shown have been adjusted.

Accumulated OCI further includes gains and losses amounting to €93 million (2019: €84 million) from an effective, but expired, hedge of a net investment in a foreign operation.

Non-Controlling Interests

Non-controlling interests by segment as of the dates indicated are shown in the following table:

Non-Controlling Interests

	December 31	
€ in millions	2020	2019
European Generation	301	321
Global Commodities	–	-22
Russian Power Generation	136	257
Administration/Consolidation	–	–
Total	**437**	**556**

The reduction of €119 million in non-controlling interests in 2020 resulted primarily from the currency translation effects in the Russian Power Generation segment. In 2019, the €59 million increase in non-controlling interests had resulted primarily from current earnings of companies with non-controlling interests and from the currency effects in the Russian Power Generation segment.

The table below illustrates the share of accumulated OCI that is attributable to non-controlling interests:

Share of Accumulated OCI Attributable to Non-Controlling Interests

€ in millions	Cash flow hedges	Currency translation adjustments	Remeasurements of defined benefit plans	Remeasurements of equity investments
Balance as of January 1, 2019	**1**	**-571**	**1**	**–**
Changes	-1	59	-2	–
Balance as of December 31, 2019	**0**	**-512**	**-1**	**0**
Changes	–	-112	2	–
Balance as of December 31, 2020	**0**	**-624**	**1**	**0**

The currency translation adjustments mostly reflect the translation of Russian and Swedish operations.

Uniper companies with significant non-controlling interests operate primarily in the power generation sector. Information relating to company names, registered offices and equity interests for subsidiaries with non-controlling interests can be found in the disclosures relating to the list of shareholdings (see also Note 34).

The following tables provide a summary overview of the cash flow and significant line items in the aggregated income statements and aggregated balance sheets of Uniper companies with material non-controlling interests:

Subsidiaries with Material Non-Controlling Interests – Balance Sheet Data

	PAO Unipro		OKG AB	
€ in millions	**2020**	**2019**	**2020**	**2019**
Non-controlling interests in equity	136	257	19	53
Non-controlling interests in equity (in %)	16.3	16.3	45.5	45.5
Dividends paid out to non-controlling interests	28	31	–	–
Operating cash flow	272	318	25	81
Non-current assets	2,428	3,209	2,375	2,160
Current assets	109	192	228	227
Non-current liabilities	198	265	2,338	1,797
Current liabilities	91	141	224	473

Subsidiaries with Material Non-Controlling Interests – Earnings Data

	PAO Unipro		OKG AB	
€ in millions	**2020**	**2019**	**2020**	**2019**
Share of earnings attributable to non-controlling interests	20	34	-35	2
Sales	909	1,106	247	274
Net income	120	212	-76	3
Total comprehensive income	-576	571	-75	1

There are no material restrictions apart from those contained in standard legal and contractual provisions. Foreign exchange transactions out of the Russian Federation may be subject to restrictions in certain cases.

Information on Stockholders of Uniper SE

The existence of the following ownership interests pursuant to Section 160 (1), no. 8, of the German Stock Corporation were communicated to the Company in the reporting period:

Information on Stockholders of Uniper SE (as of Dec. 31, 2020)

					Voting rights		
Stockholder	**Date of notice**	**Threshold exceeded**	**Gained voting rights on**	**Allocation**	**Percentage**	**Absolute**	**Percentages of instruments as defined by Section 38 WpHG**
Republic of Finland, Helsinki, Finland	Aug. 18, 2020	75 %	Aug. 17, 2020	Indirect	75.01 %	274,523,227	0.00 %
Paul E. Singer	Mar. 30, 2020	3 %	Mar. 26, 2020	Indirect	1.38 %	5,049,459	2.46 %
BlackRock Inc., Wilmington, USA	Jun. 24, 2019	3 %	Jun. 18, 2019	Indirect	2.86 %	10,453,468	0.35 %

(23) Provisions for Pensions and Similar Obligations

Provisions for pensions and similar obligations are composed of the present value of the benefit obligations under the defined benefit plans existing in the Uniper Group, reduced by the fair value of the corresponding plan assets.

The present value of the defined benefit obligations is determined using the projected unit credit method. In addition to the pension obligations and pension entitlements that are known on the reporting date, the actuarial valuation to determine present value also takes into account demographic and economic trend assumptions such as assumptions on expected employee turnover and long-term wage and salary growth rates and pension increase rates, as well as discount rates determined as of the balance sheet date.

Any net asset position that might arise from offsetting the present value of the defined benefit obligations against the corresponding fair value of plan assets is recognized taking into account the applicable asset restrictions. Such an asset position is recognized in the "Other operating assets and contract assets" line item.

Current and past service cost, as well as gains or losses from settlements, are reported under personnel costs.

The net interest on the net liability or asset, which is reported under financial results, is essentially derived from the net defined benefit liability or asset existing at the beginning of the reporting year, adjusted for expected cash flows from benefit payments and contributions, and the discount rate determined at the beginning of the fiscal year.

In the case of a plan amendment, curtailment or settlement (each a "plan event") occurring in a defined benefit plan during an annual reporting period, the current service cost and the net interest on the net liability or asset are remeasured for the remainder of the reporting period after the plan event. The actuarial assumptions applicable as of the date of the plan event shall be used as the basis for such remeasurement.

Remeasurements of the net defined benefit liability or asset include actuarial gains and losses that may arise especially from differences between estimated and actual variations in underlying assumptions about demographic and financial variables and, additionally, from developments in these assumptions as of each reporting date. Additionally included is the difference between the actual return on plan assets and the interest income on plan assets contained in the net interest result, as well as any change in the effect of the asset ceiling, excluding amounts already included in net interest. Remeasurement results and related deferred taxes are recognized in full in the period in which they occur and are not reported within the income statement; they are instead shown in the statement of recognized income and expenses.

For defined contribution pension plans, regular, fixed contributions are paid to external insurers or similar institutions and recognized in income as personnel costs. Other than paying the plan contributions, Uniper has no further obligations to eligible individuals under these plans. Contributions to state pension plans are treated like payments for defined contribution pension plans to the extent that the obligations under these pension plans generally correspond to those under defined contribution pension plans. Contributions to state plans are reported mostly under social security contributions within personnel costs.

As of December 31, 2020, the present value of the defined benefit obligations, the fair value of plan assets and the net defined benefit liability represent a funding level of 66% (2019: 71%) and break down as shown in the following table:

Provisions for Pensions and Similar Obligations

	December 31	
€ in millions	**2020**	**2019**
Present value of all defined benefit obligations		
Germany	3,424	2,927
United Kingdom	655	626
Other countries	8	10
Total	**4,087**	**3,563**
Fair value of plan assets		
Germany	2,074	1,950
United Kingdom	642	582
Other countries	0	0
Total	**2,716**	**2,532**
Net defined benefit liability (+) / asset (-)		
Germany	1,350	977
United Kingdom	12	44
Other countries	8	10
Total	**1,371**	**1,031**
Presented as provisions for pensions and similar obligations	1,371	1,031

Description of the Benefit Plans

In addition to their entitlements under government retirement systems and the income from private retirement planning, most active and former Uniper Group employees are also covered by occupational benefit plans. Both defined benefit plans and defined contribution plans are in place at Uniper. The commitments under these plans primarily involve retirement, disability and survivor benefits and are structured differently in line with the legal, tax and regulatory conditions prevailing in the respective country.

The pension plans within the Uniper Group are regularly reviewed with respect to their financial risks. Typical risk factors for defined benefit plans are longevity and changes in nominal interest rates, as well as increases in inflation and rising wages and salaries. To avoid exposure to future risks from occupational benefit plans, newly designed pension plans in which the risk factors can be better calculated and controlled had previously been introduced at the major Uniper Group companies within and outside Germany.

Described below are the configurations of the major defined benefit and defined contribution pension plans within the Uniper Group.

Germany

Active employees at German Uniper companies are predominantly covered by defined contribution benefit plans. In addition, some final-pay arrangements, and a small number of fixed-amount arrangements, still exist under individual contracts.

The majority of the reported benefit obligation toward active employees is centered on the “BAS Plan,” a pension unit system launched in 2001, and on the “Zukunftssicherung” plan, a variant of the “BAS Plan” that emerged from the harmonization in 2004 of numerous benefit plans granted in the past. In the “Zukunftssicherung” benefit plan, vested final-pay entitlements are considered in addition to the defined contribution pension units when determining the benefit. The plans described in the preceding normally provide for ongoing pension benefits that generally are payable upon reaching the age threshold, but also in the event of disability or death. These plans have been closed to new hires since 2008.

The only plan open to new hires is a defined contribution plan. This plan is a “units of capital” system that provides for the alternative payout options of a prorated single payment and payments of installments in addition to the payment of a regular pension. In addition to the pension benefits paid upon reaching the age threshold, employees are also covered for disability, as are their survivors in the event of death.

The benefit expense for all the defined contribution benefit plans mentioned above is dependent on compensation and is determined at different percentage rates based on the ratio between compensation and the contribution limit in the statutory retirement pension system in Germany. Employees can additionally choose to defer compensation and, in the open defined contribution plan, receive matching employer contributions, subject to compliance with specified deferral limits.

The defined contribution plans contain different interest rate assumptions for the pension units and the units of capital, respectively. Up to and including December 31, 2018, fixed interest rate assumptions had applied for both the "BAS Plan" and the "Zukunftssicherung" plan. Since January 1, 2019, the pension units established under both the "BAS Plan" and the "Zukunftssicherung" plan have earned interest at a rate that is linked to market rates and hedged by applying guaranteed minimum interest rates. An annual review is performed, taking market developments into account, to determine whether the pension units should be formed based on the guaranteed minimum interest rates or by applying a higher rate. The interest rate can be increased to a maximum of 6.0% p.a. Pension units granted through December 31, 2018, remain unchanged by this adjusted interest calculation. The units of capital established under the open defined contribution plan earn interest at the average yield of long-term government bonds of the Federal Republic of Germany observed in the fiscal year.

Future pension increases at a rate of 1% p.a. are guaranteed pursuant to the German law for the improvement of occupational retirement pensions ("BetrAVG") for a portion of the eligible individuals including, in particular, a large number of active employees. For the remaining eligible individuals, pensions are adjusted mostly in line with the rate of inflation, usually in a three-year cycle.

Pension plans at the German Uniper companies are funded through designated pension vehicles that are legally distinct from the Company.

In addition to plan assets administered by German pension vehicles ("Pensionskassen"), plan assets in the form of a Contractual Trust Arrangement (CTA) were established to fund domestic pension plans for most of the German Uniper companies. The plan assets of the CTA are administered by Uniper Pension Trust e. V. as trustee on the basis of the investment principles specified for it.

Furthermore, payments were made to a Group-wide pension fund, which is qualified as plan assets, when the method of occupational retirement provision was changed to a pension fund commitment for a segment of the retirement benefit commitments. The assets contributed to the pension fund thus provide the funding for the obligations transferred to the pension fund.

The pension vehicles described pursue the primary objective of providing full coverage of benefit obligations at all times for the payments due under the respective benefit plans. The investment strategy and portfolio structure required to achieve this is implemented, reviewed regularly and adjusted, if necessary, using asset-liability management studies based on specified investment principles, the structure of the benefit obligations and the prevailing condition of the capital markets. Further goals of the investment strategy are to offset the changes in the defined benefit obligation partially with corresponding changes in the fair value of plan assets and to influence positively the funding level of the German pension obligations over the long term by means of investments providing returns in excess of those of fixed-rate bonds and the discount rate.

Only the "Pensionskassen" vehicles and the pension fund are subject to regulatory provisions in relation to the investment of capital and funding requirements.

United Kingdom

In the reporting period, Uniper employees in the United Kingdom participated in one of the three existing pension plans, one being a defined contribution plan, one a final salary plan, and one a retirement balance plan. The latter two defined benefit plans make up the majority of the pension obligations reported for Uniper's former and active employees in the United Kingdom and have been closed to new hires since 2005 and 2008, respectively. Since the closure of these pension plans, new hires have been joining the open defined contribution plan.

Benefit payments to the beneficiaries of the existing defined benefit pension plans are adjusted for inflation, as measured by the UK Retail Price Index (RPI), through specified increases (limited to a fixed maximum amount).

Plan assets in the United Kingdom covering the benefit obligations under the final salary and retirement balance plans (excluding those covering the defined contribution plan, which are established under a contract between the employee and the asset manager) are administered by Uniper UK Trustees Limited in its capacity as trustee of the Uniper Group of the Electricity Supply Pensions Scheme ("Uniper Group of the ESPS"). The trustees are respectively chosen by the members of the Uniper Group of the ESPS or appointed by Uniper UK Limited. In their capacity as such, the trustees are wholly responsible for the investment of the plan assets, and to that end they have appointed a fiduciary manager. Within the confines of previously defined general terms, the fiduciary manager invests the plan assets with a liability hedging component and a growth component. The liability hedging component serves to hedge a portion of the fixed-interest- and inflation-linked pension liabilities through the use of "leveraged gilt funds" and cash, while the growth component seeks to achieve asset growth in excess of the growth of the liabilities over the long term. The trustees monitor the percentage of the liability hedging component and the amount of the liabilities to be hedged.

The Pensions Regulator in the United Kingdom requires that a valuation of the funding of pension plans in the United Kingdom be performed at least once every three years. The actuarial assumptions underlying the valuation are agreed between the Uniper Group of the ESPS and Uniper UK Limited. They include presumed life expectancy, wage and salary growth rates, investment returns, inflationary assumptions and interest rate levels. The last valuation of the Uniper Group of the ESPS took place as of March 31, 2019, and showed a funding deficit of £25.8 million. The agreed deficit repair plan provides for repair payments totaling £14.6 million in 2020, which were made as due, and for a further conditional payment not exceeding £7 million to the Uniper Group of the ESPS in January 2022, provided that certain conditions concerning the funding level of the Uniper Group of the ESPS are satisfied. Calculations will be performed to that end during 2021.

Other Countries

The remaining benefit plans are attributable to various international activities of the Uniper Group.

The defined benefit and defined contribution plans in Belgium, the Netherlands, Russia, Sweden, Canada and the United States, however, are largely of minor significance from the perspective of the Uniper Group.

Explanation of Figures from the Defined Benefit Pension Plans

The recognized net defined benefit liability from the Uniper Group's defined benefit plans results from the difference between the present value of the defined benefit obligations and the fair value of plan assets:

Changes in the Net Defined Benefit Liability

€ in millions	Defined Benefit Obligation	Fair value of plan assets	Net defined benefit liability (+) / asset (-)
Uniper Group			
January 1, 2020	**3,563**	**-2,532**	**1,031**
Domestic			
January 1, 2020	**2,927**	**-1,950**	**977**
Current employer service cost	36	–	36
Past service cost	11	–	11
Interest expense (+) / income (-) on the net defined benefit liability/asset	45	-30	15
Remeasurements	449	-105	344
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	*–*	*–*	*–*
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	*459*	*–*	*459*
Actuarial gains (-) / losses (+) arising from experience adjustments	*-10*	*–*	*-10*
Return on plan assets recognized in equity, not including amounts contained in the interest income on plan assets	*–*	*-105*	*-105*
Benefit payments	-52	50	-1
From plan assets	*-50*	*50*	*0*
From the Company	*-1*	*–*	*-1*
Employer contributions	–	-31	-31
Changes in scope of consolidation	46	-30	15
Reclassification to assets held for sale and liabilities associated with assets held for sale[1]	-38	22	-15
December 31, 2020	**3,424**	**-2,074**	**1,350**
Foreign			
January 1, 2020	**636**	**-582**	**54**
Current employer service cost	23	–	23
Past service cost	0	–	0
Interest expense (+) / income (-) on the net defined benefit liability/asset	13	-12	1
Remeasurements	40	-57	-17
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	*2*	*–*	*2*
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	*41*	*–*	*41*
Actuarial gains (-) / losses (+) arising from experience adjustments	*-3*	*–*	*-3*
Return on plan assets recognized in equity, not including amounts contained in the interest income on plan assets	*–*	*-57*	*-57*
Benefit payments	-13	13	*0*
From plan assets	*-13*	*13*	*0*
From the Company	*0*	*–*	*0*
Employer contributions	–	-36	-36
Exchange rate differences	-37	32	-4
December 31, 2020	**663**	**-643**	**20**
Uniper Group			
December 31, 2020	**4,087**	**-2,716**	**1,371**

[1]For further information on the reclassification to assets held for sale and liabilities associated with assets held for sale, see Note 4.

Changes in the Net Defined Benefit Liability

€ in millions	Defined Benefit Obligation	Fair value of plan assets	Net defined benefit liability (+) / asset (-)
Uniper Group January 1, 2019	**2,972**	**-2,168**	**804**
Domestic			
January 1, 2019	**2,477**	**-1,682**	**795**
Current employer service cost	31	–	31
Past service cost	2	–	2
Interest expense (+) / income (-) on the net defined benefit liability/asset	57	-39	18
Remeasurements	409	-230	179
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	–	–	–
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	*422*	–	*422*
Actuarial gains (-) / losses (+) arising from experience adjustments	*-13*	–	*-13*
Return on plan assets recognized in equity, not including amounts contained in the interest income on plan assets	–	*-230*	*-230*
Benefit payments	-48	47	-1
From plan assets	*-47*	*47*	*0*
From the Company	*-1*	–	*-1*
Employer contributions	–	-46	-46
Other	-1	–	-1
December 31, 2019	**2,927**	**-1,950**	**977**
Foreign			
January 1, 2019	**495**	**-486**	**9**
Current employer service cost	24	–	24
Past service cost	-1	–	-1
Interest expense (+) / income (-) on the net defined benefit liability/asset	17	-15	2
Remeasurements	112	-47	65
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	*-3*	–	*-3*
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	*120*	–	*120*
Actuarial gains (-) / losses (+) arising from experience adjustments	*-5*	–	*-5*
Return on plan assets recognized in equity, not including amounts contained in the interest income on plan assets	–	*-47*	*-47*
Benefit payments	-14	14	0
From plan assets	*-14*	*14*	*0*
From the Company	*0*	–	*0*
Employer contributions	–	-21	-21
Changes in scope of consolidation[1]	-27	–	-27
Exchange rate differences	30	-27	3
December 31, 2019	**636**	**-582**	**54**
Uniper Group December 31, 2019	**3,563**	**-2,532**	**1,031**

[1]Changes in the scope of consolidation result from the disposal of Uniper activities in France.

The present value of the defined benefit obligations outside Germany is attributable at €655 million (2019: €626 million) to the United Kingdom and at €8 million (2019: €10 million) to Russia. The fair value of plan assets outside Germany is attributable at €642 million (2019: €582 million) to the United Kingdom.

The present value of the defined benefit obligations existing as of the balance sheet date is attributable to active employees in the amount of roughly €1.8 billion (2019: €1.6 billion), to retirees and surviving dependents in the amount of roughly €1.2 billion (2019: €1.0 billion) and to former employees with vested entitlements in the amount of roughly €1.1 billion (2019: €1.0 billion).

The past service cost recognized in 2020 resulted from plan amendments in connection with a strategy implementation by Uniper that includes, among other things, a proactive phase-out plan for coal in Europe. The net periodic pension cost of the affected plan was also remeasured during the year in that context.

The net actuarial losses generated both in 2020 and in 2019 resulted mostly from the reduction in the discount rates used within the Uniper Group.

The actual return on plan assets in 2020 was a gain of €204 million (2019: €331 million).

In addition to the total net periodic pension cost of €86 million (2019: €76 million) for defined benefit plans, contribution expenses of €23 million were recognized for occupational retirement benefit plans in 2020 (2019: €25 million).

Contributions to state plans totaled €0.1 billion in 2020 (2019: €0.1 billion).

Actuarial Parameters and Sensitivities

The actuarial assumptions used to measure the defined benefit obligations and to compute the net periodic pension cost for the Uniper companies within and outside of Germany as of the respective balance sheet dates are as follows:

Actuarial Assumptions

	December 31		January 1
Percentages	**2020**	**2019**	**2019**
Discount rate			
Domestic	0.80	1.50	2.30
Foreign	1.56	2.17	3.08
United Kingdom	*1.50*	*2.10*	*3.00*
Wage and salary growth rate			
Domestic	2.25	2.25	2.25
Foreign	2.64	3.14	3.23
United Kingdom	*2.60*	*3.10*	*3.20*
Pension increase rate			
Domestic[1]	1.75	1.75	1.75
Foreign	2.67	2.95	3.05
United Kingdom	*2.70*	*3.00*	*3.10*

[1]The pension increase rate for Germany applies to eligible individuals not subject to an agreed guarantee adjustment.

The discount rates used in the Uniper Group are essentially based on the currency-specific returns available at the end of the respective fiscal year on high-quality corporate bonds and take into account the average duration of the respective underlying obligations. The weighted-average duration of the defined benefit obligations measured within the Uniper Group as of December 31, 2020, is 22.8 years (2019: 22.9 years).

To measure the Uniper Group's occupational pension obligations for accounting purposes, the Company has employed the current versions of the biometric tables recognized in each respective country for the calculation of pension obligations:

Actuarial Assumptions (Mortality Tables)

Germany	2020: 2018 G versions of the Klaus Heubeck biometric tables (2018) 2019: 2018 G versions of the Klaus Heubeck biometric tables (2018)
United Kingdom	2020: 'S3' series base mortality tables, taking into account future changes in mortality (CMI 2019 projection table) 2019: 'S3' series base mortality tables, taking into account future changes in mortality (CMI 2018 projection table)

Changes in the actuarial assumptions described previously would lead to the following changes in the present value of the defined benefit obligations at the respective reporting dates:

Sensitivities

	Changes in the present value of the defined benefit obligations			
	December 31, 2020		**December 31, 2019**	
Change in the discount rate by (basis points)	+50	-50	+50	-50
Change in percent	*-9.80*	*11.41*	*-9.50*	*11.06*
Change in wage and salary growth rate by (basis points)	+25	-25	+25	-25
Change in percent	*0.49*	*-0.48*	*0.52*	*-0.51*
Change in the pension increase rate by (basis points)	+25	-25	+25	-25
Change in percent	*1.25*	*-1.19*	*1.29*	*-1.20*
Change in mortality by (percent)	+10	-10	+10	-10
Change in percent	*-2.92*	*3.29*	*-2.70*	*3.03*

A 10% decrease in mortality would result in a higher life expectancy of beneficiaries, depending on the age of each individual beneficiary. As of the December 31 reporting dates of 2020 and 2019, the life expectancy of a 63-year-old male Uniper retiree would increase by approximately one year if mortality were to decrease by 10%.

The sensitivities indicated are computed based on the same methods and assumptions used to determine the present value of the defined benefit obligations. If one of the actuarial assumptions is changed for the purpose of computing the sensitivity of results to changes in that assumption, all other actuarial assumptions are included in the computation unchanged. Potential correlation effects between the individual actuarial assumptions are not taken into account in the computation of sensitivities.

When considering sensitivities, it must be noted that the change in the present value of the defined benefit obligations resulting from changing multiple actuarial assumptions simultaneously is not necessarily equivalent to the cumulative effect of the individual sensitivities.

Description of Plan Assets

The individual plan asset components have been allocated to corresponding asset classes based on their substance. The plan assets thus classified break down as shown in the following table:

Classification of Plan Assets

	December 31, 2020			December 31, 2019		
Percentages	**Total**	**Domestic**	**Foreign[1]**	**Total**	**Domestic**	**Foreign[1]**
Plan assets listed in an active market						
Equity securities (stocks)	31	41	0	26	34	0
Debt securities	32	42	0	39	51	0
Government bonds	*17*	*23*	*0*	*21*	*28*	*0*
Corporate bonds	*15*	*19*	*0*	*18*	*23*	*0*
Other investment funds	4	5	0	1	1	0
Total listed plan assets	**67**	**87**	**0**	**66**	**86**	**0**
Plan assets not listed in an active market						
Equity securities not traded on an exchange	6	–	26	4	–	16
Debt securities	2	–	10	3	–	13
Real estate	8	10	2	8	9	3
Cash and cash equivalents	4	3	9	6	5	10
Other[2]	13	0	53	13	–	58
Total unlisted plan assets	**33**	**13**	**100**	**34**	**14**	**100**
Total	**100**	**100**	**100**	**100**	**100**	**100**

[1]Asset management in the United Kingdom is performed by an appointed fiduciary manager. Plan assets in the United Kingdom are invested in investment funds ("pooled funds") that are not listed in an active market.

[2]The "Other" category of assets consists primarily of "liability hedging" assets and hedge funds.

The investment of plan assets within the Uniper Group involves the use of derivatives (e.g., interest rate swaps and inflation swaps, as well as currency hedging instruments) to facilitate the control of specific risk factors of pension liabilities. In the table above, these derivatives have been allocated, based on their substance, to the respective asset classes in which they are used.

Plan assets during the reporting period included virtually no owner-occupied real estate, and virtually no equity or debt instruments, of Uniper companies.

Presentation of Future Contributions and of the Maturity Profile of the Benefit Obligations

For the 2021 fiscal year, it is expected that employer contributions to plan assets for the Uniper Group will amount to a total of €57 million and primarily involve the funding of new and existing benefit obligations, with an amount of €22 million attributable to foreign companies.

The table below shows the maturity profile of the undiscounted defined benefit obligation as of December 31, 2020:

Maturity Profile of the Undiscounted Defined Benefit Obligation

€ in millions	Total	Domestic	Foreign
Due within 1 year	74	66	8
Due in 1 to 5 years	329	283	46
Due in 5 to 10 years	529	454	75
Due in 10 to 20 years	1,317	1,101	216
Due in 20 to 30 years	1,267	1,018	248
Due in more than 30 years	1,481	1,162	319

(24) Miscellaneous Provisions

Miscellaneous provisions are liabilities of uncertain timing or amount. They are recognized when there are legal or constructive present obligations toward third parties resulting from events that occurred in the past, it is probable that a future outflow of resources will be required to settle these obligations, and the amounts of the obligations can be measured with sufficient reliability. A provision is recognized at the present value of the expected settlement amount; future cost increases that are foreseeable and likely to occur on the balance sheet date must also be included in the measurement. The accretion amounts and the effects of changes in interest rates are generally presented within financial results. A reimbursement related to the provision that is virtually certain to be collected is capitalized as a separate asset.

Liabilities for obligations arising from the decommissioning or dismantling of property, plant and equipment are recognized at their discounted settlement amounts. The carrying amounts of the respective items of property, plant and equipment are increased by the same amounts. In subsequent periods, capitalized asset retirement costs are amortized over the expected remaining useful lives of the related items of property, plant and equipment, while the provision is accreted to its present value on an annual basis.

In the case of changes in estimates, the adjustment of provisions for the decommissioning or dismantling of property, plant and equipment for changes to estimates is generally recognized by way of a corresponding adjustment to these assets, with no effect on income. If the item of property, plant and equipment to be decommissioned has already been fully depreciated, changes in estimates that would lead to a further reduction are recognized in the income statement. Changes in estimates for all other miscellaneous provisions are recognized directly in the income statement.

Under Swedish law, Uniper is required to pay fees to the Swedish Nuclear Waste Fund ("Kärnavfallsfonden" or "KAF") for its Swedish nuclear operations. For each nuclear power plant operating company, the Swedish Radiation Safety Authority proposes the fees for disposal of high-level radioactive waste and for decommissioning on the basis of the amount of electricity produced or on a time basis, taking into account nuclear-specific inflation rates and risk premiums. The proposed fees are then submitted to government offices for approval and the corresponding payments are made by the owners of the power plant operating companies. In accordance with IFRIC 5, a right of reimbursement for asset retirement expenditure is recognized as an asset within other financial assets for payments to the KAF (see also Note 20). The KAF reimbursement right is measured specifically for each power plant operating company at the lower of the recognized asset retirement obligation and the contributor's share of the fair value of the net assets of this fund.

As of December 31, 2020, the long-term real discount rate used in the nuclear power sector in Sweden was 1.2% (2019: 2.0%). A change of 0.1 percentage points in the applied real interest rate leads to a change in the provision of approximately €33 million (2019: €35 million).

Provisions for losses from open transactions under onerous contracts are recognized at the lower of the excess obligation upon performance under the contract and any potential penalties or compensation arising in the event of non-performance. Obligations under an open contractual relationship are determined from a customer perspective.

Provisions for restructuring are recognized once a detailed restructuring plan has been decided on by management and publicly announced or communicated to the employees or their representatives. Only those expenses that are directly attributable to the restructuring measures are used in measuring the amount of the provision. Expenses associated with future operations are not taken into consideration.

A provision is recognized for the obligations arising from CO_2 emissions produced within the framework of the EU Emissions Trading System. The provision is measured at the carrying amount of the emission rights held or, in the case of a shortfall, at the current fair value of the emission rights needed. The expenses incurred for the recognition of the provision are reported under cost of materials.

The miscellaneous provision amounts relate predominantly to issues in euro-area countries, as well as in the United Kingdom and in Sweden. The interest rates used regarding these issues ranged from 0% to 0.75%, depending on the term (2019: 0% to 1.33%).

The following table lists the miscellaneous provisions as of the dates indicated:

Miscellaneous Provisions

	December 31, 2020		December 31, 2019	
€ in millions	**Current**	**Non-current**	**Current**	**Non-current**
Nuclear waste management obligations	186	2,730	159	2,398
Personnel-related obligations	70	177	64	182
Other asset retirement obligations	26	776	27	727
Supplier-related obligations	322	469	115	677
Generation-related obligations	494	643	397	610
Distribution-related obligations	81	297	77	343
Customer-related obligations	31	58	39	7
Environmental remediation and similar obligations	13	200	28	181
Other	233	306	211	298
Total	**1,456**	**5,657**	**1,115**	**5,422**

The changes in miscellaneous provisions are shown in the table below:

Changes in Miscellaneous Provisions

€ in millions	January 1, 2020	Exchange rate differences	Changes in scope of consolidation	Accretion	Additions	Utilization	Reclassifications	Reversals	Changes in estimates	December 31, 2020
Nuclear waste management obligations	2,557	116	–	46	9	-146	–	–	334	2,916
Personnel obligations	247	-1	1	4	92	-89	-1	-6	–	247
Other asset retirement obligations	754	-8	–	8	5	-6	–	–	48	802
Supplier-related obligations	792	–	–	15	247	-61	10	-213	–	791
Generation-related obligations	1,006	-9	–	20	585	-454	–	-11	–	1,137
Distribution-related obligations	420	1	–	1	19	-50	–	-14	–	378
Customer-related obligations	45	-1	–	–	62	-4	–	-12	–	90
Environmental remediation and similar obligations	209	–	–	–	18	-9	–	-4	–	213
Other	508	4	–	6	109	-62	16	-44	–	538
Total	**6,538**	**102**	**1**	**101**	**1,146**	**-881**	**26**	**-302**	**381**	**7,112**

The high levels of additions and utilizations in generation-related provisions relate especially to the creation (for the 2020 reporting year) and the settlement (for the preceding 2019 fiscal year) of European emissions trading obligations.

Reversals of miscellaneous provisions resulted largely from the reversal of provisions for onerous gas-storage contracts and from numerous individual effects.

Provisions for Nuclear Waste Management Obligations

As of December 31, 2020, the provision based on the requirements of Swedish nuclear energy law amounted to €2.9 billion (2019: €2.6 billion). The provisions comprise all those nuclear obligations relating to the disposal of spent nuclear fuel rods and low-level nuclear waste and to the retirement and decommissioning of nuclear power plant components that are determined on the basis of external studies and cost estimates, taking into account nuclear-specific cost inflation rates and risk premiums.

The provisions recognized for nuclear asset retirement obligations include the anticipated costs of post-operation and service operation of the facility, dismantling costs, and the cost of removal and disposal of the nuclear components of the nuclear power plant.

Based on current expectations, Uniper assumes that most of these provisions will be utilized between 2021 and 2076.

Changes in estimates affecting provisions for the Swedish operations were recognized in the amount of €334 million (2019: €146 million). The increase is predominantly attributable to the discount rate adjustment, which is made in line with industry-specific developments in Sweden. Provisions were utilized in the amount of €146 million (2019: €112 million), of which €84 million (2019: €70 million) is attributable to the decommissioned reactor units 1 and 2 of the Oskarshamn nuclear power plant and €62 million (2019: €42 million) to the Barsebäck nuclear power plant, which is in post-operation.

The following table lists the provisions by technical specification and presents the funding situation of the nuclear waste management obligations as of the dates indicated:

Provisions for Nuclear Waste Management Obligations

	December 31	
€ in millions	**2020**	**2019**
Decommissioning	848	820
Disposal of nuclear fuel rods and operational waste	2,068	1,737
Total	**2,916**	**2,557**
Uniper's recognized interest in the Swedish Nuclear Waste Fund (see also Note 20)	**2,495**	**2,320**
Uniper's share of the fair value of the net assets of the Swedish Nuclear Waste Fund	2,718	2,611
Receivables from the Swedish Nuclear Waste Fund ineligible for capitalization	223	291

As provided for by IFRIC 5, a reimbursement right of €2,495 million in total (2019: €2,320 million) was recognized, based on a power-plant-specific determination, within other financial assets (see also Note 20). This precluded the recognition of a claim for €223 million against the KAF (2019: €291 million). The actual claim against the KAF in the amount of €2,718 million (2019: €2,611 million) is offset by provisions amounting to €2,879 million (2019: €2,523 million). No reimbursement right from the KAF exists for provisions amounting to €37 million (2019: €34 million).

Personnel-Related Obligations

The provisions for personnel costs primarily comprise provisions for performance-based compensation components, long-service bonus obligations, in-kind obligations, restructuring and other deferred personnel costs. Based on current expectations, Uniper assumes that most of these provisions will be utilized between 2021 and 2062.

Provisions for Other Asset Retirement Obligations

Provisions for other asset retirement obligations involve obligations for conventional and renewable-energy power plants, including the conventional plant components in the nuclear power segment, that are based on legally binding civil agreements and public regulations. Also reported here are provisions for environmental improvements at gas storage facilities and for the dismantling of installed infrastructure. Based on current expectations, Uniper assumes that most of these provisions will be utilized between 2021 and 2066.

Supplier-Related Obligations

Provisions for supplier-related obligations include, among others, provisions for potential losses on open purchase contracts and for onerous contracts in the amount of €0.5 billion (2019: €0.6 billion). These provisions relate to infrastructure used by Uniper in the gas-storage business on the basis of long-term contracts.

Generation-Related Obligations

Generation-related provisions consist mainly of provisions from the hydroelectric power business segment and of provisions for emission rights. Based on current expectations, Uniper assumes that most of these provisions will be utilized between 2021 and 2082.

Distribution-Related Obligations

Distribution-related provisions consist principally of provisions for gas transportation and for regasification. Based on current expectations, Uniper assumes that most of these provisions will be utilized between 2021 and 2026.

Customer-Related Obligations

Provisions for customer-related obligations consist largely of potential losses on rebates and open sales contracts. Based on current expectations, Uniper assumes that most of these provisions will be utilized between 2021 and 2024.

Environmental Remediation and Similar Obligations

Provisions for environmental remediation relate primarily to redevelopment and water protection measures, the rehabilitation of contaminated sites, and other environmental improvement measures. Based on current expectations, Uniper assumes that most of these provisions will be utilized between 2021 and 2043.

Other

Aside from a large number of individual items, other provisions also include provisions for potential obligations arising from taxes other than income taxes. Based on current expectations, Uniper assumes that most of these provisions will be utilized between 2021 and 2039.

(25) Liabilities and Contract Liabilities

See also Note 29 for discussion of accounting policies and of material judgments and estimations made by management.

The following table provides a breakdown of liabilities:

Liabilities

€ in millions	December 31, 2020 Current	Non-current	Total	December 31, 2019 Current	Non-current	Total
Financial liabilities and liabilities from leases	**716**	**1,027**	**1,743**	**815**	**1,119**	**1,935**
Trade payables	6,804	–	6,804	7,308	–	7,308
Liabilities from derivatives	7,550	2,477	10,027	8,238	4,277	12,515
Other operating liabilities and contract liabilities	1,153	193	1,345	1,322	694	2,016
Trade payables, other operating liabilities and contract liabilities	**15,506**	**2,670**	**18,176**	**16,868**	**4,971**	**21,839**
Total	**16,222**	**3,697**	**19,919**	**17,683**	**6,091**	**23,774**

Financial Liabilities and Capital Structure Management

The following is a description of the Uniper Group's significant credit arrangements and of the existing programs for issuing bonds and commercial paper:

€1.8 Billion Euro Commercial Paper Program

The Euro Commercial Paper (ECP) program is a flexible instrument for the issuance of short-term debt in the form of commercial paper notes. The ECP program was updated in May 2020 to establish conformity with the STEP Market Convention. The program amount continues to be €1.8 billion. As of the end of fiscal 2020, €65 million in commercial paper was outstanding under the program (2019: €0 million).

€2 Billion Debt Issuance Program

Initially launched in November 2016, the Debt Issuance Program (DIP) is a flexible instrument for issuing debt securities to investors in public, syndicated and private placements. The volume, currencies and maturities of the bonds to be issued depend on Uniper's financing requirements. The total amount available under the program is unchanged at €2 billion.

As in the previous year, there was no issuance outstanding under the DIP as of year-end 2020.

€1.8 Billion Syndicated Bank Financing Agreement with Revolving Credit Facility

In 2018, the syndicated bank financing agreement of Uniper SE was refinanced early at improved terms and conditions for an amount of €1.8 billion. Via two extension options for one additional year each, the tenor of initially five years ending in 2023 can be extended by up to two years with the consent of the banks participating in the syndicate. Following the successful first extension in 2019, Uniper exercised the second option to extend the tenor by another year in September 2020, and all 15 syndicate banks have extended their loan commitment accordingly through 2025. As in the previous year, the revolving credit facility was not utilized as of year-end 2020. The facility serves Uniper mainly as a back-up facility for the Euro Commercial Paper program, and also as a general liquidity reserve.

Covenants

In its financing activities, Uniper SE has agreed to enter into covenants consisting primarily of change-of-control clauses, negative pledges and pari-passu clauses, each referring to a restricted set of significant circumstances.

Capital Structure Management

Uniper measures its balance sheet stability particularly in a solid investment-grade rating of BBB and by a corresponding debt factor. The debt factor is defined as the ratio of current economic net debt to adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA). The BBB target rating can be translated into a debt factor of less than or equal to 2.5x. Based on adjusted EBITDA in fiscal 2020 of €1,657 million (2019: €1,561 million) and economic net debt of €3,113 million as of the balance sheet date (2019: €2,650 million), the debt factor was 1.9x (2019: 1.7x).

Financial Liabilities by Segment

The following table breaks down the financial liabilities by segment:

Financial Liabilities by Segment as of December 31, 2020

€ in millions	Commercial paper	Bank loans / Liabilities to banks	Liabilities from leases	Other financial liabilities	Financial liabilities
European Generation	–	33	174	416	623
Global Commodities	–	12	571	193	776
Russian Power Generation	–	–	13	5	18
Administration/Consolidation	65	214	3	43	325
Uniper Group	65	259	761	658	1,743

Financial Liabilities by Segment as of December 31, 2019

€ in millions	Commercial paper	Bank loans / Liabilities to banks	Liabilities from leases	Other financial liabilities	Financial liabilities
European Generation	–	50	152	446	648
Global Commodities	–	–	653	500	1,153
Russian Power Generation	–	–	9	–	9
Administration/Consolidation	–	70	3	51	124
Uniper Group	–	120	817	997	1,935

Other financial liabilities as of December 31, 2020, comprise financial liabilities to Fortum amounting to €245 million (2019: €222 million). These are the result of a Fortum Group company's share in the financing of the nuclear power plant in Sweden that is jointly operated under Uniper's management.

They further include financial liabilities to unrelated parties amounting to €136 million (2019: €164 million) and to companies in which Uniper holds an equity interest in the amount of €84 million (2019: €112 million).

Margin payments in connection with exchange-traded futures transactions amounting to €193 million (2019: €499 million) are also reported under other financial liabilities.

Trade Payables, Other Operating Liabilities and Contract Liabilities

Trade payables amounted to €6,804 million as of December 31, 2020 (2019: €7,308 million).

Other operating liabilities and contract liabilities principally comprised contract liabilities totaling €628 million (2019: €777 million) and liabilities for taxes in the amount of €158 million (2019: €152 million).

As of the reporting date, Uniper has no non-controlling interests in fully consolidated partnerships with legal structures that give their investors a statutory right of withdrawal combined with a compensation claim. Such interests will be divested, effective October 1, 2021, in the context of the sale of the stake in the Schkopau lignite-fired power plant and they are presented as of the December 31, 2020, reporting date as part of the disposal group (see also Note 4) in the amount of €99 million. The interests were valued at €96 million in 2019.

Note 5 contains disclosures about contract liabilities.

(26) Contingent Liabilities, Contingent Assets and Other Financial Obligations

As part of its business activities, the Uniper Group is subject to contingencies and other financial obligations involving a variety of underlying matters. These include, in particular, guarantees, obligations arising from litigation and claims for damages (see also Note 27), as well as short- and long-term contractual, statutory and other obligations and commitments.

Contingent Liabilities and Contingent Assets

Unless required to be recognized as part of a business combination, contingent liabilities are possible or present obligations arising from past events that are not recognized on the balance sheet, and for which an outflow of resources is probable. The amounts disclosed correspond to the potential obligations expected on the balance sheet date. Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company.

The Uniper Group has issued direct and indirect guarantees to third parties and to parties outside of the Uniper Group, which require Uniper to make contingent payments based on the occurrence of certain events. They consist primarily of financial guarantees and warranties.

In addition, the Uniper Group has also entered into indemnification agreements. Along with other guarantees, these indemnification agreements are incorporated in agreements entered into by Uniper companies concerning the disposal of shareholdings and, above all, cover the customary representations and warranties, as well as environmental damage and tax contingencies. Any obligations that may exist are covered in the first instance by provisions of the companies sold before Uniper itself is required to make any payments.

Moreover, the Uniper Group has commitments under which it assumes joint and several liability arising from its interests in civil-law companies ("GbR"), non-corporate commercial partnerships and consortia in which it participates.

With respect to the activities of the Swedish nuclear power plants, the companies of the Swedish generation units have issued guarantees to governmental authorities in accordance with Swedish law. The guarantees were issued to cover possible additional costs related to the disposal of high-level radioactive waste and to the decommissioning of nuclear power plants. These costs could arise if actual costs exceed accumulated funds. In addition, the companies of the Swedish generation unit are responsible for all costs related to the disposal of low-level radioactive waste.

The guarantees referred to above are issued by Sydkraft Nuclear Power AB, a fully consolidated subsidiary of Uniper SE.

Owners of nuclear facilities in Sweden are additionally liable under the Law Concerning Nuclear Liability for damages resulting from accidents occurring in those nuclear facilities and for accidents involving any radioactive substances connected to the operation of those facilities. On July 1, 2010, the Swedish Parliament passed a law that requires the operator of a nuclear power plant in operation to have liability insurance or other financial cover in an amount equivalent to €1.2 billion per incident. The conditions enabling this new law to take effect were not yet in place as of December 31, 2020. Nevertheless, the Swedish government decided to increase the insured amount from January 1, 2019, by amending the existing legislation. Accordingly, the liability per incident as of December 31, 2020, is limited to SEK 11,961 million (December 31, 2019: SEK 12,888 million). The necessary insurance for the affected nuclear power plants has been purchased by Uniper.

The European Generation segment operates nuclear power plants exclusively in Sweden. Accordingly, there are no additional comparable contingencies beyond those mentioned above.

As in the previous year, there were no contingent assets as of December 31, 2020. The total settlement amount of the Uniper Group's contingent liabilities arising from existing contingencies was €14 million as of December 31, 2020 (2019: €29 million). The Uniper Group does not currently have any significant settlement rights relating to these contingent liabilities. In the previous year, this amount had primarily included contingent claims asserted by insolvency administrators against a Uniper Group company that might arise from a now-completed resale of a former Uniper power generation asset.

With regard to these contingent liabilities, there is currently no material claim for reimbursement.

Other Financial Obligations

Other financial obligations result from unencumbered open transactions or from public regulations, and further include other economic obligations that are neither recognized as liabilities on the balance sheet nor included within contingent liabilities.

As of December 31, 2020, purchase commitments for investments in intangible assets and in property, plant and equipment amounted to €0.6 billion (2019: €0.6 billion). This item mainly includes financial obligations totaling €0.5 billion (2019: €0.3 billion) for as yet outstanding investments in connection with new power plant construction projects and the expansion and modernization of existing generation assets, particularly in the European Generation and Russian Power Generation segments. Of the total purchase commitments mentioned above, an amount of €0.2 billion (2019: €0.1 billion) is due within one year.

Additional long-term contractual obligations in place at the Uniper Group as of the balance sheet date related primarily to the purchase of fossil fuels. Financial obligations under these purchase contracts amounted to approximately €105.3 billion on December 31, 2020 (due within one year: €5.2 billion) and to approximately €111.2 billion on December 31, 2019 (due within one year: €4.6 billion). The comparative figure has been restated because of a reclassification to "Other financial obligations."

Gas for supplying industrial customers is usually procured by means of long-term purchase contracts with major international producers of natural gas. Such contracts are generally of a take-or-pay nature. The prices paid for natural gas are normally tied to market reference prices, as dictated by market conditions and the procurement behavior of wholesale market customers. The conditions of these long-term contracts are reviewed at certain specific intervals (usually every three years) as part of contract negotiations and may thus change accordingly. In the absence of agreement on a pricing review, a neutral board of arbitration makes a final binding decision. Financial obligations arising from these contracts are calculated based on the same principles that govern internal budgeting. Furthermore, the take-or-pay conditions in the individual contracts are also considered in the calculations.

The contractual obligations for purchases of fossil fuels registered a decline in the 2020 fiscal year compared with the previous year. The principal reasons for the decrease are the gas procurements completed in the reporting year and a price-related reduction in the minimum purchase requirements for gas procurement.

Contractual obligations for the purchase of electricity amounted to approximately €0.2 billion as of December 31, 2020 (due within one year: €0.1 billion) and to approximately €0.2 billion as of December 31, 2019 (due within one year: €0.1 billion), and they relate in part to purchases from resellers and energy utilities, especially those under procurement contracts for the wholesale portfolio.

Further purchase obligations amounted to approximately €0.6 billion as of December 31, 2020 (due within one year: €0.1 billion) and to approximately €0.6 billion as of December 31, 2019 (due within one year: €0.1 billion). This relates mainly to the procurement of fuel rods for use in Swedish nuclear power plants within the Uniper Group and to purchase obligations for heat and alternative fuels. The comparative figure has been restated because of a reclassification to "Other financial obligations."

There were additional financial obligations of approximately €6.5 billion as of December 31, 2020 (due within one year: €0.9 billion) and approximately €6.9 billion as of December 31, 2019 (due within one year: €0.8 billion). A significant portion of such obligations arises especially from booked transportation, storage and regasification capacities in the Global Commodities segment. The comparative figure has been restated because of reclassifications from "Additional long-term contractual obligations" and from "Further purchase obligations."

(27) Litigation

Various court actions, arbitration proceedings and regulatory investigations and proceedings are currently pending against entities of the Uniper Group, and further actions or proceedings may be instituted or asserted in the future. In addition to disputes under public law, this in particular includes legal actions and proceedings on contract amendments and price adjustments initiated in response to market upheavals and the changed economic situation in the gas and electricity sectors (also as a consequence of the energy transition) and concerning anticompetitive and fraudulent practices, as well as general commercial contract disputes.

The aforementioned proceedings include several court and arbitration proceedings with major customers and major suppliers, also initiated in some instances by the Uniper Group, concerning contract amendments and price adjustments in long-term supply contracts and procurement options for electricity and gas, as well as long-term contracts for storage capacity in response to the altered situation brought about by market upheavals, and also reimbursements of costs. In some of these cases, the validity of the price-adjustment clauses applied, and of the contracts in their entirety, is in dispute. Long-term LNG and gas-procurement contracts generally include the option for producers and importers to adjust the terms in line with changed market conditions. On this basis, Uniper is currently involved in court and arbitration proceedings and continuously conducts extensive negotiations with producers. The possibility of further legal disputes cannot be excluded.

Applying the provisions of IAS 37.92, Uniper is making no additional disclosures on the proceedings presented or on the associated risks or measures taken, particularly because such disclosure could prejudice their outcome.

Furthermore, proceedings are pending concerning the clarification of regulatory requirements.

Applying the provisions of IAS 37.92, Uniper is making no additional disclosures on the proceedings presented or on the associated risks or measures taken, particularly because such disclosure could prejudice their outcome.

Public-law disputes are pending, in particular, in connection with the operating license for the hard-coal power plant in Datteln.

Applying the provisions of IAS 37.92, Uniper is making no additional disclosures on the proceedings presented or on the associated risks or measures taken, particularly because such disclosure could prejudice their outcome.

(28) Supplemental Cash Flow Disclosures

The cash flow statement presents the changes in the Group's funds arising from cash flows during the fiscal year. Cash flows are classified by operating, investing and financing activities. Interest received and paid, income taxes paid and refunded, as well as dividends received are classified as operating cash flows, whereas dividends paid are classified as financing cash flows. The cash and cash equivalents exchanged in acquisitions and disposals of investments in companies are shown as cash used for or provided by investing activities if the transaction involves a change of control. In the case of transactions that do not involve a change of control, the corresponding cash flows are reported under financing activities. The effect of foreign exchange rates on cash and cash equivalents is disclosed separately.

There were no exchange and contribution transactions in 2020 and 2019.

Cash provided by operating activities (operating cash flow) rose by €309 million in 2020 to €1,241 million (2019: €932 million). This resulted mainly from the positive change in cash-effective adjusted EBITDA, which was even greater than the change in adjusted EBITDA as a whole, since the latter measure does not include cash-effective increases in provisions.

Cash provided by investing activities was reduced by €1,348 million, from a cash inflow of €220 million in the previous year to a cash outflow of €1,128 million in the 2020 fiscal year. This development resulted primarily from changes in margin deposits for futures and forward transactions and from a reduction in proceeds from disposals. Margin deposits for futures and forward transactions (margining receivables) changed by -€907 million. Where there had been a cash inflow of €383 million in the previous year, there was a cash outflow of €524 million in 2020. Cash proceeds from disposals declined by €263 million, from a cash inflow of €346 million in the previous year to a cash inflow of €83 million in fiscal 2020. There had been an additional positive effect of €204 million from the sale of securities in the previous year. Compared with the previous year (€657 million), cash outflows for investments in intangible assets and in property, plant and equipment increased significantly, by €86 million, to €743 million.

Cash provided by financing activities amounted to -€679 million in 2020 (2019: -€1,477 million). The return of margin deposits received for futures and forward transactions led to a cash outflow of €305 million (2019: cash outflow of €479 million) and reduced margining liabilities. Liquid funds were additionally reduced by repayments of lease liabilities in the amount of €135 million (2019: cash outflow of €112 million) and by the distribution of Uniper SE's dividend in the amount of €421 million (2019: cash outflow of €329 million). These effects were partially offset by the addition of current liabilities to banks, which led to a cash inflow of €138 million (2019: cash inflow of €12 million). The issuance of new commercial paper in the amount of €65 million also increased liquid funds in fiscal 2020. In the previous year, commercial paper then outstanding had been redeemed in full (2019: cash outflow of €493 million).

The following table presents the reconciliation of financial liabilities:

Reconciliation of Financial Liabilities

€ in millions	2020	2019
Balance as of January 1	**1,935**	**2,939**
Cash proceeds from financial liabilities	450	55
Cash repayments of financial liabilities	-684	-1,173
Change in scope of consolidation	-45	1
Foreign currency translation	-13	0
Other non-cash changes	100	113
Balance as of December 31	**1,743**	**1,935**

(29) Financial Instruments

Financial Assets

Financial assets other than trade receivables are measured at their fair value on the settlement date when acquired. Trade receivables are measured at their transaction price at initial recognition. For financial assets that are not subsequently measured at fair value through profit or loss, transaction costs are taken into account. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value shall use relevant observable inputs to the greatest extent possible – and minimize the use of unobservable inputs. The valuation methods used for each class of assets are disclosed in accordance with IFRS 13.

Subsequent measurement of financial assets is governed by the measurement categories defined in IFRS 9.

A financial asset is carried at amortized cost if it is held within a business model whose objective is to collect contractual cash flows and these cash flows represent solely payments of principal and interest on the principal amount outstanding. At Uniper, this relates primarily to trade receivables, liquid funds and certain individual loans to external or associated companies. Amortized cost is determined using the effective interest method.

For other equity investments that are not held for trading, Uniper has elected to present changes in fair value in other comprehensive income, and to maintain this recognition in equity even on the disposal of such investments. Fair value is determined using standard market valuation methods. Dividends from other equity investments are recognized in income.

All other financial assets are measured at fair value through profit or loss. Unless they form part of an effective hedging relationship, gains and losses from changes in fair value are immediately recognized in income. At Uniper, this relates especially to derivative financial instruments (currency and commodity forwards, as well as options), embedded derivatives and securities. Changes in the fair value of derivative financial instruments subject to recognition in income are presented as other operating income or expenses. To the extent that these instruments are physically settled commodity derivatives included within the scope of IFRS 9 (failed own-use transactions) entered into for asset optimization, they are presented at the market price applicable at the time of their physical settlement as either revenues, cost of materials or inventories. All realized and unrealized financial commodity derivatives relating to asset optimization are presented gross within other operating income or expenses. All realized and unrealized transactions conducted in connection with proprietary trading are presented as a net position within either other operating income or other operating expenses. Gains and losses on securities (especially investment funds, equity funds, bond funds, etc.) are reported within other financial results.

As part of fair value measurement, the counterparty risk is also taken into account for financial instruments. The counterparty risks determined are allocated to the individual financial instruments by applying the relative fair value method on a net basis.

Unrealized gains and losses resulting from the initial measurement of a derivative ("day one" gains and losses) are recognized in income only if they are supported by quoted market prices in an active market, verified by comparison with other observable current market transactions, or determined using a valuation technique that relies on observable market data. For derivatives whose fair value is determined based on valuation models, these initial-measurement effects are eliminated against the corresponding derivative assets or liabilities.

Contracts for receipt or delivery of non-financial items in accordance with the Uniper Group's anticipated purchase, sale or usage requirements are classified as own-use contracts. They are not accounted for as derivative financial instruments measured at fair value, but as open transactions. Physically settled commodity contracts entered into as part of the sales business are partially classified as own-use contracts. Upon physical settlement, these contracts are presented either as revenues or cost of materials, or as inventories at their contract prices.

Primary and derivative financial instruments are netted on the balance sheet if the Uniper Group has both an unconditional right and the intention to settle offsetting positions simultaneously or on a net basis.

Financial Liabilities

Financial liabilities are initially measured at fair value. For financial liabilities that are not subsequently measured at fair value through profit or loss, transaction costs are taken into account. Non-derivative financial liabilities, including trade payables, are subsequently measured at amortized cost, using the effective interest method.

Derivative liabilities are measured at fair value through profit or loss. The explanations concerning fair value and the presentation of derivative assets apply by analogy.

The fair value option for financial liabilities is currently not in use.

Hedging Transactions

Derivative financial instruments are entered into primarily for optimization and hedging purposes. They are accounted for and presented in accordance with the aforementioned provisions. Uniper applies hedge accounting pursuant to IFRS 9 only to an immaterial extent. Corresponding documentation on the respective hedging relationship regarding the hedging instruments being used and the items being hedged, as well as the type of risk being hedged and the evaluation of the hedge's effectiveness, including specification of the hedge ratio, is prepared. A hedging relationship satisfies all effectiveness requirements if an economic relationship exists between the hedged item and the hedging instrument, if credit risk does not dominate changes in value, and if the hedge ratio corresponds to the quantities actually used for risk management.

In cash flow hedges and hedges of a net investment in a foreign operation, the effective gains and losses on the hedging instrument are recognized in other comprehensive income. Reclassification to the income statement takes place when the hedged item is recognized in income. Ineffective portions of the hedging instrument are immediately recognized in income. Uniper carries no fair value hedges in its financial statements at this time.

Measurement of Derivative Financial Instruments

The fair value of derivative financial instruments is sensitive to movements in the underlying market variables. The Uniper Group assesses and monitors the fair value of derivatives at regular intervals. The fair value to be determined for each derivative financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (exit price). Uniper also takes into account the counterparty credit risk when determining fair value. The Uniper Group determines this risk based on a portfolio valuation in a bilateral approach covering both its own credit risk (debt value adjustment) and the credit risk of the corresponding counterparty (credit value adjustment). This approach also implicitly considers the effects of the Covid-19 pandemic. The fair values of derivative financial instruments are calculated using standard market valuation methods, with reference to market data available on the measurement date.

The following is a summary of the methods and assumptions for the valuation of utilized derivative financial instruments:

- Currency, electricity, gas, oil and coal forward contracts and swaps, and emissions-related derivatives, are valued separately at their forward rates and prices as of the balance sheet date. Whenever possible, forward rates and prices are based on market quotations, with any applicable forward premiums and discounts taken into consideration.
- Market prices for electricity and gas options are determined using standard market pricing models. The fair values of caps, floors and collars are determined using quoted market prices or on the basis of option pricing models.
- Equity forwards are valued on the basis of the stock prices of the underlying equities, taking account of time components.
- Exchange-traded futures and option contracts are valued individually at daily settlement prices determined on the futures markets that are published by their respective clearing houses. Initial margins paid are reported under other assets. Variation margins received or paid during the term of such contracts are reported under other liabilities or other assets, respectively.
- In the absence of market prices, certain long-term energy contracts and equity investments are measured by means of internal valuation models that use fundamental data and are based on long-term price assumptions.

A hypothetical 10% increase or decrease in the valuation models based on internal fundamental data and the underlying long-term price assumptions would, as of the balance sheet date, lead to a theoretical decrease in market values of €85 million (2019: €73 million), or increase of €85 million (2019: €73 million), respectively.

Additional Disclosures on Financial Instruments

The carrying amounts of the financial instruments, their grouping into IFRS 9 measurement categories, their fair values and their measurement sources by class are presented in the following table:

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS 7 as of December 31, 2020

€ in millions	Carrying amounts	Total carrying amounts within the scope of IFRS 7	IFRS 9 measure-ment category[1]	Fair value	Determined using market prices	Derived from active market prices
Other equity investments	771	771	FVOCI	771	76	43
Financial receivables and other financial assets	4,339	4,340		4,562	–	–
Receivables from finance leases	*196*	*196*	*N/A*	*196*	–	–
Financial reimbursement rights relating to asset retirement obligations	*2,495*	*2,496*	*N/A*	*2,718*	–	–
Other financial receivables and financial assets	*1,648*	*1,648*	*AmC*	*1,648*	–	–
Trade receivables and other operating assets	17,897	17,874		17,874	3,630	6,295
Trade receivables	*6,522*	*6,522*	*AmC*	*6,522*	–	–
Derivatives	*10,006*	*10,006*	*FVTPL*	*10,006*	*3,630*	*6,233*
Other operating assets: loans and receivables	*1,306*	*1,283*	*AmC*	*1,283*	–	–
Other operating assets measured at fair value through profit or loss	*62*	*62*	*FVTPL*	*62*	–	*62*
Securities and fixed-term deposits	46	46	FVTPL	46	46	–
Securities and fixed-term deposits measured at fair value through profit or loss	98	98	FVTPL	98	98	–
Cash and cash equivalents: loans and receivables	243	243	AmC	243	–	–
Assets held for sale: loans and receivables intended for sale	239	239	N/A	239	–	–
Total assets	**23,634**	**23,610**		**23,833**	**3,851**	**6,337**
Financial liabilities	1,549	1,549		1,549		
Commercial paper	*65*	*65*	*AmC*	*65*	–	–
Bank loans / Liabilities to banks	*259*	*259*	*AmC*	*259*	–	–
Lease liabilities	*761*	*761*	*N/A*	*761*	–	–
Other financial liabilities	*465*	*465*	*AmC*	*465*	–	–
Trade payables and other operating liabilities	17,594	17,594		17,287	2,953	6,824
Trade payables	*6,804*	*6,804*	*AmC*	*6,804*	–	–
Derivatives	*10,027*	*10,027*	*FVTPL*	*10,027*	*2,953*	*6,824*
Other liabilities intended for sale	*205*	*205*	*N/A*	*205*	–	–
Other operating liabilities	*558*	*558*	*AmC*	*251*	–	–
Total liabilities	**19,143**	**19,143**		**18,836**	**2,953**	**6,824**

[1]AmC: amortized cost; FVOCI: fair value through other comprehensive income; FVTPL: fair value through profit or loss. The amounts determined using valuation techniques with unobservable inputs (Level 3 of the fair value hierarchy) correspond to the difference between the total fair value and column of the value of using market prices and the value derived from active market prices.

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS 7 as of December 31, 2019

€ in millions	Carrying amounts	Total carrying amounts within the scope of IFRS 7	IFRS 9 measure-ment category[1]	Fair value	Determined using market prices	Derived from active market prices
Other equity investments	513	513	FVOCI	513	9	25
Financial receivables and other financial assets	4,127	4,127		4,690	–	–
Receivables from finance leases	*209*	*209*	*N/A*	*209*	–	–
Financial reimbursement rights relating to asset retirement obligations	*2,320*	*2,320*	*N/A*	*2,611*	–	–
Other financial receivables and financial assets	*1,598*	*1,598*	*AmC*	*1,870*	–	–
Trade receivables and other operating assets	21,196	21,192		21,192	4,635	8,456
Trade receivables	*7,090*	*7,090*	*AmC*	*7,090*	–	–
Derivatives	*13,388*	*13,388*	*FVTPL*	*13,388*	*4,635*	*8,357*
Other operating assets: loans and receivables	*619*	*615*	*AmC*	*615*	–	–
Other operating assets measured at fair value through profit or loss	*99*	*99*	*FVTPL*	*99*	–	*99*
Securities and fixed-term deposits	46	46	FVTPL	46	46	–
Securities and fixed-term deposits measured at fair value through profit or loss	100	100	FVTPL	100	100	–
Cash and cash equivalents: loans and receivables	825	825	AmC	825	–	–
Restricted cash	18	18	AmC	18	–	–
Total assets	**26,824**	**26,820**		**27,384**	**4,790**	**8,481**
Financial liabilities	1,934	1,435		1,435	–	–
Commercial paper	–	–	*AmC*	–	–	–
Bank loans / Liabilities to banks	*120*	*120*	*AmC*	*120*	–	–
Lease liabilities	*817*	*817*	*N/A*	*817*	–	–
Other financial liabilities	*997*	*498*	*AmC*	*498*	–	–
Trade payables and other operating liabilities	20,478	20,478		20,478	4,095	8,475
Trade payables	*7,308*	*7,308*	*AmC*	*7,308*	–	–
Derivatives	*12,515*	*12,515*	*FVTPL*	*12,515*	*4,095*	*8,379*
Put-option liabilities pursuant to IAS 32[2]	*96*	*96*	*AmC*	*96*	–	*96*
Other operating liabilities	*559*	*559*	*AmC*	*559*	–	–
Total liabilities	**22,412**	**21,913**		**21,913**	**4,095**	**8,475**

[1]AmC: amortized cost; FVOCI: fair value through other comprehensive income; FVTPL: fair value through profit or loss. The amounts determined using valuation techniques with unobservable inputs (Level 3 of the fair value hierarchy) correspond to the difference between the total fair value and column of the value of using market prices and the value derived from active market prices.

[2]Liabilities from put options include non-controlling interests in fully consolidated partnerships.

The carrying amounts of cash and cash equivalents and of trade receivables, as well as those of borrowings under short-term credit facilities and of trade payables, are considered reasonable estimates of their fair values because of the short maturities of these items.

Where the value of a financial instrument can be derived from an active market without the need for an adjustment, that value is used as the fair value. This is the case, for example, for equities held.

The fair value of shareholdings in unlisted companies and of financial receivables and financial liabilities that are not actively traded is determined by discounting future cash flows. Any necessary discounting takes place using current standard market interest rates over the remaining terms of the financial instruments. Shareholdings for which fair value measurement was not applied as the cash flows could not be reliably determined are not material compared with the overall position of the Uniper Group, nor were they material in the previous year.

As in the previous year, there were no material reclassifications between Levels 1 and 2 of the fair value hierarchy in the 2020 fiscal year. At the end of each reporting period, Uniper assesses whether there might be grounds for reclassification between hierarchy levels. The class of other equity investments was increased by measurement effects and by the addition, due to a change of recognition status in the Consolidated Financial Statements (see also Note 16), of one equity investment valued at €75 million, whose carrying amount is derived directly from the stock market.

The input parameters of Level 3 of the fair value hierarchy for equity investments are specified taking into account economic developments and available industry and corporate data. As in the previous year, no equity investments were classified as Level 3 during fiscal 2020, and none were reclassified out of Level 3 into Level 2. The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

Fair Value Hierarchy Level 3 Reconciliation (Values Determined Using Valuation Techniques)

€ in millions	December 31, 2019	Purchases (including additions)	Sales (including disposals)	Settlements	Gains/Losses in income statement	Transfers into Level 3	Transfers out of Level 3	Gains/Losses in OCI	December 31, 2020
Equity investments	479	–	–	–	0	–	–	173	652
Derivative financial instruments (assets)	395	39	–	-17	-274	–	–	–	143
Derivative financial instruments (liabilities)	-41	–	–	–	-208	–	–	–	-249
Total	**834**	**39**	**0**	**-17**	**-482**	**0**	**0**	**173**	**547**

The changes in initial-measurement effects of derivatives in Level 3 of the fair value hierarchy are shown in the following table:

Reconciliation of the Initial-Measurement Effect in Level 3 of the Fair Value Hierarchy

€ in millions	December 31, 2019	Purchases and sales (including additions and disposals)	Change in fair value during the reporting period	December 31, 2020
Gross fair value	354	124	-83	395
Gain on initial measurement	-391	-78	3	-466
Loss on initial measurement	-39	–	4	-35
Net fair value	**-76**	**47**	**-76**	**-106**

The extent to which the offsetting of financial assets and financial liabilities is covered by netting agreements is presented in the following table:

Netting Agreements for Financial Assets and Liabilities as of December 31, 2020

€ in millions	Gross amount	Conditional netting amount (netting agreements)	Financial collateral received/pledged	Net value
Financial assets				
Trade receivables	*6,522*	*3,692*	*–*	*2,830*
Interest-rate and currency derivatives	*89*	*–*	*–*	*89*
Commodity derivatives	*9,917*	*5,122*	*-100*	*4,896*
Total	**16,529**	**8,814**	**-100**	**7,815**
Financial liabilities				
Interest-rate and currency derivatives	*159*	*–*	*–*	*159*
Commodity derivatives	*9,868*	*5,122*	*151*	*4,595*
Trade payables and other operating liabilities	*6,804*	*3,692*	*–*	*3,112*
Total	**16,831**	**8,814**	**151**	**7,865**

Netting Agreements for Financial Assets and Liabilities as of December 31, 2019

€ in millions	Gross amount	Conditional netting amount (netting agreements)	Financial collateral received/pledged	Net value
Financial assets				
Trade receivables	*7,090*	*3,894*	*–*	*3,196*
Interest-rate and currency derivatives	*149*	*–*	*–*	*149*
Commodity derivatives	*13,239*	*6,988*	*515*	*5,736*
Total	**20,478**	**10,882**	**515**	**9,081**
Financial liabilities				
Interest-rate and currency derivatives	*108*	*–*	*–*	*108*
Commodity derivatives	*12,407*	*6,988*	*307*	*5,113*
Trade payables and other operating liabilities	*7,867*	*3,894*	*–*	*3,973*
Total	**20,382**	**10,882**	**307**	**9,193**

Transactions and business relationships resulting in the derivative financial receivables and liabilities presented are generally concluded on the basis of standard contracts that permit the netting of open transactions in the event that a counterparty becomes insolvent.

The netting agreements are derived from netting clauses contained in master agreements including those of the International Swaps and Derivatives Association (ISDA) and the European Federation of Energy Traders (EFET), as well as the German Master Agreement for Financial Derivatives Transactions (DRV) and the Financial Energy Master Agreement (FEMA). For commodity derivatives, the netting option is not presented in the accounting because the legal enforceability of netting agreements varies by country. As of December 31, 2020, other financial assets amounting to €804 million (2019: €317 million) had been deposited as collateral.

The net gains and losses from financial instruments by IFRS 9 category are shown in the following table:

Net Gains and Losses by Category

€ in millions	2020	2019
Measured at amortized cost	-230	29
Measured at fair value through profit or loss	419	1,237
Measured at fair value through other comprehensive income	170	-72
Total	**359**	**1,194**

The net gains and losses in the “amortized cost” category are mainly due to loss allowances on financial receivables.

The net result in the “fair value through profit or loss” category is influenced especially by the fair value measurement of commodity and currency derivatives.

Included in the “fair value through other comprehensive income” category are solely the valuation results of the other equity investments.

Risk Management

Principles

The Uniper Group’s risk management system is based on centrally developed principles applicable throughout the Group.

Organizational structure, specialist expertise, systems, processes and policies are material components of the Group’s risk management system and ensure that risks are appropriately identified, analyzed, quantified, aggregated and managed.

The risk from financial instruments is primarily bundled within the Group’s trading unit and managed centrally. The risk management system for financial instruments is based on the fundamental principle that risks are accepted and authorized according to existing policies and mandates if they are kept within permissible limits and continuously analyzed, monitored and managed. Key to the risk management system for financial instruments are the principles of managing market-price and credit risks, as well as financing activities and associated liquidity risks.

The management and control of the aforementioned risks is organized along three “lines of defense,” each of which operates separately from the other two. The first line consists of the Group’s trading operations, which decide on the assumption of risk and, as risk owners, actively manage those risks. The second line consists of risk and control units that are responsible for the processing of trades and for risk analysis and monitoring. The third line of defense is the realm of internal audit, which reviews and supervises the activities of the first and second lines.

One of the central responsibilities of Uniper SE’s Management Board is to ensure that an effective risk management system is put in place. Functions and tasks to support and aid the operational implementation of the central risk management principles are delegated appropriately within the Uniper organization, with due consideration given to functional responsibilities.

The Risk Committee of the Uniper Group is the supreme body in charge of monitoring the risks associated with the Uniper Group's business activities. Headed by the Group's Chief Financial Officer, it further comprises the Group Chief Risk Officer, the Group Chief Commercial Officer, the Group Chief Operating Officer and the Executive Vice President for Group Finance and Investor Relations, as well as the Group General Counsel / Chief Compliance Officer. This committee discusses material risk exposures and decides on their disposition. Risk monitoring and the management of countermeasures includes the determination of necessary risk capital, the allocation of risk limits and the development of effective risk management policies and risk control methods.

1. Liquidity Management

The primary objectives of liquidity management consist of ensuring ability to pay at all times, the timely satisfaction of contractual payment obligations and the optimization of costs within the Uniper Group.

The key components of liquidity management are central cash pooling and centralization of external financing at Uniper SE. All liquid funds are provided to the other Group companies as needed on the basis of an "in-house banking" solution.

The financing requirements of the Uniper Group companies are determined on the basis of short- and medium-term liquidity planning. The financing of the Uniper Group is controlled and implemented centrally on a forward-looking basis in accordance with the planned liquidity requirement or surplus. Relevant planning factors taken into consideration include operating cash flow, capital expenditures, divestments, margin payments and the maturities of financial liabilities.

The following tables illustrate the contractually agreed (undiscounted) cash outflows arising from the liabilities included in the scope of IFRS 7:

Cash Flow Analysis as of December 31, 2020

€ in millions	Cash outflows 2021	Cash outflows 2022	Cash outflows 2023–2025	Cash outflows from 2026
Commercial paper	65	–	–	–
Bank loans / Liabilities to banks	246	12	–	–
Lease liabilities	148	100	247	838
Other financial liabilities	85	–	–	389
Cash outflows for financial liabilities	**544**	**112**	**247**	**1,227**
Trade payables	6,804	–	–	
Derivatives	7,487	2,694	880	26
Other operating liabilities	267	12	5	9
Other liabilities intended for sale	205	–	–	–
Cash outflows for trade payables and other operating liabilities	**14,763**	**2,706**	**885**	**35**
Cash outflows for liabilities within the scope of IFRS 7	**15,307**	**2,818**	**1,132**	**1,262**

Cash Flow Analysis as of December 31, 2019

€ in millions	Cash outflows 2020	Cash outflows 2021	Cash outflows 2022–2024	Cash outflows from 2025
Commercial paper	–	–	–	–
Bank loans / Liabilities to banks	87	33	–	–
Lease liabilities	140	72	175	988
Other financial liabilities	110	13	32	365
Cash outflows for financial liabilities	**337**	**118**	**207**	**1,353**
Trade payables	7,308	–	–	–
Derivatives	31,365	9,846	7,085	7
Put option liabilities under IAS 32	18	–	–	78
Other operating liabilities	559	–	–	–
Cash outflows for trade payables and other operating liabilities	**39,331**	**9,846**	**7,085**	**85**
Cash outflows for liabilities within the scope of IFRS 7	**39,668**	**9,964**	**7,292**	**1,438**

As in the previous year, no financial guarantees were issued in the 2020 fiscal year.

For financial liabilities that bear floating interest rates, the rates that were fixed on the balance sheet date are used to calculate future interest payments for subsequent periods as well. Financial liabilities that can be terminated at any time are assigned to the earliest maturity band in the same way as put options that are exercisable at any time.

In gross-settled derivatives (usually currency derivatives and commodity derivatives), outflows are accompanied by related inflows of funds or commodities.

2. Market Risks

The Uniper Group is exposed to the risk of changes in prices in foreign currencies, interest rates and commodities as part of its ordinary business and its proprietary trading activities. Proprietary trading activities are conducted in compliance with tight internal and regulatory restrictions. Uniper SE has developed risk-reduction strategies to limit the resulting fluctuations in earnings, equity, indebtedness and cash flows that are applicable across the entire Uniper Group. Financial derivatives are used mainly for the purpose of reducing risk and optimizing earnings.

Foreign Exchange Risk Management

Uniper SE is responsible for managing the currency risks to which the Uniper Group is exposed.

Because it holds interests in businesses outside of the euro area, currency translation risks arise within the Uniper Group. Fluctuations in exchange rates produce accounting effects attributable to the translation of items in the balance sheets and income statements of the consolidated foreign Uniper companies included in the Consolidated Financial Statements. Translation risks are hedged through borrowing in the corresponding local currency, which may also include foreign currency shareholder loans. In addition, derivative and primary financial instruments are employed as needed. The Uniper Group's translation risks are reviewed at regular intervals and the level of hedging is adjusted whenever necessary.

The Uniper Group is additionally exposed to transaction risks in connection with transactions in foreign currencies. These risks arise for the Uniper Group companies primarily from physical and financial trading in commodities, from business relationships within the Uniper Group and from capital-spending projects in foreign currency. The Uniper companies are responsible for controlling their operating transaction risks. Uniper SE is responsible for the overall coordination of the companies' hedging activities and makes use of external derivative financial instruments as needed. These derivatives are generally measured at fair value through profit or loss. Uniper uses cash flow hedge accounting to a limited extent. As of December 31, 2020, cash flow hedges of existing foreign currency transactions had terms of up to 5 years (2019: up to 5 years). In the 2019 and 2018 fiscal years, no material ineffectiveness resulted from these hedging relationships. €2 million (2019: €1 million) will be reclassified from OCI to the income statement in subsequent periods. Of this amount, €1 million is attributable to the 2021 fiscal year and €1 million to the period after 2021.

Transaction risks also result from payments that arise from financial receivables and payables denominated in foreign currencies, which in turn arise both from external financing in different foreign currencies and from foreign currency shareholder loans within the Uniper Group.

As of December 31, 2020, the one-day value-at-risk (99% confidence) from the translation of deposits and borrowings denominated in foreign currency, plus foreign exchange derivatives, was €18.4 million (2019: €17.8 million) and resulted primarily from the positions in British pounds, U.S. dollars and Swedish kronor.

Interest Rate Risk Management

The subsidiaries of Uniper SE primarily fund themselves using the Uniper Group's cash pooling system. Cash pooling balances bear interest at market rates specific to maturities and currencies. Individual Uniper companies that are not included in the cash pool due to legal restrictions arrange financing independently or deposit their excess liquidity with leading local banks.

At this time, Uniper SE funds itself predominantly on the basis of floating-rate financial liabilities incurred on a short-term basis, so there is no resulting interest rate risk for Uniper. Accordingly, a disclosure about interest rate risk is not made.

Commodity Price Risk Management

The Uniper portfolio of physical assets, long-term contracts and wholesale customer contracts is exposed to substantial risks from fluctuations in commodity prices. The commodity price risks to which Uniper is exposed relate to electricity, gas, coal, freight charters, petroleum products, liquefied natural gas and emission allowances.

The Uniper Group manages the majority of its commodity risks through a central trading function. Risk management for commodity trading activities is based on general standards in the industry for trading operations and also involves the segregation of tasks, as well as daily income and risk calculation and reporting. The objective of commodity risk management is to optimize the value of the Uniper Group's commodity portfolio while limiting associated potential losses.

The key elements of commodity risk management are governed by the market price risk policy. These key elements include the new-product process, which supports the identification of new risks, a series of key indicators to aid the quantification of the commodity risk, and a system of risk controls and limits. Commodity price risks are measured based on a value-at-risk approach with a 95% confidence interval and take into account the amount of the open position, as well as the prices, their volatility and the liquidity on the respective markets. The value-at-risk figures are supplemented by stop-loss and volume-based indicators. Where necessary, additional portfolio-specific restrictions are set.

Commodity positions are aggregated into portfolios based on internal organizational responsibilities and trading strategies. In the calculations of commodity risk, market correlations and portfolio diversification are taken into account together with adopted risk policies. The methods for quantifying and analyzing commodity risk are reviewed and enhanced on a regular basis to ensure that they appropriately reflect the risk positions and the resulting exposure. Commodity price risks are taken within limits approved by the Management Board and the Supervisory Board.

Two complementary approaches are followed to manage commodity risks at Uniper. Viewed firstly from an economic perspective, risks are limited over the entire manageable time horizon, with market liquidity taken into account. At the same time, these risks are also limited considering accounting principles over a three-year planning horizon. The second approach supports the limitation of potential negative deviations from target adjusted EBIT.

The specification and approval of commodity risk limits is embedded in the higher-level Group-wide risk-assessment procedure, in which all known obligations and quantifiable risks are incorporated.

Commodity price risks are analyzed and monitored daily by a dedicated team of specialists. Responsible management is informed daily about gains and losses associated with commodity-trading activities and about existing risks.

Based on the current Uniper portfolio, as of December 31, 2020, the calendar-year-based value-at-risk, which takes market liquidities into account and ignores correlations between the years, was €463.6 million for financial and physical commodity positions covering a planning horizon of three years (2019: €366.3 million). The overall risk increased due to different reasons in the gas and power portfolios, such as size of open positions and developments of prices and volatilities.

Commodity risk management as presented above is reflected in the internal Uniper Management reporting and also covers the financial instruments within the scope of IFRS 7.

3. Credit Risks

Uniper is exposed to credit risks associated with operating activities and the use of financial instruments.

Credit risk is the risk that the Uniper Group might incur a financial loss as a consequence of the non-settlement or partial settlement of outstanding receivables by counterparties and from replacement risks for open transactions.

Credit Risk Management

As part of centralized credit risk management, the credit rating of business partners is systematically assessed and monitored on the basis of Group-wide minimum standards. Those minimum standards are supplemented by specific internal control procedures for business areas where most of the risks are incurred.

Uniper applies appropriate measures to manage credit risks. They include setting limits for individual counterparties, counterparty groups and at portfolio level, as well as securing collateral, structuring contracts and/or transferring credit risk to third parties (such as insurers). Credit risks are continuously measured and monitored to ensure that the measures taken are in fact appropriate. The Risk Committee is kept informed about material credit risks on a regular basis. An additional foundation for the management of risk is a conservative investment strategy and a broadly diversified portfolio.

Guarantees issued by the respective parent companies or evidence of profit-and-loss-pooling agreements in combination with letters of awareness are accepted as collateral for credit risks. The Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Collateral amounting to €4,526 million (2019: €3,989 million) has been accepted in the context of risk management.

To reduce credit risk, bilateral margining agreements are entered into with selected counterparties. In bilateral margining, cash payments are made into a margining account to cover credit risk (settlement and replacement risk) stemming from margin-based contracts. This concept applies for Uniper's credit risk exposure to a counterparty as well as for the credit risk exposure of a counterparty to Uniper. The inherent margining and liquidity risk is linked directly to actual or potential market price movements. The resulting margining risk is measured, monitored and managed using an overall limit for the entire Uniper Group.

To further reduce credit risk, derivative transactions are generally executed on the basis of standard agreements under which the netting of all open transactions can, in principle, be agreed with individual counterparties.

Liquid funds are generally invested with counterparties with good credit ratings. Uniper companies that are not included in the Uniper Group cash pool due to legal restrictions deposit money with leading local banks. Standardized credit assessment and limit-setting is complemented by monitoring of credit default swap (CDS) levels, stock prices and other market-relevant information for the banks and for other significant counterparties.

Allowances for Losses on Financial Assets

Loss allowances for expected credit losses are recognized on financial assets carried at amortized cost, lease receivables and contract assets, as well as on loan commitments. Loss allowances on trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses. This applies even for those trade receivables and contract assets that contain a significant financing component. For all other financial assets within the scope of the IFRS 9 loss allowance model, 12-month expected credit losses are measured as long as the credit risk of a financial instrument has not increased significantly since initial recognition. If the credit risk of a financial asset does increase significantly, loss allowances are also recognized in an amount equal to full lifetime expected credit losses. A quarterly assessment takes place to determine whether there has been a significant increase in credit risk since initial recognition. If the credit risk is low, it is assumed not to have increased significantly. A financial asset with an investment-grade rating is assumed to have low credit risk. On the other hand, if an asset loses its investment-grade rating after initial recognition, it is assumed that the credit risk has increased significantly. For all other assets, a downgrade by two Uniper-internal ratings leads to the same assumption.

A financial asset will continue to be directly written down if there are no reasonable expectations of recovering it in its entirety or a portion of it. Such is the case, for example, if it is probable that the borrower will enter bankruptcy or other financial reorganization or if it becomes known that the borrower is in significant financial difficulty. There need not necessarily be one specific event leading to the conclusion that the asset is credit-impaired; the combined effect of several events can give rise to the same conclusion. An asset also is usually written down if contractual payments are more than 180 days past due.

Uniper calculates expected credit losses using probabilities of default, which are determined for significant financial assets within credit risk management and applied both for expected credit losses pursuant to IFRS 13 and for the purposes of IFRS 9. Whenever possible, they are derived from available market data (liquid credit default swaps or liquid debt instruments). If there are no publicly available market data, an internal credit rating is applied. This ensures that forward-looking information is sufficiently considered.

The value of collateral and other measures taken to reduce credit risk (e.g., credit default insurance) is included in the calculation of expected credit losses in the "loss given default" ratio.

The following table provides a reconciliation of 2020 loss allowances in line with the classifications defined in IFRS 9:

Reconciliation of Loss Allowances by Asset Class 2020

€ in millions	Accumulated loss allowances as of Jan. 1, 2020	Stage 1: 12-month ECL[1]	Stage 2: Lifetime ECL[1]	Simplified approach: Lifetime ECL[1]	Stage 3: Lifetime ECL[1]	Accumulated loss allowances as of Dec. 31, 2020
Trade receivables and contract assets	-105	–	–	12	-5	-98
Other financial assets	-5	1	–	–	–	-4
Other provisions	–	–	–	–	–	0
Total	**-110**	**1**	**0**	**12**	**-5**	**-102**

[1]Expected credit loss (ECL).

Reconciliation of Loss Allowances by Asset Class 2019

€ in millions	Accumulated loss allowances as of Jan. 1, 2019	Stage 1: 12-month ECL[1]	Stage 2: Lifetime ECL[1]	Simplified approach: Lifetime ECL[1]	Stage 3: Lifetime ECL[1]	Accumulated loss allowances as of Dec. 31, 2019
Trade receivables and contract assets	-90	–	–	-8	-8	-105
Other financial assets	-60	-3	–	–	58	-5
Other provisions	0	–	–	–	–	0
Total	**-150**	**-3**	**–**	**-8**	**50**	**-110**

[1]Expected credit loss (ECL).

There were no significant individual loss allowances related to credit quality in the 2020 fiscal year. The loss allowance reported in the previous year for other financial assets relates primarily to an individually assessed "stage 3" shareholder loan. That loan had not been collateralized. It was sold in fiscal 2019.

Included within other provisions are provisions for expected credit losses on loan commitments.

An immaterial expected credit loss – as in the previous year – was calculated for cash and cash equivalents. As in the previous year, the Uniper Group holds no financial assets that were already credit-impaired when they were purchased or originated. Lease receivables are presented under other financial assets.

Loss allowances for trade receivables and contract assets resulted from the following changes:

Loss Allowances for Trade Receivables and Contract Assets

€ in millions	2020 Stage 2	2020 Stage 3	2019 Stage 2	2019 Stage 3
Loss allowances as of January 1	**-24**	**-82**	**-16**	**-74**
Change in scope of consolidation	0	0	0	2
Impairments on currently existing receivables	-30	-31	-14	-3
Reversals/Repaid or derecognized receivables	43	9	6	0
Other[1]	0	16	0	-7
Loss allowances as of December 31	**-11**	**-87**	**-24**	**-82**

[1] "Other" includes currency translation differences.

The decrease in accumulated "stage 2" loss allowances resulted firstly from a reduction in receivables compared with the prior-year reporting date and, secondly, from lower probabilities of default in the receivables portfolio. Uniper's receivables portfolio comprises primarily customers with investment-grade or comparable internal ratings. Based on the market data used, the probabilities of default for these rating classes have decreased. Increased probabilities of default related to low rating classes, which constitute only a marginal portion of the receivables portfolio.

As in the previous year, no financial assets or liabilities were modified in the 2020 fiscal year; accordingly, modification had no impact on the loss allowances reported.

Credit Risk Exposure

Management of credit risks within the Uniper Group is not limited to financial assets within the scope of the IFRS 9 loss allowance model, it also extends especially to credit risks from open transactions and derivative financial instruments that are, for example, measured at fair value through profit or loss.

The following table shows the gross carrying amounts by rating class for assets carried at amortized cost, for lease receivables and for loan commitments:

Gross Carrying Amounts by Rating Class 2020

€ in millions	2020 Stage 1	2020 Stage 2	2020 Stage 3	Loss allowance
Trade receivables and contract assets	0	6,533	92	-98
Investment-grade or comparable rating	*n/a*	*4,986*	*6*	*-18*
Non-investment-grade or comparable rating	*n/a*	*1,546*	*86*	*-80*
Other financial assets	1,848	0	0	-4
Investment-grade or comparable rating	*1,789*	*–*	*–*	*-2*
Non-investment-grade or comparable rating	*59*	*–*	*–*	*-2*
Total	**1,848**	**6,533**	**92**	**-102**

Gross Carrying Amounts by Rating Class 2019

€ in millions	Stage 1	Stage 2	2019 Stage 3	Loss allowance
Trade receivables and contract assets	0	7,114	82	-106
Investment-grade or comparable rating	*N/A*	*5,279*	*16*	*-27*
Non-investment-grade or comparable rating	*N/A*	*1,835*	*66*	*-79*
Other financial assets	1,829	0	0	-5
Investment-grade or comparable rating	*1,733*	*–*	*–*	*-5*
Non-investment-grade or comparable rating	*96*	*–*	*–*	*–*
Total	**1,829**	**7,114**	**82**	**-111**

Gross carrying amounts best reflect the maximum exposure of the assets to credit risk on the reporting date.

Cash and cash equivalents are generally invested with counterparties having good credit ratings. On December 31, 2020, holdings of cash and cash equivalents had a carrying amount of €243 million (2019: €843 million). 99% (2019: 98%) of this total was invested with investment-grade-rated banks.

Equity Instruments

IFRS defines equity, as distinct from debt, as the residual interest in the Uniper Group's assets after deducting all liabilities.

If shareholders of entities own statutory, non-excludable rights of termination (as in the case of German partnerships, for example), such termination rights require the reclassification of non-controlling interests in such entities held within the Group from equity into liabilities. The liability is reported at the present value of the expected settlement amount in the event of termination. The amount is recognized irrespective of the probability of termination. Changes in the value of the liability are reported within other operating income. Accretion of the liability and the non-controlling shareholders' share in net income are shown as interest expense.

Where Uniper has entered into purchase commitments to holders of non-controlling interests in subsidiaries, those non-controlling shareholders have the right to require Uniper to purchase their shares under previously specified conditions. In such a case, IAS 32 requires that a liability be recognized at the present value of the probable future exercise price. This amount is reclassified from a separate component within non-controlling interests and reported separately as a liability. The reclassification occurs irrespective of the probability of exercise. The subsequent measurement of the liability is recognized in financial results. If a purchase commitment expires unexercised, the liability reverts to non-controlling interests. Any difference between liabilities and non-controlling interests is recognized directly in retained earnings.

Additional Disclosures on Debt

Economic Net Debt

Economic net debt is used by Uniper to manage the Group's capital structure.

Since March 31, 2020, the table "Economic Net Debt" includes all details of items previously shown (separately) in a table called "Financial Liabilities and Liabilities from Leases." The extended table increases transparency and presents all information on financial liabilities in one place without changing the definition of economic net debt. Since June 30, 2020, restricted cash is no longer included as part of the liquid funds within Uniper's economic net debt. Instead, economic net debt includes "Cash and cash equivalents" and "Current securities" as separate items. In addition, margining receivables also include collateral pledged for hedging foreign exchange positions. These changes increase transparency on the type and availability of cash, cash equivalents, securities and receivables as part of the net financial position of Uniper.

The following table shows the determination of economic net debt as of December 31, 2020:

Economic Net Debt

€ in millions	Dec. 31, 2020	Dec. 31, 2019
Cash and cash equivalents[1]	243	825
Current securities	46	46
Non-current securities	98	100
Margining receivables[1]	835	336
Financial liabilities and liabilities from leases	1,743	1,935
Bonds	*–*	*–*
Commercial paper	*65*	*–*
Liabilities to banks	*259*	*120*
Lease liabilities	*761*	*817*
Margining liabilities	*193*	*499*
Liabilities to co-shareholders from shareholder loans	*378*	*396*
Other financing	*87*	*102*
Net financial position	**520**	**628**
Provisions for pensions and similar obligations	1,371	1,031
Provisions for asset retirement obligations[2]	1,223	991
Other asset retirement obligations	*802*	*754*
Asset retirement obligations for Swedish nuclear power plants[3]	*2,916*	*2,557*
Receivables from the Swedish Nuclear Waste Fund recognized on the balance sheet[3]	*2,495*	*2,320*
Economic net debt	**3,113**	**2,650**
For informational purposes: Receivables from the Swedish Nuclear Waste Fund (KAF) ineligible for capitalization[3]	223	291
For informational purposes: Fundamental economic net debt	**2,890**	**2,359**

[1]Comparative figures adjusted (margins increased and liquid funds decreased).

[2]Reduced by receivables from the Swedish Nuclear Waste Fund.

[3]Due to IFRS valuation rules (IFRIC 5), €223 million (December 31, 2019: €291 million) of Uniper's share of the fair value of the net assets of the Swedish Nuclear Waste Fund may not be capitalized on the balance sheet. Accordingly, there exists an additional receivable from the Swedish Nuclear Waste Fund ineligible for recognition on the balance sheet, and the economic net obligation for the decommissioning of the Swedish nuclear power plants is thus reported too high in the table by the amount of this receivable.

Compared with December 31, 2019, economic net debt as of December 31, 2020, increased by €463 million to €3,113 million (December 31, 2019: €2,650 million). The net financial position, however, decreased by €108 million to €520 million compared with year-end 2019 (December 31, 2019: €628 million).

The operating cash flow (€1,241 million) and divestment inflows (€83 million) exceeded the dividend payment (€421 million) and investment spending (€743 million) in the 2020 fiscal year, leading to a reduction of the net financial position. Mainly due to a strong increase in margining receivables by €499 million, cash and cash equivalents decreased by €582 million to €243 million compared with year-end 2019 (December 31, 2019: €825 million).

Within the net financial position, financial liabilities and liabilities from leases decreased by €192 million to €1,743 million as of December 31, 2020 (December 31, 2019: €1,935 million). The decrease was mainly caused by a reduction of margining liabilities by €306 million. This effect was partially offset by the issuance of commercial paper – as of December 31, 2020, €65 million in commercial paper was outstanding (December 31, 2019: no commercial paper outstanding) – and by a temporary increase in liabilities to banks by €138 million to €259 million.

The increase in economic net debt was mainly driven by an increase in provisions for pensions and similar obligations by €340 million to €1,371 million (December 31, 2019: €1,031 million). This development resulted especially from a reduction in interest rates compared with year-end 2019, while the increase in the fair value of plan assets compared with year-end 2019 was not of the same magnitude. Provisions for asset retirement obligations increased to €1,223 million as of December 31, 2020 (December 31, 2019: €991 million), mainly due to a decrease of the discount rate applied to the Swedish nuclear liabilities.

(30) Transactions with Related Parties

Related Entities

Uniper exchanges goods and services with numerous entities as part of its continuing operations. In the reporting period, these also included related entities of the Fortum Group and the Uniper Group.

Uniper is an affiliated company of Fortum Oyj and includes it and its subsidiaries and joint ventures as related parties in the financial reporting. The same is true for the Republic of Finland – in its capacity as majority shareholder of Fortum Oyj – and the entities controlled by it.

Transactions with associated companies of the Uniper Group and their subsidiaries, as well as with joint ventures of the Uniper Group, are presented separately. Transactions with subsidiaries of the Uniper Group that are not fully consolidated are presented as transactions with other related parties. As in the previous year, the share of the transactions referred to in the following section made up by transactions with other related parties is not material.

Other than with Fortum Oyj, there have been no material business transactions with the Republic of Finland, or with material entities controlled by it, in the 2020 fiscal year. The following transactions with related parties took place in the periods indicated:

Related-Party Transactions – Income Statement

€ in millions	2020	2019
Income	**496**	**876**
Entities with control over Uniper (Fortum Group)[1]	*116*	*131*
Associated companies[2]	*355*	*677*
Joint ventures	*13*	*47*
Other related parties	*12*	*21*
Expenses	**378**	**745**
Entities with control over Uniper (Fortum Group)[1]	*16*	*12*
Associated companies[2]	*339*	*655*
Joint ventures	*4*	*35*
Other related parties	*19*	*43*

[1]Until March 25, 2020, significant influence by the Fortum Group.

[2]The comparative figure has been adjusted for the effects in the income statement in connection with the reclassification to other financial obligations.

Related-Party Transactions – Balance Sheet

€ in millions	Dec. 31, 2020	Dec. 31, 2019
Receivables	**566**	**488**
Entities with control over Uniper (Fortum Group)[1]	*25*	*1*
Associated companies	*499*	*453*
Joint ventures	*16*	*11*
Other related parties	*26*	*23*
Liabilities	**466**	**438**
Entities with control over Uniper (Fortum Group)[1]	*248*	*225*
Associated companies[2]	*85*	*42*
Joint ventures	*36*	*42*
Other related parties	*97*	*129*

[1]Until March 25, 2020, significant influence by the Fortum Group.

[2]The comparative figure has been restated because of a reclassification to other financial obligations (see also the following body text).

Transactions for Goods and Services, Financing Activities and Other Financial Obligations

Income from transactions and from goods and services received, and other expenses from transactions within the Uniper Group and with the Fortum Group, were as follows in the 2020 fiscal year:

Business relationships with related entities reflected the Group-wide procurement and sales activities of Uniper Global Commodities SE, primarily in the electricity and gas business. These relationships result in extensive mutual obligations and trading relationships.

Income generated from transactions with related entities of the Uniper Group includes revenues from deliveries of electricity and gas in the amount of €144 million (2019: €357 million). The corresponding expenses from transactions with related entities of the Uniper Group consisted of material costs associated with electricity and gas procurement in the amount of €222 million (2019: €314 million). Both revenues and cost of materials result from spot and forward transactions concluded at market terms that were conducted by Uniper Global Commodities SE as part of the provision of market access for the Uniper Group's companies.

The income generated from transactions with Fortum Oyj and Fortum Group companies included especially revenues from electricity deliveries amounting to €114 million (2019: €130 million). The corresponding expenses from transactions with Fortum Oyj and Fortum Group companies consisted especially of material costs for electricity procurement amounting to €13 million (2019: €9 million).

As of December 31, 2020, receivables from and liabilities to Fortum Oyj and Fortum Group companies exist in the amount of €25 million (December 31, 2019: €1 million) and €248 million (December 31, 2019: €225 million), respectively. Included in the liabilities are financial liabilities of €245 million (2019: €222 million) resulting from a Fortum Group company's share in the financing of the nuclear power plant in Sweden that is jointly operated under Uniper's management.

Other financial obligations to related entities amounted to €2,019 million as of December 31, 2020 (December 31, 2019: €2,308 million; comparative figure restated; see also the explanation in the preceding table "Related-Party Transactions – Balance Sheet"). The restatement of the comparative figure is due to the reclassification of recognized long-term contractual obligations into the "Other financial obligations" category.

Detailed disclosures concerning the pension funds are provided in Note 23, "Provisions for Pensions and Similar Obligations."

Hedging Transactions and Derivative Financial Instruments

Gains from the marking to market of commodity forward transactions with associated companies of the Uniper Group amounted to €87 million in the 2020 fiscal year (2019: €38 million); corresponding losses amounted to €74 million (2019: €12 million). Derivative receivables relating to the marking to market of commodity forward transactions were recognized in the amount of €71 million (December 31, 2019: €8 million); corresponding derivative liabilities relating to the marking to market of commodity forward transactions were recognized in the amount of €49 million (December 31, 2019: €15 million).

There were no material effects on earnings from the marking to market of commodity forward transactions with Fortum companies.

Transactions with Associated Companies

As in the previous year, no loss allowances were recognized on receivables from related entities in the 2020 fiscal year.

Related Persons

Related persons within the Uniper Group include the members of the Management Board and of the Supervisory Board (key management personnel).

The expense for the 2020 fiscal year for members of the Uniper Management Board amounted to €6.9 million (2019: €8.0 million) in short-term benefits, €0 million (2019: €11.0 million) in termination benefits and €1.5 million (2019: €1.6 million) in post-employment benefits. The expense for the share-based payment tranches in existence in 2020 was €3.7 million (2019: €2.9 million).

Accordingly, the total expense recognized was €12.1 million (2019: €23.5 million). Other provisions have been recognized in the amount of €2.8 million (2019: €6.7 million).

Additionally taken into account in the reporting year were actuarial losses totaling €13.5 thousand (2019: gains of €864 thousand). The cost of post-employment benefits is equal to the service and interest cost of the provisions for pensions. The present value of the defined benefit obligation was roughly €6.4 million as of December 31, 2020 (2019: €12.3 million).

On April 3, 2020, the four independent shareholder representatives on the Uniper Supervisory Board, Jean-François Cirelli, David Charles Davies, Dr. Marion Helmes and Rebecca Ranich, as well as its chairman, Dr. Bernhard Reutersberg, had given notice in an extraordinary Supervisory Board meeting that they would resign from and leave the Supervisory Board effective at the end of that extraordinary Supervisory Board meeting. In accordance with the Articles of Association of Uniper SE, this triggered the early payout of each departing Supervisory Board member's variable compensation for the 2020 fiscal year, as well as the early settlement and payout of any variable compensation converted into virtual shares during their respective service periods. These obligations had to be revalued as of April 3, 2020, and all expenses still to be incurred had to be recognized as a one-time personnel expense. In return, there will be no more charges to personnel costs in the future from the now-settled variable compensation for these four Supervisory Board members. The payouts totaled roughly €0.4 million.

On April 17, 2020, the Düsseldorf District Court had appointed Prof. Dr. Werner Brinker, Dr. Bernhard Günther, Prof. Dr. Klaus-Dieter Maubach, Sirpa-Helena Sormunen and Tiina Tuomela as new members and shareholder representatives of the Uniper SE Supervisory Board. Subsequently, in an extraordinary meeting on April 22, 2020, the Supervisory Board of Uniper SE had elected Prof. Dr. Klaus-Dieter Maubach as the new Chairman of the Supervisory Board. The court-ordered appointments of the new Supervisory Board members expired at the closing of the Annual Shareholders Meeting of Uniper SE that was held virtually on May 20, 2020. Prof. Dr. Werner Brinker, Dr. Bernhard Günther, Prof. Dr. Klaus-Dieter Maubach, Sirpa-Helena Sormunen and Tiina Tuomela were elected as members of the Supervisory Board by the Annual Shareholders Meeting of Uniper SE on May 20, 2020. Prof. Dr. Klaus-Dieter Maubach was reelected, effective May 20, 2020, as Chairman of the Supervisory Board, as Chairman of the Executive Committee and as a member of the Nomination Committee. Also effective May 20, 2020, Prof. Dr. Werner Brinker was reelected, respectively, as a member of the Executive Committee and of the Nomination Committee, and Tiina Tuomela was reelected as a member of the Audit and Risk Committee. Finally, effective May 21, 2020, Dr. Bernhard Günther was reelected Chairman of the Audit and Risk Committee.

Provisions for the Supervisory Board's virtual shares amount to roughly €0.9 million in fiscal 2020 (2019: €0.7 million). Reimbursements paid by Uniper SE to Supervisory Board members for outlays totaled roughly €34 thousand for the 2020 fiscal year (2019: €83 thousand).

The expense for short-term compensation of members of the Supervisory Board amounted to €1.1 million for the 2020 fiscal year (2019: €1.1 million). The expense for variable compensation amounted to €0.6 million (2019: €0.3 million). Employee representatives on the Supervisory Board were awarded compensation under existing employment contracts with Uniper SE and its subsidiaries totaling €0.6 million (2019: €0.5 million).

Further details on the compensation of key management personnel are provided in the Compensation Report, which is part of the Management Report.

(31) Leases

A lease arrangement is established by a contract (the lease) that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. A portion of an asset is an identified asset if it is physically distinct. If it is not physically distinct, the portion of an asset is not an identified asset, unless the lessee has the right to use substantially all of the capacity of the asset during the lease term.

If a contract contains more than one lease component, or a combination of leasing and selling transactions, the consideration is allocated to each of the lease and non-lease components on conclusion and on each subsequent remeasurement of the contract on the basis of their relative stand-alone selling prices.

Uniper as Lessee

For leases with terms not exceeding twelve months, and for leases of low-value assets, Uniper has exercised the optional application exemptions. The lease payments under these contracts are generally recognized on a straight-line basis over the lease term as other operating expenses.

In all other leases in which Uniper acts as the lessee, the present value of future lease payments is recognized as a financial liability. Lease payments are split into principal and interest portions, using the effective interest method.

Correspondingly, the right-of-use asset is recognized within property, plant and equipment at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. Payments made before the commencement date and incentives received from the lessor are also included in the carrying amount of the right-of-use asset. The right-of-use asset is depreciated on a straight-line basis over the lease term or, if it is shorter, over the useful life of the leased asset. The provisions of IAS 36 concerning the determination and recognition of impairments of assets also apply to right-of-use assets.

If the expected lease payments change as a result of index-linked consideration, for example, or on the basis of new assessments of contractual options, the liability is remeasured. The adjustment to the new carrying amount is generally recognized with no impact on net income, by making a corresponding adjustment to the right-of-use asset.

In addition to owned assets, property, plant and equipment used by the Uniper Group also includes leased assets, which break down as follows:

Right-of-Use Assets within Property, Plant and Equipment

		December 31
€ in millions	**2020**	**2019**
Owned property, plant and equipment	9,125	9,603
Right-of-use assets	643	598
Property, plant and equipment	**9,769**	**10,201**

Capitalized right-of-use assets relate especially to gas storage facilities and to land and buildings. Right-of-use assets have been capitalized for cargo ships and motor vehicles to a marginal extent. The right-of-use assets thus capitalized for leased property, plant and equipment had the following net carrying amounts as of December 31, 2020:

Right-of-Use Assets

	December 31	
€ in millions	2020	2019
Real estate and leasehold rights	40	43
Buildings	133	94
Technical equipment, plant and machinery	463	452
Other equipment, fixtures, furniture and office equipment	8	8
Total	**643**	**598**

Additions to right-of-use assets within property, plant and equipment amounted to €133 million in 2020 (2019: €113 million). This amount consists primarily of €68 million (2019: €66 million) in additions of technical equipment and machinery and of €60 million (2019: €42 million) in additions of buildings.

Some of the leases contain price-adjustment clauses, as well as extension, purchase and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination can be assumed with reasonable certainty. On this basis, possible additional lease payments amounting to €224 million (2019: €229 million) were not included in the measurement of lease liabilities in the 2020 fiscal year.

The corresponding lease payment obligations are presented in the Cash Flow Analysis table in Note 29.

As of December 31, 2020, there were no commitments relating to leases not yet commenced as of that date (2019: €5 million).

The following amounts have been recognized in the income statement and in the cash flow statement:

Amounts Recognized in the Income Statement

€ in millions	2020	2019
Depreciation of right-of-use assets	-128	-103
Impairment charges on right-of-use assets	-1	-4
Reversals of impairments on right-of-use assets	83	36
Interest expense on lease liabilities	-43	-43
Expense relating to short-term leases	-134	-216
Expense relating to leases of low-value assets, not including short-term leases	-2	-3
Income from subleasing right-of-use assets	29	67
Total	**-195**	**-267**

The depreciation expense for right-of-use assets related principally to technical equipment and machinery (€100 million; 2019: €76 million) and to buildings (€20 million; 2019: €20 million).

Amounts Recognized in the Cash Flow Statement

€ in millions	2020	2019
Cash outflow for leases	315	368

In addition to the cash payments for the interest and principal portions of recognized lease liabilities, amounts reported in the cash flow statement also include payments for unrecognized short-term leases and for leases of low-value assets. Cash payments for the principal portion (€135 million; 2019: €112 million) are reported within financing cash flow, and those for the interest portion (€43 million; 2019: €43 million) are reported within operating cash flow.

Uniper as Lessor

Leases in which Uniper acts as the lessor and substantially all the risks and rewards arising from the use of the leased asset are transferred to the lessee are classified as finance leases. In this type of lease, the present value of the minimum lease payments is recorded as a receivable. Payments by the lessee are apportioned between a reduction of the lease receivable and interest income. The interest income from such arrangements is recognized over the lease term, using the effective interest method.

There exist a small number of operating leases in which Uniper is the lessor. In these leases, the leased asset generally continues to be presented on the Uniper Group's balance sheet and the lease payments are recognized as income on a straight-line basis over the lease term.

Finance Leases

Receivables from finance leases are primarily the result of certain electricity delivery contracts that, pursuant to IFRS 16, must be treated as leases. The nominal and present values of the outstanding lease payments have the following due dates:

Maturity Analysis of Undiscounted Lease Payments – Finance Leases

€ in millions	2020	2019
Due within 1 year	28	29
Due in 1 to 2 years	28	28
Due in 2 to 3 years	27	28
Due in 3 to 4 years	27	27
Due in 4 to 5 years	27	26
Due in more than 5 years	175	187
Total undiscounted lease payments	**312**	**325**
Interest component	116	115
Lease receivables	**196**	**210**
Current	*16*	*15*
Non-current	*180*	*194*

Interest income from finance leases was recognized in the amount of €16 million in the 2020 fiscal year (2019: €17 million).

(32) Reconciliation of Income/Loss before Financial Results and Taxes to Adjusted EBIT and to Adjusted Net Income

The following information for the 2020 fiscal year is provided on the basis of the Uniper Group's internal reporting system in order to enable an assessment to be made of the nature and financial consequences of the business activities conducted by the Uniper Group and of the economic environment in which the Group operates.

Adjusted EBIT

Adjusted EBIT, a measure of earnings before interest and taxes adjusted for non-operating effects, is used at Uniper for purposes of internal management control and as the most important indicator of a business's operating performance. This information is also used for the management of operating segments.

Unadjusted earnings before interest and taxes (EBIT) represents the Group's income/loss before financial results and taxes in accordance with IFRS, taking into account the net income/loss from equity investments.

Reconciliation of Income/Loss before Financial Results and Taxes

€ in millions	2020	2019
Income/Loss before financial results and taxes	**608**	**922**
Net income/loss from equity investments	-9	-8
EBIT	**599**	**915**
Non-operating adjustments	399	-52
Net book gains (-) / losses (+)	*10*	*-7*
Impact of derivative financial instruments	*-570*	*-1,228*
Adjustments of revenue and cost of materials from physically settled commodity derivatives to the contract price	*995*	*448*
Restructuring / Cost-management expenses (+) / income (-)[1]	*65*	*-50*
Miscellaneous other non-operating earnings	*-192*	*-90*
Non-operating impairment charges (+) / reversals (-)[2]	*92*	*874*
Adjusted EBIT	**998**	**863**
For informational purposes:		
Economic depreciation and amortization/reversals	*658*	*698*
For informational purposes: Adjusted EBITDA	*1,657*	*1,561*

[1]Expenses for (and income from) restructuring and cost management in the Global Commodities segment included depreciation and amortization of €5 million in the 2020 fiscal year (2019: €11 million).
[2]Non-operating impairment charges/reversals consist of non-operating impairment charges and reversals triggered by regular impairment tests. The total of the non-operating impairment charges/reversals and economic depreciation and amortization/reversals differs from depreciation, amortization and impairment charges reported in the income statement since the two items also include impairment charges on companies accounted for under the equity method and other financial assets; in addition, a small portion is included in restructuring / cost-management expenses and in miscellaneous other non-operating earnings.

Owing to the adjustments made, the earnings items shown here may differ from the figures determined in accordance with IFRS.

The net book losses of €10 million in the reporting period are primarily attributable to losses on disposals of property, plant and equipment, which were only partially offset by the gain on disposal of the stake in Gas-Union GmbH (2019: net book gain of €7 million on the disposals of the activities in France, the remaining stake in ENEVA S.A., and the shareholding in OLT Offshore LNG Toscana S.p.A.).

The fair value measurement of derivatives used to hedge the operating business against price fluctuations resulted in a net gain of €570 million in the 2020 fiscal year, due to changed market values in connection with volatile commodity prices in the forward markets (2019: net gain of €1,228 million).

Revenues and cost of materials for physically settled commodity derivatives (contracts that are accounted for under IFRS 9 (failed own-use contracts)) were adjusted for the difference between the spot prices relevant pursuant to IFRS and the contract prices relevant from the management perspective by a net expense of €995 million in fiscal 2020 (2019: net expense of €448 million).

In 2020, restructuring and cost-management expenses/income changed by €115 million year over year. The expense in the 2020 fiscal year amounted to €65 million (2019: income of €50 million) and resulted primarily from expenses incurred, among other things, for a proactive phase-out plan for coal in Europe. In the previous year, the main non-operating adjustment had related to income from the spin-off and transfer agreement with E.ON.

Income of €192 million was classified as miscellaneous other non-operating earnings in the 2020 fiscal year (2019: income of €89 million). The change resulted primarily from adjustments of provisions recognized for non-operating effects in the Global Commodities segment. The change in the recognition status of one equity investment from an associated company to one of the other equity investments resulted in a gain of €38 million.

Aggregated non-operating impairment charges and reversals of non-operating impairment losses recognized in the reporting period amounted to a net loss of €92 million. The impairments were primarily attributable to the European Generation and Russian Power Generation segments. Reversals of impairments recognized in previous years related primarily to the European Generation and Global Commodities segments in 2020. Aggregated non-operating impairment charges and reversals of non-operating impairment losses recognized in the 2019 fiscal year had amounted to a net loss of €874 million.

Adjusted Net Income

Adjusted net income is composed of adjusted EBIT, net operating interest income and income taxes on operating earnings, less non-controlling interests in operating earnings (see the Management System section for a detailed definition). The following table shows the reconciliation of income/loss before financial results and taxes to adjusted net income:

Reconciliation to Adjusted Net Income

€ in millions	2020	2019
Income/Loss before financial results and taxes	**608**	**922**
Net income/loss from equity investments	-9	-8
EBIT	**599**	**915**
Non-operating adjustments	399	-52
Adjusted EBIT	**998**	**863**
Interest income/expense and other financial results	*-57*	*44*
Non-operating interest expense and negative other financial results (+) / interest income and positive other financial results (-)	*97*	*-27*
Operating interest income/expense and other financial results	39	18
Income taxes	*-139*	*-315*
Expense (+) / Income (-) resulting from income taxes on non-operating earnings	*-86*	*85*
Income taxes on operating earnings	-226	-230
Less non-controlling interests in operating earnings	-37	-37
Adjusted net income	**774**	**614**

Aside from other financial results, the adjustments for financial effects relate primarily to the interest effects of the provisions financed through the Swedish Nuclear Waste Fund ("Kärnavfallsfonden" or "KAF") in the European Generation segment and of other non-operating provisions in the Global Commodities segment. An expense of €97 million was adjusted for in total (2019: €27 million income).

In fiscal 2020, there was non-operating tax income of €86 million (2019: €85 million tax expense). The operating tax expense amounted to €226 million (2019: €230 million). This has resulted in an operating effective tax rate of 21.7% (2019: 26.1%).

Adjusted net income for the 2020 fiscal year amounted to €774 million. This represents a year-over-year increase of €160 million (2019: €614 million), placing it clearly at the top end of expectations for 2020. Adjusted net income followed the trend of adjusted EBIT, additionally supported by higher economic net interest income relative to the previous year. The latter was attributable to a reduced interest expense for financial liabilities and also to a reduced interest expense from the remeasurement of asset retirement obligations, both due to a less-pronounced decline in interest rates. The operating effective tax rate was also lower year over year.

(33) Segment Information

Applying the management approach, the Company's operating segments are identified in line with the internal reporting structure used by the Management Board of Uniper SE.

The internal performance measure used as the segment result is earnings before interest and taxes adjusted to exclude non-operating effects (adjusted EBIT).

IFRS 8 Operating Segments

The operating segments are reported separately, in accordance with IFRS 8, in line with the management of the Group by the Management Board of Uniper SE in its capacity as the Group's chief operating decision maker.

European Generation

The European Generation segment comprises the various power and heat generation facilities that the Uniper Group operates in Europe. In addition to fossil-fuel power plants (coal-, gas-, oil-fired power plants; combined gas and steam power plants) and hydroelectric power plants, these generation facilities also include nuclear power plants in Sweden. Most of the energy produced is sold to the Global Commodities segment, which is responsible for the marketing and sale of energy to major customers via the traded markets and its own sales organization. A further portion of the energy generated is marketed by means of long-term electricity and heat supply contracts. In addition to the power plant business, this segment also includes the marketing of energy services, which encompass engineering and asset management, as well as operational and maintenance services. Until early July 2019, the activities in France that were then sold had also been reported in this segment.

Global Commodities

The Global Commodities segment bundles the energy trading activities and forms the commercial interface between the Uniper Group and the global traded markets for energy and the major customers. Within this segment, the fuels required for power generation (mainly coal and gas) are procured, emission allowances are traded, the electricity produced is marketed, and the portfolio is optimized by managing the use of the power plants. On the basis of long-term contracts with suppliers within and outside Germany, Uniper sells natural gas to resellers (e.g., municipal utilities), major industrial customers and power plant operators. This segment additionally includes infrastructure investments and gas storage operations.

Russian Power Generation

The Russian Power Generation segment brings together the operating power generation business of the Uniper Group in Russia. PAO Unipro, a subsidiary of Uniper SE listed in Russia, is responsible for conducting all business in connection with power generation and associated activities in Russia. These include the procurement of the fuels needed for the power plants, the operation and management of the plants and the trading and sale of the energy produced.

Combined separately under Administration/Consolidation are the non-operating functions that are performed centrally across segments, as well as the consolidations required to be carried out at Group level.

Financial Information by Segment

€ in millions	European Generation		Global Commodities[2]		Russian Power Generation		Administration/ Consolidation		Uniper Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External sales	1,830	2,609	48,226	62,086	909	1,106	2	3	50,968	65,804
Intersegment sales	5,858	8,475	5,472	8,215	–	–	-11,329	-16,691	–	–
Sales	**7,688**	**11,085**	**53,698**	**70,301**	**909**	**1,106**	**-11,327**	**-16,688**	**50,968**	**65,804**
Adjusted EBIT (segment result)	**492**	**424**	**496**	**287**	**226**	**308**	**-216**	**-156**	**998**	**863**
Equity-method earnings[1]	–	–	48	58	–	–	–	–	48	58
Operating cash flow before interest and taxes	**1,017**	**409**	**246**	**308**	**317**	**381**	**-223**	**-87**	**1,358**	**1,011**
Investments	**555**	**409**	**50**	**27**	**121**	**196**	**16**	**26**	**743**	**657**

[1]The income/loss from companies accounted for under the equity method presented here is generally adjusted for non-operating effects and therefore differs from the income/loss from companies accounted for under the equity method as presented in the income statement in accordance with IFRS.
[2]Regarding the change in sales in the Global Commodities segment, see also Notes 3 and 5 to the 2020 Consolidated Financial Statements.

Intragroup sales between the European Generation and Global Commodities segments are mainly attributable to the transfer-pricing mechanism in effect between the power plant operating companies and the trading unit in the Global Commodities segment. For physically settled transactions that do not meet the IFRS 9 criteria and are not accounted for as derivatives (e.g., own-use transactions), contract prices (transfer prices), which reflect the economic character of these transactions and the contractually agreed consideration amounts, are generally used to determine revenues. For physically settled transactions that must be accounted for as derivatives pursuant to IFRS 9 criteria (e.g., failed own-use transactions), revenue is recognized at the market price applicable at the time of recognition. Accordingly, such contracts are presented as physical spot contracts with a financial hedge. Applying the transfer-pricing mechanism, the trading unit locks in a future selling price for the electricity expected to be generated by the power plant operating companies by entering into hedges at current market prices in the context of a portfolio management contract, so that the resulting revenues are ultimately reported directly in the European Generation segment, while the power plant operating companies show the financial effect of price hedging of their generation positions. The mechanism is also reflected in the cost of materials. The revenues attributable to the Administration/Consolidation reconciliation item also include the consolidation of the aforementioned effects, and the transfer pricing mechanism thus has no impact on the earnings, financial condition and net assets of the Uniper Group.

The investments presented in the financial information by business segment tables are the purchases of investments reported in the Consolidated Statements of Cash Flows. Transactions within the Uniper Group are generally executed at market prices.

The following table shows the reconciliation of operating cash flow to operating cash flow before interest and taxes:

Operating Cash Flow before Interest and Taxes

€ in millions	2020	2019	+/-
Cash flow from operating activities	**1,241**	**932**	**309**
Interest payments and receipts	26	32	-6
Income tax payments (+) / refunds (-)	91	47	43
Operating cash flow before interest and taxes	**1,358**	**1,011**	**347**

Additional Entity-Level Disclosures

External sales by product break down as follows:

Sales by Segment and Product

€ in millions	European Generation		Global Commodities		Russian Power Generation		Administration/ Consolidation		Uniper Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Electricity	5,313	7,912	21,052	28,908	889	1,080	-8,545	-12,962	18,709	24,939
Gas	1,722	2,336	26,119	34,633	–	–	-2,149	-2,903	25,692	34,065
Other	652	837	6,527	6,760	21	26	-634	-823	6,567	6,800
Total	**7,688**	**11,085**	**53,698**	**70,301**	**909**	**1,106**	**-11,327**	**-16,688**	**50,968**	**65,804**

The "Other" item consists, in particular, of revenues generated from services and from other trading activities.

The following table breaks down external sales (by customer and company location), intangible assets and property, plant and equipment, as well as the carrying amounts of companies accounted for under the equity method, by geographic area:

Geographic Segment Information as of December 31, 2020, and for the 2020 Fiscal Year

€ in millions	Germany	United Kingdom	Russian Federation	Europe (other)	Other regions	Total
External sales by location of customer	13,469	11,567	936	22,683	2,312	50,968
External sales by location of seller	47,630	368	909	399	1,661	50,968
Intangible assets	662	8	5	59	–	734
Property, plant and equipment	3,832	758	1,952	3,155	71	9,769
Companies accounted for under the equity method	247	54	–	76	3	380

Geographic Segment Information as of December 31, 2019, and for the 2019 Fiscal Year

€ in millions	Germany	United Kingdom	Russian Federation	Europe (other)	Other regions	Total
External sales by location of customer	17,954	19,464	1,131	25,467	1,788	65,804
External sales by location of seller	61,962	312	1,106	1,167	1,257	65,804
Intangible assets	676	2	6	58	1	742
Property, plant and equipment	3,674	847	2,597	3,010	72	10,201
Companies accounted for under the equity method	306	58	–	77	5	446

The segment information shown in the preceding tables has been reorganized for both the reporting year and the previous year, as sales are now reported by location of the counterparty and not of by place of delivery as before. This change provides information that is more decision-useful.

Uniper currently operates mainly in Europe. That aside, the Group's customer structure has not resulted in any major concentration in any given geographical region or business area. Due to the Company's large number of customers and the variety of its business activities, there are no customers whose business volume is material in relation to the total business volume of the Group.

(34) Other Significant Issues after the Balance Sheet Date

On February 8, 2021, there was a fire in Unit 1 of the Franken power plant in the Gebersdorf district of Nuremberg. Units 1 and 2 of the power plant were shut down in response. The firefighting activities took several hours. There were no injuries. The fire did not affect the electricity supply directly because this power plant only operates as a peak-demand and reserve power plant. The supply of district heating to the region was curtailed, however. The cause of the fire remains under investigation, and the damage assessment is not yet complete. After a series of thorough safety inspections, Unit 2 was quickly returned to service in the early hours of February 11, 2021. Initial indications are that restoring the supply of district heating from Unit 1 will likely not be possible, given the necessary repairs. Uniper is therefore working on installing a 5-megawatt mobile heat-generating unit and related equipment on the power plant site, and on connecting that temporary unit to the district-heating system in order to provide an alternative supply of heat.

The incident will have no material impact on the assets, financial condition and earnings of the Group.

(35) List of Shareholdings Pursuant to Section 313 (2) HGB

Disclosures Pursuant to Section 313 (2) HGB of Companies in which Equity Investments Are Held (as of December 31, 2020)

Legal name, Registered Office	Percentages
AB Svafo, SE, Nyköping[5]	22.00
AS Latvijas Gāze, LV, Riga[6]	18.26
B.V. NEA, NL, Dodewaard[5]	25.00
Barsebäck Kraft AB, SE, Löddeköpinge[2]	100.00
BauMineral GmbH, DE, Herten[1 7]	100.00
BBL Company V.O.F., NL, Groningen[4]	20.00
Bergeforsens Kraftaktiebolag, SE, Bispgården[4]	40.00
BIOPLYN Třeboň spol. s r.o., CZ, Třeboň[5]	24.67
Blåsjön Kraft AB, SE, Stockholm[4]	50.00
Deutsche Flüssigerdgas Terminal beschränkt haftende oHG, DE, Düsseldorf[2]	90.00
DFTG-Deutsche Flüssigerdgas Terminal Gesellschaft mit beschränkter Haftung, DE, Wilhelmshaven[2]	90.00
Donau-Wasserkraft Aktiengesellschaft, DE, Landshut[1]	100.00
E.ON Benelux Geothermie B.V. (in liquidation), NL, Rotterdam[2]	100.00
E.ON Perspekt GmbH, DE, Düsseldorf[5]	30.00
E.ON Ruhrgas Nigeria Limited, NG, Abuja[2]	100.00
Energie-Pensions-Management GmbH, DE, Hannover[5]	30.00
Ergon Holdings Ltd, MT, St. Julians[1]	100.00
Ergon Insurance Ltd, MT, St. Julians[1]	100.00
Etzel Gas-Lager GmbH & Co. KG, DE, Friedeburg-Etzel[4]	75.22
Etzel Gas-Lager Management GmbH, DE, Friedeburg-Etzel[5]	75.20
Exporting Commodities International LLC, US, Marlton[4]	49.00
Forsmarks Kraftgrupp AB, SE, Östhammar[6 8]	8.50
Freya Bunde-Etzel GmbH & Co. KG, DE, Düsseldorf[3]	59.98
Freya Bunde-Etzel Verwaltungsgesellschaft mbH, DE, Düsseldorf[5]	100.00
Gemeinschaftskraftwerk Irsching GmbH, DE, Vohburg[1]	50.20
Gemeinschaftskraftwerk Kiel Gesellschaft mit beschränkter Haftung, DE, Kiel[5]	50.00
Greanex LLC, US, Wilmington[2]	51.00
Grüne Quartiere GmbH, DE, Gelsenkirchen[5]	50.00
Holford Gas Storage Limited, GB, Edinburgh[1]	100.00
Hydropower Evolutions GmbH, DE, Düsseldorf[2]	100.00
India Uniper Power Services Private Limited, IN, Kolkata[5]	50.00
Induboden GmbH & Co. Industriewerte OHG, DE, Düsseldorf[2]	100.00
Javelin Global Commodities Holdings LLP, GB, London[4]	28.00
Kärnkraftsäkerhet & Utbildning AB, SE, Nyköping[5]	33.00
Klåvbens AB, SE, Olofström[5]	50.00
Kokereigasnetz Ruhr GmbH, DE, Essen[1 7]	100.00
Kolbäckens Kraft KB, SE, Sundsvall[1]	100.00
Kraftwerk Buer GbR, DE, Gelsenkirchen[5]	50.00
Kraftwerk Schkopau Betriebsgesellschaft mbH, DE, Schkopau[1]	55.60
Kraftwerk Schkopau GbR, DE, Schkopau[1]	58.10

[1]Consolidated affiliated company

[2]Non-consolidated affiliated company for reasons of immateriality (valued at cost)

[3]Joint ventures pursuant to IFRS 11

[4]Associated company (valued using the equity method)

[5]Joint venture or associated company (accounted for at cost for reasons of immateriality)

[6]Other companies in which share investments are held

[7]This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b for the current and the previous year

[8]Local-GAAP figures as of December 31, 2019, in EUR

Disclosures Pursuant to Section 313 (2) HGB of Companies in which Equity Investments Are Held (as of December 31, 2020)

Legal name, Registered Office	Percentages
Liqvis France SASU, FR, Paris[2]	100.00
Liqvis GmbH, DE, Düsseldorf[2]	100.00
LNG Terminal Wilhelmshaven GmbH, DE, Wilhelmshaven[2]	100.00
Lubmin-Brandov Gastransport GmbH, DE, Essen[1]	100.00
Mainkraftwerk Schweinfurt Gesellschaft mit beschränkter Haftung, DE, Landshut[2]	75.00
Mellansvensk Kraftgrupp AB, SE, Stockholm[6 8]	5.35
METHA-Methanhandel GmbH, DE, Düsseldorf[1]	100.00
Mittlere Donau Kraftwerke Aktiengesellschaft, DE, Landshut[2]	60.00
Obere Donau Kraftwerke Aktiengesellschaft, DE, Landshut[2]	60.00
OKG AB, SE, Oskarshamn[1]	54.50
OOO Agro-industrial Park «Siberia», RU, Sharypovskiy[2]	100.00
OOO E.ON Connecting Energies, RU, Moskau[5]	50.00
OOO Unipro Engineering, RU, Moskau[2]	100.00
PAO Unipro, RU, Surgut[1]	83.73
RAG-Beteiligungs-Aktiengesellschaft, AT, Maria Enzersdorf[4]	29.98
RGE Holding GmbH, DE, Düsseldorf[1 7]	100.00
Rhein-Main-Donau GmbH, DE, Landshut[1]	77.49
Ringhals AB, SE, Väröbacka[4]	29.56
RMD-Consult GmbH, DE, München[2]	100.00
RuhrEnergie GmbH, EVR, DE, Gelsenkirchen[1]	100.00
SOCAR-UNIPER LLC, AZ, Sumgait[5]	49.00
Solar Energy s.r.o., CZ, Znojmo[5]	24.99
SQC Swedish Qualification Centre AB, SE, Täby[5]	33.30
Stensjön Kraft AB, SE, Stockholm[4]	50.00
Svensk Kärnbränslehantering AB, SE, Solna[5]	34.00
Sydkraft AB, SE, Malmö[1]	100.00
Sydkraft Försäkring AB, SE, Malmö[1]	100.00
Sydkraft Hydropower AB, SE, Sundsvall[1]	100.00
Sydkraft Nuclear Power AB, SE, Malmö[1]	100.00
Sydkraft Thermal Power AB, SE, Karlshamn[1]	100.00
Uniper Anlagenservice GmbH, DE, Gelsenkirchen[1]	100.00
Uniper Benelux CCS Project B.V., NL, Rotterdam[2]	100.00
Uniper Benelux Holding B.V., NL, Rotterdam[1]	100.00
Uniper Benelux N.V., NL, Rotterdam[1]	100.00
Uniper Beteiligungs GmbH, DE, Düsseldorf[1 7]	100.00
Uniper Energy Asia Pacific Pte. Ltd., SG, Singapore[2]	100.00
Uniper Energy DMCC, AE, Dubai[1]	100.00
Uniper Energy Fujairah FZE, AE, Fujairah free zone[2]	100.00
Uniper Energy Limited, GB, Birmingham[2]	100.00
Uniper Energy Sales GmbH, DE, Düsseldorf[1]	100.00
Uniper Energy Services MENA DMCC, AE, Dubai[2]	100.00
Uniper Energy Southern Africa (Pty) Ltd., ZA, Johannesburg (Sandton)[2]	100.00
Uniper Energy Storage GmbH, DE, Düsseldorf[1]	100.00
Uniper Energy Trading NL Staff Company B.V., NL, Rotterdam[2]	100.00
Uniper Energy Trading Srbija d.o.o. - u Likvidaciji, RS, Belgrad[2]	100.00

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[8]Local-GAAP figures as of December 31, 2019, in EUR

Disclosures Pursuant to Section 313 (2) HGB of Companies in which Equity Investments Are Held (as of December 31, 2020)

Legal name, Registered Office	Percentages
Uniper Energy Trading UK Staff Company Limited, GB, Birmingham[1]	100.00
Uniper Exploration & Production GmbH, DE, Düsseldorf[1 7]	100.00
Uniper Financial Services GmbH, DE, Regensburg[1 7]	100.00
Uniper Gas Transportation and Finance B.V., NL, Rotterdam[1]	100.00
Uniper Global Commodities Canada Inc., CA, Toronto[2]	100.00
Uniper Global Commodities London Ltd., GB, Birmingham[1]	100.00
Uniper Global Commodities North America LLC, US, Chicago[1]	100.00
Uniper Global Commodities SE, DE, Düsseldorf[1]	100.00
Uniper Global Commodities UK Limited, GB, Birmingham[1]	100.00
Uniper Holding GmbH, DE, Düsseldorf[1 7]	100.00
Uniper Holdings Limited, GB, Birmingham[2]	100.00
Uniper HR Services Hannover GmbH, DE, Hannover[1 7]	100.00
Uniper Hungary Energetikai Kft., HU, Budapest[1]	100.00
Uniper Hydrogen GmbH, DE, Düsseldorf[2]	100.00
Uniper India Private Ltd., IN, Noida[2]	100.00
Uniper Infrastructure Asset Management B.V., NL, Rotterdam[1]	100.00
Uniper International Holding GmbH, DE, Düsseldorf[1 7]	100.00
Uniper IT GmbH, DE, Düsseldorf[1 7]	100.00
Uniper Kraftwerke GmbH, DE, Düsseldorf[1]	100.00
Uniper Market Solutions GmbH, DE, Düsseldorf[2]	100.00
Uniper NefteGaz LLC, RU, Moskau[2]	100.00
Uniper Renewables GmbH, DE, Düsseldorf[2]	100.00
Uniper Risk Consulting GmbH, DE, Düsseldorf[1 7]	100.00
Uniper Ruhrgas BBL B.V., NL, Rotterdam[1]	100.00
Uniper Ruhrgas International GmbH, DE, Essen[1 7]	100.00
Uniper Solar 1 WHV GmbH, DE, Düsseldorf[2]	100.00
Uniper Systemstabilität GmbH, DE, Düsseldorf[1]	100.00
Uniper Technologies B.V., NL, Rotterdam[2]	100.00
Uniper Technologies GmbH, DE, Gelsenkirchen[1]	100.00
Uniper Technologies Limited, GB, Birmingham[1]	100.00
Uniper Trading Canada Ltd., CA, Toronto[1]	100.00
Uniper UK Corby Limited, GB, Birmingham[1]	100.00
Uniper UK Cottam Limited, GB, Birmingham[2]	100.00
Uniper UK Gas Limited, GB, Birmingham[1]	100.00
Uniper UK Ironbridge Limited, GB, Birmingham[1]	100.00
Uniper UK Limited, GB, Birmingham[1]	100.00
Uniper UK Trustees Limited, GB, Birmingham[2]	100.00
Uniper Wärme GmbH, DE, Gelsenkirchen[1]	100.00
Untere Iller AG, DE, Landshut[2]	60.00
Utilities Center Maasvlakte Leftbank b.v., NL, Rotterdam[1]	100.00
Vaultige AB, SE, Stockholm[5]	50.00

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[8]Local-GAAP figures as of December 31, 2019, in EUR

Supervisory Board (including Information on Other Directorships Held by Supervisory Board Members)

The Supervisory Board has the following members:

Supervisory Board

Name	Position	External mandates in other governing bodies	Board member
Prof. Dr. Klaus-Dieter Maubach (Chairman of the Supervisory Board, Uniper SE)	Managing Director, maubach.icp GmbH	ABB Deutschland AG Fortum Oyj Axpo Power AG until 04/20 Klöpfer & Königer GmbH & Co. KG, Chairman	Since April 17, 2020
Markus Rauramo (Deputy Chairman of the Supervisory Board, Uniper SE)	President and Chief Executive Officer, Fortum Oyj	Wärtsilä Oyj Abp, Deputy Chairman Teollisuuden Voima Oyj Mentten Oy Vaka-säätiö sr Fortum Power and Heat Oy, Chairman PAO Fortum, Chairman	Since July 30, 2018
Harald Seegatz (Deputy Chairman of the Supervisory Board, Uniper SE)	Chairman of the Group Employee Council, Uniper SE	Uniper Kraftwerke GmbH	Since April 14, 2016
Dr. Bernhard Reutersberg			Until April 3, 2020
Ingrid Marie Åsander	Project Coordinator, Sydkraft Hydropower AB		Since April 14, 2016
Oliver Biniek	Exempted Employee Representative, Uniper Anlagenservice GmbH		Since April 14, 2016
Prof. Dr. Werner Brinker	Independent Energy Consultant	Heinrich Gräper Holding GmbH & Co. KG, Chairman	Since April 17, 2020
Jean-François Cirelli	Chairman BlackRock France, Belgium and Luxembourg	Idemia France S.A.S. Sonepar S.A.S. MET Group BlackRock France, Belgium and Luxembourg	Until April 3, 2020
David Charles Davies	Company Director	Petrofac Limited Wienerberger AG, Deputy Chairman	Until April 3, 2020
Dr. Bernhard Günther	Chief Financial Officer, Fortum Oyj	thyssenkrupp AG since 01/20	Since April 17, 2020
Dr. Marion Helmes	Member of various supervisory boards	ProSiebenSat.1 Media SE, Deputy Chairman British American Tobacco Plc. Siemens Healthineers AG Heineken N.V.	Until April 3, 2020
Barbara Jagodzinski	Financial Manager, Uniper Global Commodities SE		Since April 14, 2016
André Muilwijk	Employee Council, Uniper Benelux N.V.		Since April 14, 2016
Rebecca Ranich	Independent Board Member	National Fuel Gas Yet Analytics Inc. CARDNO	Until April 3, 2020
Immo Schlepper	Head of Regional Department, ver.di	EWE AG	Since June 8, 2017
Sirpa-Helena Sormunen	General Counsel, Fortum Oyj	Fortum Deutschland SE Fortum Ireland DAC PAO Fortum Nammo AS	Since April 17, 2020
Tiina Tuomela	Executive Vice President, Fortum Oyj	Fortum Power and Heat Oy Finnish Energy Kemijoki Oy, Chairman YIT Oyj Teollisuuden Voima Oyj, Chairman	Since April 17, 2020

Management Board (including Information on Other Directorships Held by the Management Board Members)

The Management Board has the following members

Management Board

Name	Position	Other directorships	Board member
Andreas Schierenbeck	Chairman of the Management Board, Chief Executive Officer	Uniper Global Commodities SE, Chairman Uniper Kraftwerke GmbH, Chairman PAO Unipro, Chairman Fr. Sauter AG Brasuro Consulting AG, Chairman	Since June 1, 2019
Sascha Bibert	Member of the Management Board, Chief Financial Officer		Since June 1, 2019
David Bryson	Member of the Management Board, Chief Operating Officer	PAO Unipro	Since Nov. 1, 2019
Niek den Hollander	Member of the Management Board, Chief Commercial Officer		Since June 1, 2020
Keith Martin	Member of the Management Board, Chief Commercial Officer		Until Apr. 30, 2020
Eckhardt Rümmler	Member of the Management Board, Chief Operating Officer	PAO Unipro until 01/20 Preussen Elektra Verbund AG since 06/20	Until Jan. 31, 2020

Düsseldorf, February 26, 2021

The Management Board

Andreas Schierenbeck

Sascha Bibert

David Bryson

Niek den Hollander

Declaration of the Management Board

To the best of our knowledge, we declare that, in accordance with applicable financial reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the Group Management Report, which is combined with the management report of Uniper SE, provides a fair review of the development and performance of the business and the position of the Uniper Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Düsseldorf, February 26, 2021

The Management Board

Andreas Schierenbeck

Sascha Bibert

David Bryson

Niek den Hollander

Additional Indicators

Achieved and Hedged Prices and Hedged Ratios for Outright Power Generation

	Year	Achieved / Hedged price as of Dec. 31, 2020 (€/MWh)	Hedged ratio as of Dec. 31, 2020 (%)
Achieved prices, Germany[1]	2020	49	
Hedged prices and hedged ratios, Germany[1]	2021	48	100%
	2022	50	95%
	2023	52	85%
Achieved prices, Nordics[1 2]	2020	29	
Hedged prices and hedged ratios, Nordics[1 2]	2021	27	90%
	2022	24	65%
	2023	22	25%

[1]Calculations are based on Uniper Group's legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants).
[2]The prices shown include region-specific premiums and discounts as well as guarantees of origins.

Generation Capacity

in MW[1]		Dec. 31, 2020	Dec. 31, 2019
Gas	Russia[2]	7,139	7,131
	UK	4,180	4,188
	Germany	2,912	2,912
	Netherlands	525	526
	Sweden	449	447
	Hungary	428	428
Hard coal	Germany	3,954	2,902
	UK	2,000	2,000
	Netherlands	1,070	1,070
Lignite	Russia[2]	1,895	1,906
	Germany	500	500
Hydro	Germany	1,927	1,927
	Sweden	1,771	1,771
Nuclear	Sweden	1,996	1,988
Other	Germany	1,418	1,418
	Sweden	1,162	1,162
	UK	221	221
Total		**33,548**	**32,497**

[1]Legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants).
[2]Includes Czech Republic. Czech Republic business activities were sold on April 28, 2020.

Electricity Generation Volumes

in TWh[1]		October 1–December 31 2020	January 1–December 31 2020	January 1–December 31 2019
Gas	Russia[2]	9.5	36.0	38.6
	UK	3.0	10.2	13.0
	Germany	1.5	1.9	0.9
	Netherlands	0.3	1.5	1.8
	France	0.0	0.0	2.0
	Hungary	0.6	2.2	2.6
	Sweden	0.0	0.0	0.0
Hard coal	Germany	1.3	6.2	5.7
	UK	0.3	0.4	0.7
	Netherlands	1.5	4.7	3.1
	France[3]	0.0	0.0	0.3
Lignite	Russia[2]	1.1	4.0	6.0
	Germany	0.3	2.1	3.6
Hydro	Germany[4]	0.9	4.3	5.3
	Sweden	2.5	9.4	8.2
Nuclear	Sweden	2.8	11.5	16.7
Total		**25.6**	**94.6**	**108.4**

[1]Legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants): net generation production volumes = owned generation – own-use losses – sales to minority owners + purchases from minorities.
[2]Gross production (own consumption is not considered).
[3]Sale of the Uniper activities in France in July 2019.
[4]Germany's net sales of hydroelectric power generation also include pumped-storage-related water flows and pipeline losses from pumping operations.

Financial Calendar

May 6, 2021
Quarterly Statement: January–March 2021

May 19, 2021
2021 Annual Shareholders Meeting (Düsseldorf)

August 11, 2021
Half-Year Interim Report: January–June 2021

November 5, 2021
Quarterly Statement: January–September 2021

Further Information

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