Annual Report 2019

Financial Results

Performance Indicators at a Glance

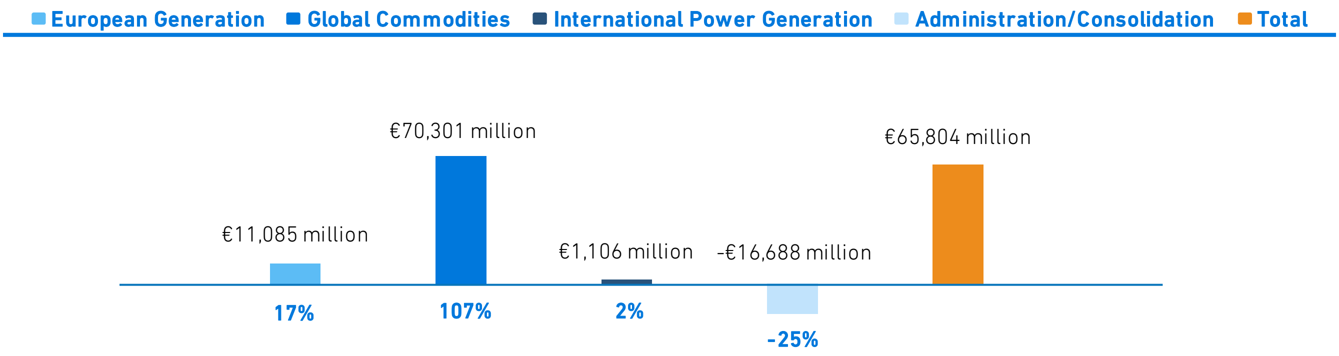
Financial and Non-Financial Indicators for the Uniper Group[1]

	Unit	2019	2018	2017	2016
Power procurement and owned generation	Billion kWh	616.8	709.9	728.2	693.8
Electricity sales	Billion kWh	612.7	707.0	725.9	691.3
Gas volume sold	Billion kWh	2,179.3	2,019.3	1,944.8	1,725.7
Carbon intensity[2]	g/kWh	445	499	506	502
Sales[3 4]	€ in millions	65,804	91,813	72,238	67,285
Adjusted EBIT[4 5]	€ in millions	863	865	1,114	1,362
For informational purposes: Adjusted EBITDA[4 5]	€ in millions	1,561	1,543	1,741	2,122
Net income/loss[3]	€ in millions	644	-442	-538	-3,234
Earnings per share[3 6 7]	€	1.67	-1.10	-1.79	-8.79
Dividend proposal / Dividend per share[5]	€	1.15	0.90	0.74	0.55
Cash provided by operating activities (operating cash flow)	€ in millions	932	1,241	1,385	2,184
Adjusted FFO[8]	€ in millions	923	756	753	(479)[9]
Investments	€ in millions	657	642	843	781
Growth	*€ in millions*	*297*	*325*	*451*	*381*
Maintenance and replacement	*€ in millions*	*361*	*317*	*392*	*400*
Economic net debt[10]	€ in millions	2,650	2,509	2,445	4,167
Employees as of the reporting date		11,532	11,780	12,180	12,635
Proportion of female employees	%	24.6	24.2	23.9	24.1
Average age	Years	45	44	44	44
Employee turnover rate	%	4.5	4.7	5.0	4.0
TRIF (combined)[11]		1.48	1.47	1.65	1.72
For informational purposes: TRIF (Uniper employees)		0.98	0.90	1.62	1.24

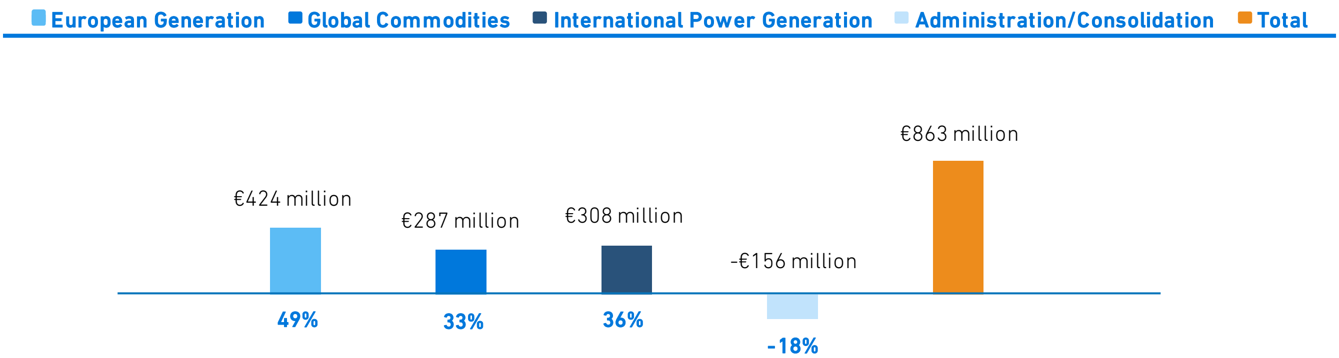
[1]Comparative disclosures are not restated when the scope of consolidation changes.
[2]Uniper's carbon intensity is defined as the ratio between direct fossil-fuel-derived CO_2 emissions from electricity and heat generation from Uniper's fully consolidated stationary facilities (financial control approach) 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. Further information can be found in Note 3 to the Consolidated Financial Statements. The figures for 2017 and 2016 continue to be presented as originally reported.
[4]See also "Business Report" and "Newly Adopted Standards and Interpretations."
[5]Adjusted for non-operating effects.
[6]Basis: outstanding shares as of reporting date.
[7]For the respective fiscal year.
[8]Primarily adjusted for operating cash flows not permanently available for distribution.
[9]Figure provided for informational purposes, not a principal indicator in 2016.
[10]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.
[11]From the 2019 fiscal year onwards, combined TRIF will be used as a non-financial performance indicator, replacing TRIF (Uniper employees), which was used until the 2018 fiscal year.

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.

Main Events in the 2019 Fiscal Year

January

- The Commission for Growth, Structural Change and Employment (Coal Commission) presented its final report. Based on a broad social consensus, the report provided a recommendation for the structuring of the phase-out of coal-fired power generation in Germany.

February

- Uniper Supervisory Board Chairman Dr. Bernhard Reutersberg initiated a new approach for cooperating with Fortum. The Management Board members Keith Martin and Eckhardt Rümmler led this process for Uniper from that time.

March

- Uniper met its earnings targets for the 2018 fiscal year. The dividend proposal was increased again.
- The methanization plant in Falkenhagen went into operation and now supplies synthetic methane, which represents another important component in a successful energy transition.
- Uniper sold its stake in OLT Offshore LNG Toscana S.p.A.

April

- Uniper sold its remaining 6 percent stake in the Brazilian company ENEVA S.A. After this sale, Uniper no longer has any business operations in Brazil.

May

- The Open Season process for the LNG Terminal Project in Wilhelmshaven was started. Uniper and the Ruhr Oel refinery jointly modernized the electricity grid of the Gelsenkirchen refinery. This helped ensure the smooth supply of electrical energy to the entire refinery site.
- Uniper welcomed its shareholders to the first Annual Shareholders Meeting in Düsseldorf.

June

- The new CEO Andreas Schierenbeck and the new CFO Sascha Bibert took up their positions at Uniper on June 1, 2019.

July

- The German government honored projects for the production, storage and transport of green hydrogen: Together with its partners, Uniper plans to convert renewable energy from a wind farm in Saxony-Anhalt into green hydrogen by electrolysis.
- Uniper completed the sale of its generation business and sales activities in France to Energetický a průmyslový holding, a. s. (EPH).

August

- Despite operational challenges in the first half-year, Uniper confirmed its earnings forecast for 2019.

September

- The temporary decommissioning of the gas-fired power plants Irsching 4 and 5 was announced again. The absence of proper conditions continued to prevent the economic operation of state-of-the-art gas-fired power plants in Germany.

October

- David Bryson was appointed as a member of the Management Board (COO) with effect from November 1, 2019. At the same time, the employment contracts of the Management Board members Eckhardt Rümmler and Keith Martin were extended until January 31, 2020.
- Uniper's major shareholder Fortum announced that an agreement had been reached with the shareholders Elliott and Knight Vinke to purchase additional shares in Uniper of more than 20.5 percent.

November

- Uniper raised its earnings forecast for the 2019 fiscal year primarily due to the reintroduction of the UK capacity market.

December

- Uniper took part in the New Year's celebrations at the Brandenburg Gate in Berlin with the motto "Welcome to 2020, the decade the energy transition will be implemented."

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Dear Shareholders,

As the new CEO of Uniper, I am delighted to present our Annual Report to you for the first time. The responsibility we have been given for the Company and its employees serves as motivation for me and my fellow Management Board members to prepare Uniper for a new decade, and to lead Uniper successfully into the future and drive the energy evolution.

The course is set for the future

The focus in the new decade will be on accelerating the transition from conventional energies to more climate-friendly technologies. We have the opportunity – and the responsibility – to help shape the future through our actions. Uniper will play a central role in this process. We are already setting the strategic course for the Company. Our goal at Uniper is to create a forward-looking energy world that is open to new technologies, cross-sectoral and more climate-friendly, while also developing attractive business areas for Uniper.

Uniper ends its coal-fired power generation in Germany

Ending the generation of electricity from coal is an important piece of the puzzle. In the United Kingdom and the Netherlands, the last coal-fired power plants are scheduled to go off the grid by 2025 and 2030, respectively. The course is also set in Germany. At the beginning of 2019, the Commission on Growth, Structural Change and Employment presented its final report, in which it outlined measures for implementing the phase-out of coal in Germany, which the German government then transposed into draft legislation at the end of January 2020. Uniper has always clearly stated its desire to make a constructive contribution to the phase-out of coal-fired power generation and to play an active role in shaping this transition.

Uniper decided in early 2020 to gradually phase out coal-fired power generation in Germany. We presented a clear roadmap to achieve this goal, initiating the continued transformation of our Company to prepare it for the energy future and the decarbonization of our portfolio. We aim to reduce our carbon emissions from German coal-fired power generation by up to 40 percent over the next five years by decommissioning coal-fired power plants in Germany with a total capacity of nearly three gigawatts (GW) and commissioning Datteln 4. Uniper plans to decommission three hard coal-fired power plant units in Gelsenkirchen Scholven and the Wilhelmshaven power plant with a total capacity of around 1,500 megawatts (MW) by the end of 2022. Uniper plans to decommission another 1,400 MW at the Staudinger and Heyden sites by the end of 2025 at the latest.

We take our responsibility for climate protection seriously. We also take our responsibility to our employees seriously. Therefore, we are working closely with the Works Council and our partners at the power plants affected by decommissioning to find ways to use the sites in the future for the benefit of our employees.

Gas will play a key role in the new energy world

With the decision to phase out coal having been made and the last nuclear power plant to be taken off the grid in 2022, gas will play an even more important role. Efficient gas-fired power plants are indispensable to compensate for the fluctuating electricity generation from renewables. The secure supply of gas is of great importance for the success of German industry, to ensure that the German economy runs smoothly and to provide heat to millions of households in winter. This makes the diversification of gas supply sources very important, especially given declining gas production in Europe. That is why Uniper is involved in both pipelines and the LNG business.

The Nord Stream 2 gas pipeline is an important project to ensure the security of gas supply in Europe. We assume that Nord Stream 2 will come online despite the delays and will transport up to 55 billion cubic meters of gas per year to us. According to current forecasts, however, this is unlikely to cover even half of the predicted supply gap, so we are also pushing ahead with planning for an important import terminal in Germany for liquefied natural gas (LNG) in Wilhelmshaven.

Gas is essential for a carbon-free future and we are firmly convinced that it will play an important role in a low-carbon world. Gas – especially hydrogen – will be essential for decarbonization. Surplus electricity generated by solar and wind power can be converted into hydrogen by electrolysis. Uniper is a pioneer in the use of this power-to-gas technology, which makes green hydrogen possible. In addition to our two existing electrolysis plants in Germany, we intend to build a large-scale, wind-powered green hydrogen plant and an underground storage facility near Bad Lauchstädt in Saxony-Anhalt. The global demand for hydrogen will increase significantly in the coming years. We are convinced that green gases will play a vital role in the future. And Uniper is well positioned to play a central role in shaping that future.

Uniper exceeds financial targets

The path to an emission-free future requires strategic thinking and action, as well as the necessary financial resources, because progress is not possible without investment. Uniper achieved solid results in the 2019 fiscal year and met its targets after an earnings increase in September 2019. We once again exceeded the expectations of the capital markets.

Operating earnings (adjusted EBIT) were €863 million. Adjusted EBIT was positively impacted by the fact that the hydroelectric and nuclear power plants earned more due to higher electricity prices and production volumes. Another positive contribution came from the Russian business and the reintroduction of the British capacity market. However, the non-recurrence of positive one-time effects from the previous year and lower production volumes at individual power plants had a negative impact. Uniper generated net income according to IFRS of €644 million in fiscal 2019. The increase compared with the previous year is mainly attributable to positive effects from the marking to market of commodity derivatives at the reporting date. Uniper uses these derivatives to hedge its electricity and gas business against price fluctuations. Adjusted funds from operations, a performance indicator used at Uniper to measure the payout potential available to shareholders, among other things, amounted to €923 million. We will therefore propose to the Annual Shareholders Meeting on May 20 that a total dividend of €421 million be paid for the 2019 fiscal year, an increase of 28 percent compared with the previous year.

We are aware of our responsibility to society and to you, our shareholders. We have the right strategy, expertise and, above all, the capable and motivated employees needed to help shape the energy future. My colleagues on the Management Board and I are convinced that Uniper will play a central role in this process and continue to generate reliable earnings. We are eager to take on the challenges of the future, and we look forward to your continued support.

Sincerely,

Andreas Schierenbeck

Dear Shareholders,

Uniper had a successful year in 2019. However, the fiscal year was overshadowed by the development of the relationship between Uniper and its main shareholder Fortum and the need to completely replace Uniper's Management Board in 2019.

The efforts initiated by Uniper in February 2019 to create a new, sustainable basis for cooperation with Fortum were negatively impacted by the fact that on May 22, 2019 the Annual Shareholders Meeting again rejected to formally approve the actions of the entire Management Board for the 2018 fiscal year. This refusal came as a surprise, since Klaus Schäfer and Christopher Delbrück had already made their offices available as part of the new, structured initiative, and, prior to the Annual Shareholders Meeting, the Supervisory Board had named Andreas Schierenbeck as CEO and Sascha Bibert as CFO on May 2, 2019. The refusal to grant formal approval reflected Fortum's continued lack of trust in the Management Board. This prompted Management Board members Keith Martin and Eckhardt Rümmler, who had led the transition process since February 2019, to resign from their positions.

The transfer of the offices from Klaus Schäfer and Christopher Delbrück to Andreas Schierenbeck and Sascha Bibert took place smoothly at the end of May / beginning of June 2019. David Bryson was appointed as successor of Eckhardt Rümmler as Chief Operating Officer in October 2019 and Nicolaas Hendrikus den Hollander as successor of Keith Martin as Chief Commercial Officer in January 2020. David Bryson had held leadership positions in Uniper's operational power plant business for many years. Nicolaas Hendrikus den Hollander brings with him many years of experience in energy trading. David Bryson took up his post in November 2019, while Nicolaas Hendrikus den Hollander will take up his post on June 1, 2020. Eckhardt Rümmler left the Company on January 31, 2020. Keith Martin will resign from his office on April 30, 2020.

The Supervisory Board would like to thank Klaus Schäfer, Christopher Delbrück, Eckhardt Rümmler and Keith Martin for their outstanding performance over the past fiscal years, during which Uniper has become one of the most successful companies in the MDAX. The Supervisory Board would also like to thank Christopher Delbrück, Keith Martin and Eckhardt Rümmler for taking on additional responsibilities after Klaus Schäfer fell seriously ill, as well as for their loyalty and commitment to the company until their Management Board positions were filled.

These measures enabled the Supervisory Board to ensure that the Management Board is adequately staffed so that Uniper SE can continue to meet the requirements placed on it.

In October 2019, Fortum announced that it had signed agreements with shareholders Elliott and Knight Vinke to acquire more than 20.5% of the shares in Uniper. Fortum's stake in Uniper would increase to more than 70.5% if the transaction is completed. The conclusion of the transaction is subject to the approval of the regulatory authorities in Russia, which Fortum expects to receive by the end of the first quarter of 2020.

In the 2019 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, assuring 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, making use of the Management Board's reports.

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

Accordingly, the Supervisory Board was continually informed about the current operating performance of the major Group companies, significant business transactions, the development of key financial figures and relevant decisions under consideration. When necessary, the Supervisory Board also met and deliberated without the Management Board.

Furthermore, there was a regular exchange of information between the Chairman of the Supervisory Board and the Management Board throughout the entire fiscal year. In the case of particularly important issues, the Chairman of the Supervisory Board was kept informed at all times. The Chairman of the Supervisory Board likewise maintained contact with the members of the Supervisory Board outside of board meetings and consulted with them.

The Supervisory Board addressed the issues relevant to the Company in four regular meetings and three extraordinary meetings and passed resolutions as required. A list of the meetings and the participation of individuals in the meetings can be found on page 87 of the Annual Report. In addition, the Supervisory Board passed four resolutions in 2019 – after detailed discussion at the regular Supervisory Board meetings – by written circular. Due to a conflict of interest in connection with another mandate, one Supervisory Board member did not participate in a total of three resolutions.

Key Topics of the Supervisory Board's Discussions

With respect to the Group's operations, the Supervisory Board discussed in detail the price movements in the national and international energy markets and the business situation of the Group companies, about which it was continually informed by the Management Board. More specifically, the Supervisory Board discussed Uniper SE's and the Uniper Group's assets, liabilities, financial condition and earnings, as well as workforce developments and earnings chances and risks. At regular intervals the Supervisory Board also dealt with the development of foreign currencies relevant for Uniper.

The Supervisory Board was also provided with information on a regular basis about the Company's health, (occupational) safety, and environmental performance (in particular, the development of key accident indicators). A further focus was placed on activities to increase diversity within the Company and to ensure the sustainability of Uniper's business, especially in the coal value chain.

Other topics of the discussions included developments in European and German energy policy, the ongoing development of the regulatory environment and the overall policy 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. A particular focus of the Supervisory Board was the consideration of Uniper's position on the planned coal phase-out in Germany, which is of considerable importance for the continuation of Uniper's core business.

The Management Board reported to the Supervisory Board in detail on the status of strategy implementation, especially with regard to projects in the strategic fields of "Industrial Customer Solutions", "Innovation" and "Digitization" as well as the sale of the Generation and Sales activities and corporate assets in France and the sale of the OLT LNG terminal in Italy. The Supervisory Board also discussed in detail the upcoming update of the Company's strategy and the further implementation of this strategy.

We thoroughly discussed current developments in Uniper's business activities. With regard to generation activities, the Management Board informed the Supervisory Board, among other things, about the progress on the construction of the hard coal-fired power plant Datteln 4 in Germany, which is currently being commissioned, where boiler walls had to be replaced due to material damage. The Supervisory Board also continuously discussed with the Management Board the progress of the reconstruction of the Russian Berezovskaya 3 power plant and the associated capacity contracts.

With regard to the global commodities business, the Supervisory Board was informed in detail about new procurement and supply contracts and requests by major gas suppliers to renegotiate prices. The Supervisory Board also received reports on an ongoing basis on Uniper's involvement in the Nord Stream 2 pipeline project, particularly in light of possible sanction risks. In the LNG business, the Supervisory Board dealt primarily with development activities at a regasification terminal in Wilhelmshaven with the aim of diversifying gas procurement in Germany.
The Management Board discussed the Uniper Group's financing requirements in detail with the Supervisory

Board and held regular intensive discussions on the current and future rating situation of the Company. In addition, the Supervisory Board was kept constantly informed about the development of the Uniper share on the market and of analysts' assessments.

The Supervisory Board discussed in detail with the Management Board the Uniper Group's medium-term planning for the years 2020 to 2022 on the basis of updated assumptions on the long-term development of energy and commodity prices, capacity market premiums and seasonal price differences, and approved the budget for 2020 after thorough discussion.

With respect to legal issues, the Management Board reported in detail on significant ongoing proceedings and negotiations, including on long-term supply contracts, and the associated risks.

Finally, at several ordinary and extraordinary meetings in 2019, 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 preparation for the 2019 Annual Shareholders Meeting, the Supervisory Board took a position on the motions proposed by Cornwall GmbH & Co KG and Knight Vinke International V L.P. The latter motion called for the spin-off of the power generation business in Russia and the spin-off of the power generation activities in Sweden, which are included in the European Generation business segment. The Supervisory Board – together with the Management Board – came to the conclusion that these measures were not in the interest of the Company and therefore rejected the proposed motion.

In the second half of the reporting year, the Supervisory Board dealt in particular with Fortum's planned increase in its stake in Uniper SE to more than 70.5%. A major focus in this regard was the discussion of the current and future rating situation of the Company following the completion of the increase in its shareholding announced by Fortum.

The Supervisory Board also dealt with the summarized separate non-financial report as of December 31, 2019 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. The Management Board explained the documents in detail at the meetings; the auditor's representatives reported on the main findings of their audit and answered additional questions from the Supervisory Board members. 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 2019

The Management Board of Uniper SE prepared a report on Uniper SE's relationships to affiliated companies for the period from January 1, 2019 to December 31, 2019 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, 2019 to December 31, 2019. 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 9, 2020; 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

The Supervisory Board and the Management Board jointly issued the annual declaration of compliance with the German Corporate Governance Code (the "Code") for Uniper SE in January 2020, which is now publicly available on the Uniper SE website.

Since issuing the last declaration of compliance was issued in February 2019, Uniper SE has complied with all recommendations of the Code in the version dated February 7, 2017, and intends to continue to comply with them in the future. With one exception, Uniper SE complies with the suggestions of the Code as amended on February 7, 2017. The Management Board states its views on this in the Corporate Governance Report.

Additional corporate governance matters are also reported on in the Corporate Governance Report by the Management Board.

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 on page 86 of the Corporate Governance Report. 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 Supervisory Board's Executive Committee met a total of seven times in the 2019 fiscal year. All members of the committee attended each 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 2018 and to set the targets for 2019. Furthermore, the Executive Committee discussed Management Board compensation and did comprehensive preparatory work for the Supervisory Board's resolutions on these matters.

- The Audit and Risk Committee met four times in the 2019 fiscal year. All members of the committee attended each these 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 2019 fiscal year and, each quarter, the interim reports of Uniper SE in 2019, 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 and reviewed its qualification and 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 2019, 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 seven times in 2019 and dealt mainly with the legal, strategic, regulatory and financial implications of the planned majority acquisition by Fortum and its status as a major shareholder and the changed shareholder structure. One committee member was excused from attending one committee meeting, and all other committee members attended each of the meetings.

- The Nomination Committee met once in the 2019 fiscal year. All members of the committee attended this meeting. The subject of the meeting was the preparation for the elections to the Supervisory Board.

Examination and Approval of the Annual Financial Statements, Approval of the Consolidated Financial Statements, Proposal for Profit Appropriation for the Year Ended December 31, 2019

PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Düsseldorf, the independent auditor chosen by the Annual Shareholders Meeting and appointed by the Supervisory Board, audited and submitted an unqualified audit opinion on the Annual Financial Statements of Uniper SE for the year ended December 31, 2019, the Combined Management Report and the consolidated financial statements prepared in accordance with IFRS.

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 Supervisory Board's meeting on March 9, 2020, 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 €1.15 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

Markus Rauramo was a court-appointed member of the Supervisory Board until the end of the Annual Shareholders Meeting on May 22, 2019. On May 22, 2019, the Annual Shareholders Meeting of Uniper SE elected Mr. Rauramo as a full member of the Supervisory Board. Mr. Rauramo's memberships in the Executive Committee and the Nomination Committee also ended with the termination of his court appointment. Mr. Rauramo was re-elected as a member of the Nomination Committee with effect from May 29, 2019. Mr. Rauramo is also once again a member of the Executive Committee.

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 2019 fiscal year.

Düsseldorf, March 9, 2020

The Supervisory Board

Sincerely,

B. Reutersberg

Dr. Bernhard Reutersberg
Chairman

Uniper Stock

- Uniper share price reaches new high in 2019
- Major shareholder Fortum announces increase in Uniper shareholding
- Dividend proposal of €1.15 per share (2018 fiscal year: €0.90)

Excellent Stock Market Year in 2019

Despite slower growth in the global economy, the stock markets performed very well in 2019. International trade conflicts, especially between the US and China, the protracted negotiations on the UK's withdrawal from the European Union, and geopolitical conflicts such as tensions in the Persian Gulf were unable to halt the continuous upward trend of the most important stock indices during 2019.

The global economic outlook has also improved slightly recently, which has further boosted the stock markets. In some parts of the global economy, such as the industrial sectors in Europe and China, there were increasing signs of stabilization. In particular, strong consumer demand and robust labor markets countered the negative trends.

The interest rate cuts resulting from the expansionary monetary policy of the international central banks proved to be a particularly significant factor for the equities asset class. Ultimately, the equity rally was not so much the result of earnings growth, but primarily represented an expansion of valuation ratios.

In Europe, all sectors closed the 2019 stock market year with a positive total return. Cyclical and defensive sectors and stocks took turns leading the way. European utilities, one of the few sectors that was able to confirm earnings expectations during the year, achieved price gains in line with the average for the market as a whole. Among the best performers within the utilities sector were companies that achieved solid earnings and dividend increases and that are more focused on growth investments in a sustainable energy future.

Uniper Share Price Outperforms the European Utilities Sector

The Uniper share price moved steadily upward in 2019. Supported by further takeover speculation and the positive outlook for another significant increase in dividends, the share price slightly outperformed the two benchmark indices STOXX Europe Utilities and MDAX in 2019.

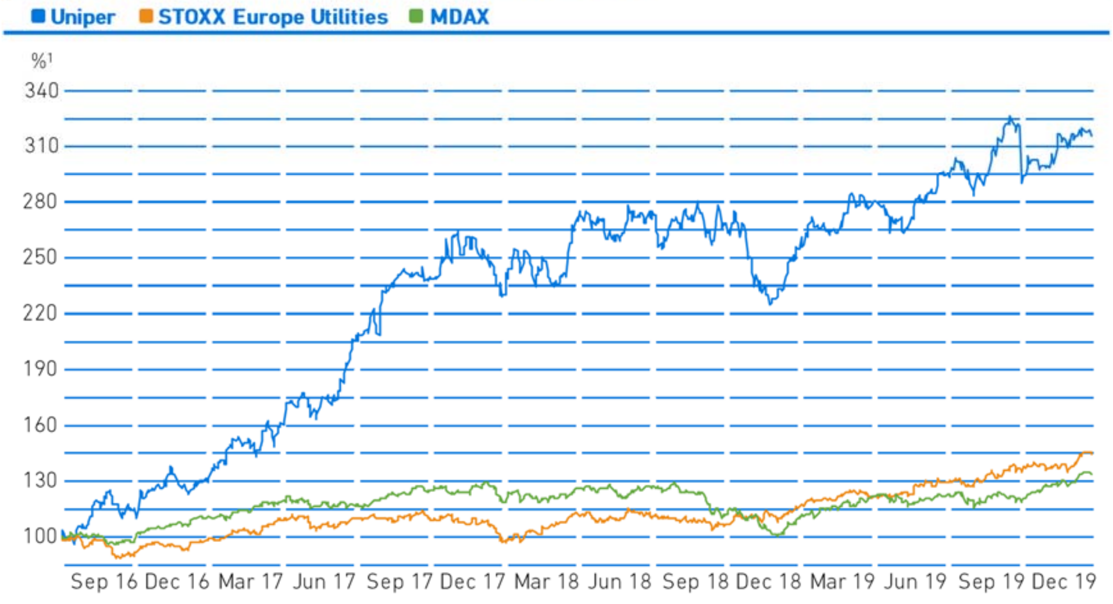
The Uniper share price reached a record high in the last week of September 2019. On October 8, 2019, it was announced that major shareholder Fortum had signed agreements with the Uniper investors Elliott and Knight Vinke to acquire more than 20.5% of Uniper. In connection with the announcement of this transaction, Fortum ruled out the conclusion of a domination and/or profit and loss transfer agreement and the execution of a squeeze-out for a period of two years. This news led to an immediate price correction of the previous strong outperformance of the Uniper share. Thereafter, the share's performance until the end of 2019 was in line with the European utility sector. Supported by cyclical sectors, the German MDAX index rose even more strongly in the final quarter of 2019.

Performance of Uniper Stock Compared with Overall Market
January through December 2019

[1]Total return of Uniper stock and of the MDAX and STOXX Europe Utilities; indexed, 100 = Xetra closing price at year-end 2018.
Source: Bloomberg

The Uniper share has proved to be an attractive investment for investors with a long-term horizon since its IPO on September 12, 2016. The total return at the end of the 2019 fiscal year was 41.6% per year on average. A Uniper shareholder who invested the equivalent of €1,000 at the time of the IPO would have had a portfolio worth €3,151 at the end of 2019, including the reinvestment of the dividends received.

Performance of Uniper Stock Since Initial Listing
September 12, 2016, through December 2019



[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

Uniper Further Increases Dividend

Uniper strives for a healthy balance between shareholder dividends, the company's ability to make investments and balance sheet stability. Previously, Uniper's dividend payment target had been a payout ratio of at least 75% and up to 100% of free cash flow from operations (FCfO). FCfO is calculated by deducting the cash outflows for capital expenditures on fixed assets related to replacement purchases and maintenance from adjusted FFO.

For the fiscal year 2019, Uniper plans a total dividend distribution of €421 million. The Management Board and the Supervisory Board therefore intend to propose to the Annual Shareholders Meeting on May 20, 2020, that the net income available for distribution be used to pay a dividend of €1.15 per share on the dividend-paying capital stock. This corresponds to a dividend increase of 28% compared with the previous year and would mean that Uniper will exceed the communicated dividend target for the third time in a row. Based on the FCfO generated, the proposed dividend will result in a payout ratio of ~75% for the 2019 fiscal year.

In the future, the FCfO-based dividend policy will be replaced by an absolute dividend payment. Uniper aims to pay a dividend of € 500 million for the 2020 financial year.

Facts and Figures on Uniper Stock

	Unit	2019	2018	2017	2016
Year-end closing price[1]	€	29.51	22.60	26.00	13.12
High for the year[1]	€	30.64	27.74	26.00	13.19
Low for the year[1]	€	22.30	21.55	12.31	9.80
Number of shares	Units in millions	365.96	365.96	365.96	365.96
Market capitalization[2]	€ in billions	10.8	8.27	9.51	4.8
Dividend	€	1.15[3]	0.90	0.74	0.55
Total distribution	€ in millions	420.9[3]	329.4	270.8	201.3
Dividend yield[3]	%	3.9	4.0	2.8	4.2
Distribution ratio[4]	%	74.9	75.0	75.0	157.3

[1]Xetra prices.

[2]Based on the year-end price.

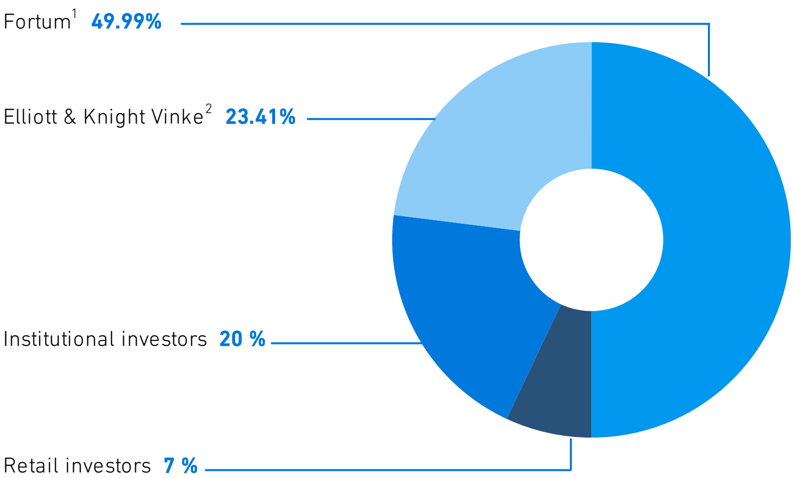
[3]Proposal to Uniper shareholders for Annual Shareholders Meeting on May 20, 2020.

[4]Based on free cash flow from operating activities (FCfO).

Major Shareholder Fortum Announces Increase in Uniper Shareholding

In early 2019, the Finnish energy company Fortum Oyj directly held 49.99% of the share capital and voting rights of Uniper SE through its subsidiary Fortum Deutschland SE. On October 8, 2019, Fortum Oyj reported the conclusion of agreements with Elliott Management Corporation and its affiliated companies (Elliott) and Knight Vinke Energy Advisors Limited and its affiliated companies (Knight Vinke) for all shares held by them. According to published information, the takeover price was set at the equivalent of €29.93 per Uniper share.

Shareholder Structure of Uniper SE by Investor Group



[1]Shares held directly.

[2]Shares held directly and through instruments.

Sources: Fortum Oyj, Ipreo, share register, voting rights notifications as of December 31, 2019.

The shareholders' register currently shows a total number of Uniper shareholders of around 315,000. Institutional investors represented the largest group of investors with a share of over 90%. Just under 7% of Uniper's shares were held by private investors, most of whom are resident in Germany.

According to the voting rights notification, Fortum Deutschland SE continued to hold a direct 49.99% stake in Uniper SE at the time of publication of the notification regarding the acquisition of the blocks of shares from Elliott and Knight Vinke on October 8, 2019. In addition, Fortum held Uniper shares of 23.41% by means of instruments. According to published voting rights notifications and information from the share register, of the 23.41%, the amounts attributable directly and via instruments were 17.84% to Elliott and 5.57% to Knight Vinke. The transaction to acquire the share packages of Elliott and Knight Vinke had not yet been completed at the time the 2019 annual financial statements were approved on March 9, 2020, due to outstanding approvals from Russian authorities.

Additional current information on the shareholder structure in the context of reported changes in shares pursuant to Sections 33 et seq. of the German Securities Trading Act (WpHG) are published on the Investor Relations website under the topic "Notifications of voting rights."

Market Capitalization and Weighting

At the end of 2019, Uniper's market capitalization was €10.80 billion (December 31, 2018: €8.27 billion). According to a publication by Deutsche Börse, 43.62% of Uniper shares were included in its indices as free float at that time. The market capitalization of Uniper in Deutsche Börse's MDAX share index based on this underlying free float was €4.71 billion at the end of 2019 (December 31, 2018: €4.35 billion). With a weighting of 1.78% as of December 31, 2019, Uniper ranked 17th among the sixty companies listed in the MDAX.

Strategy and Targets

Uniper's Strategic Priorities

With the „New Green Deal", the European Commission strives for climate-neutrality in Europe by 2050. According to Commission President Ursula von der Leyen, this ambitious target represents Europe's „Man on the Moon Moment". Uniper fully supports this ambition in all of its business activities.

Uniper is committed to substantially contribute to the decarbonisation of the German and European energy system by reducing its CO2-emissions from power generation and its growing activities in the field of hydrogen and other climate-friendly gases. This target will also be implemented by tailoring green products and services for Uniper's customers. Moreover, providing reliable power generation capacity as the prerequisites to further increase the renewables capacity and its integration into the European energy system is also one of Uniper's business objectives.

The combination of tailor-made customer solutions, security of supply and climate protection is thus the guiding principle for Uniper's strategic business development in the coming decade. Securing climate-friendly, competitive and secure energy supply for Uniper's customers as well as Germany's and Europe's societies, against the background of achieving the EU climate neutrality targets, is Uniper's claim and obligation.

Greener Uniper: Active Contribution to CO_2 Reduction

The gradual decommissioning of significant parts of the coal-fired power plant fleet and the long-term decarbonization of the gas-fired power plants represents a significant contribution by Uniper to achieving the climate targets set. Uniper will decommission almost 80% of its coal-fired power plant capacity in Germany by 2025. In line with the politically driven coal-phase out in the Netherlands and the United Kingdom, additional power plant capacity will be decommissioned. Moreover, Uniper targets to make its entire electricity generation in the EU CO_2-neutral by 2035.

For electricity generation outside the EU, the company is examining how corresponding decarbonization solutions can be implemented in the long-term, for example in the Russian power plant fleet. In this context, the planned modernization projects for Russian gas-fired power plants, which will make a substantial contribution to increasing efficiency, should also be mentioned. These projects will also contribute to securing a competitive and climate-friendly electricity supply within the framework of Russian capacity market regulation. In 2019, Uniper was awarded the contract for the modernization of the Surgutskaya 1, 4 and 6 power plant sites.

CO_2-free power supply is becoming an increasingly important part of Uniper's portfolio. Major contributions are already coming from European hydro and nuclear power plants as well as long-term supply contracts from wind and photovoltaic projects in Northern and Southern Europe. Uniper is also currently examining the commercial framework conditions for entering into the development, construction and operation of renewable energy plants.

The successful implementation of the energy transition in Germany and Europe requires not only a growing share of renewable energies but also the use of different gaseous energy carriers, such as hydrogen or other decarbonized gases. Uniper is using its decades of experience in importing, trading, storing and selling natural gas to set the course for a hydrogen-based energy system.

Uniper is one of the first German energy utilities to implement projects for the production of green hydrogen based on electrolysis processes. The projects in Falkenhagen and Hamburg-Reitbrook have already been commissioned in 2013 and 2015 respectively. The consistent continuation of activities in the field of hydrogen production is reflected, among other things, in the so called German "Reallabore" projects in Bad Lauchstädt and Northern Germany, which were started in 2019. In addition, Uniper and BP are working on the realisation of an electrolysis plant at the Lingen refinery site.

In order to make a substantial contribution to the decarbonization of energy systems in the area of global commodity trading, Uniper is also working on developing global trade in climate-neutral gases and other energy carriers in the future. Decades of experience and existing global partnerships put Uniper in an excellent position to take a leading role in this development in Europe together with its partners.

Greener Customers: Tailor-made Solutions

Uniper's activities in the area of industrial customer solutions are a significant contribution to helping customers with their own decarbonization strategies. Building on the expertise available in the Group, this business area, which is essentially independent of wholesale prices, has already been systematically expanded in 2019. Uniper provides existing and new industrial customers with customized solutions for the supply of process steam and heat, compressed air and CO_2.

The systematic expansion of the non-wholesale business, and in particular the expansion of the existing product and service portfolio for industrial customer solutions, takes into account the increasing complexity of energy supply, with rising demand in the area of efficiency improvement and CO_2 reduction. Consistent customer orientation is Uniper's highest priority.

In addition to the already established industrial customer solutions for the supply of process steam and heat, Uniper aims to supply existing and new customers with hydrogen and other environmentally friendly gases in the future. These new products and services complement the existing offering portfolio.

To deliver tailored solutions, products and services to its customers, Uniper can draw on decades of engineering experience and long-established sales relationships. Leveraging existing engineering expertise is a key requirement to help Uniper's customers reaching their own decarbonization targets. The established sales and market channels enable customers to access the entire Uniper product and service portfolio. Uniper thus provides solution expertise that range from short- and long-term supply of electricity and gas from various sources, through a broad spectrum of industrial customer solutions, to the joint development of decarbonization projects at the customer's site.

A Greener Society: Security of Supply and Partner of Renewable Energies

Uniper is not only making an active contribution to reducing CO_2 by restructuring its own power plant portfolio and providing climate-friendly industrial customer solutions, but is also facilitating further expansion of wind and photovoltaic capacity in Europe, particularly by concluding long-term power purchase agreements. The development of new wind and photovoltaic projects is increasingly dependent on income from the wholesale markets due to the expiry of political support mechanisms such as feed-in tariffs. These projects are therefore exposed to market risk. Uniper's trading and risk management capabilities play a key role in the further expansion of renewable capacity. By entering into long-term purchase agreements with renewable energy project developers, Uniper is covering the existing market risk. Through renewable Power Purchase Agreements already concluded in 2019, the financing of projects e.g. in Spain and Sweden has been secured.

In the course of the continuous change in the energy markets towards decarbonization and the associated further expansion of renewable energies, securing the necessary reserve capacities is becoming increasingly important. The provision of reserve capacities in the electricity sector is not only a stabilizing element against the sometimes highly fluctuating fuel prices, but has also been part of Uniper's strategy since 2017. This strategy will be consistently pursued.

Examples of the provision of guaranteed power plant capacity can be found in the Irsching 6 projects in Germany or Killingholme and Grain in the UK. These projects enable further integration of renewable energies in Europe and also represent a central business area with growing importance in Uniper's strategy. In addition, Uniper is continuously working to provide new flexibility solutions, such as the integration of batteries to increase the short-term flexibility of its hydroelectric power plants or the provision of ancillary services as part of a fast-charging infrastructure solution for electric cars.

Europe's dependency on energy imports will be further increased in the coming years by the sharp decline in domestic natural gas production, particularly in the Netherlands and the UK. In addition, gas consumption is expected to increase in the meantime, partly driven by the coal phase-out in some European countries. As one of the largest natural gas importers and natural gas storage operators in Europe, Uniper plays a key role securing the supply of natural gas and LNG. Uniper's participation in the Nord Stream 2 pipeline project and the development of the LNG import terminal in Wilhelmshaven are examples of Uniper's contribution to long-term security of supply in Germany and Europe.

Combined Management Report

- At €863 million, adjusted EBIT in line with increased forecast and at prior-year level
- Adjusted FFO of €923 million in line with increased forecast, highest ever since Uniper was founded
- Dividend proposal of €421 million (€ 1.15 per share) once again above target
- Outlook for 2020:
  Adjusted EBIT between € 0.75 billion and € 1.00 billion;
  Adjusted net income between € 0.55 billion and € 0.80 billion expected
- Strategy implementation moves forward with key projects

Corporate Profile

Business Model

Uniper is a private-owned international energy company with operations in more than 40 countries and some 11,500 employees. Its business is the secure provision of energy and related services. The ultimate lead company of the Group is Uniper SE; the corporate headquarters are in Düsseldorf, Germany.

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 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.

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 sold activities in France were also 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.

International Power Generation

The International 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. Until its disposal in early April 2019, Uniper additionally held a 6.1% financial investment in the energy utility ENEVA S.A. and its operating business. Following the sale, Uniper no longer has any business operations in Brazil.

Management System

Up to and including the 2019 fiscal year, the principal indicators for managing the operating business and assessing the Uniper Group's financial condition are adjusted EBIT and adjusted funds from operations ("adjusted FFO"). Starting in the 2020 fiscal year, Uniper will adapt the key indicators for the financial management of its operating business to its strategy and to standard practice in the capital markets and, alongside adjusted EBIT, will use adjusted net income ("adjusted NI") for the financial management of the Uniper Group. Adjusted FFO will then no longer be used as a principal financial indicator for the management of its operating business.

Adjusted EBIT

Adjusted EBIT, a measure of earnings before interest and taxes adjusted for non-operating effects, is the key measure in the Uniper Group for purposes of internal management control and as the most important indicator of the profitability of its operations.

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

In line with standard practice within the energy industry, Uniper previously accounted for contracts for the forward purchase or sale of non-financial items that must be accounted for under IFRS 9 (failed own-use contracts) with reference to the contractual rights and obligations under those contracts. As a result, the contracts were reported (recognition of revenue and cost of materials) and accounted for (measurement of inventories and emission rights) at the contract price on delivery of the non-financial item, thus matching the cash flows. At its meeting in March 2019, the IFRS IC determined in an agenda decision that the above-mentioned contracts are to be realized at the market price applicable at the time of physical settlement. The IFRS IC has thus determined that these contracts shall be presented as physical spot contracts with a financial hedge. In the context of IFRS accounting, this means that the economic hedging of the operating business can no longer be adequately reflected, since revenue and cost of materials are no longer measured at the contractually hedged prices in earnings before interest and taxes as determined according to IFRS. At the same time, the clarification of IFRS accounting provides that the hedged margin be realized in earnings before interest and taxes before physical settlement. Uniper has responded to the retroactive change in the measurement of inventories and emission rights resulting from this decision by adjusting its management indicator, eliminating these effects in the reconciliation to adjusted EBIT in order to maintain the indicator's meaningfulness. This adjustment has already been taken into account in the following explanations. It was carried out retroactively for the prior-year period; more detailed information is provided in Note 3 to the Consolidated Financial Statements.

The non-operating effects on earnings for which EBIT is adjusted include gains and losses from the fair value measurement of derivative financial instruments used in hedges, as well as certain effects resulting from the measurement of physically settled contracts within the scope of IFRS 9. Where material, book gains/losses, expenses for (and income from) restructuring and cost-management programs initiated prior to the spin-off and impairment charges/reversals on non-current assets, on companies accounted for under the equity method and other long-term financial assets and on goodwill in the context of impairment tests, as well as other contributions to non-operating earnings, are eliminated.

Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and other operating expenses. Effects from the fair value measurement of the aforementioned derivatives are also included in other operating expenses and income. These hedges entered into as part of the energy trading business, however, have no impact on adjusted EBIT until maturity. In addition, for physically settled derivative financial instruments within the scope of IFRS 9, further non-operating adjustments of revenues, cost of materials, other operating income and other operating expenses are also made to adjust for 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. Since unadjusted EBIT is derived from the revenue and cost of materials (i.e., inventories and emission rights, including their subsequent measurement) measured for these transactions at the IFRS-relevant spot price when they are settled, the difference between such measurement and one based on the economically hedged contract price is adjusted accordingly to determine adjusted EBIT. Expenses for (and income from) restructuring and cost-management programs initiated prior to the spin-off represent additional expenses and income that are not directly attributable to the operating business. Other non-operating earnings encompass other non-operating income and expenses that are unique or rare in nature. Depending on the particular case, such income and expenses may affect different line items in the income statement.

Adjusted FFO

Adjusted funds from operations ("adjusted FFO") is a management indicator used by the Uniper Group until the end of 2019 as a measure for, among other things, determining indirectly the residual cash flow available for distribution to shareholders and the variable compensation of the Management Board.

The basis of unadjusted funds from operations is cash provided by operating activities (i.e., operating cash flow). In a first step, this cash flow is adjusted for changes in operating and tax assets and liabilities during the reporting period, which eliminates timing differences caused by unforeseeable inflows and outflows of cash. Reported as changes in operating assets and liabilities are, among other things, changes from the fair value measurement of derivatives entered into for hedging purposes.

In line with standard practice within the energy industry, Uniper previously accounted for contracts for the forward purchase or sale of non-financial items that must be accounted for under IFRS 9 (failed own-use contracts) with reference to the contractual rights and obligations under those contracts. As a result, the contracts were accounted for (measurement of inventories and emission rights) at the contract price on delivery of the non-financial item, thus matching the cash flows. At its meeting in March 2019, the IFRS IC determined in an agenda decision that the above-mentioned contracts are to be realized at the market price applicable at the time of physical settlement. The IFRS IC has thus determined that these contracts shall be presented as physical spot contracts with a financial hedge. Uniper has responded to the retroactive change in the measurement of inventories and emission rights resulting from this decision by adjusting its management indicator, eliminating these effects in the reconciliation to adjusted FFO in order to maintain the indicator's meaningfulness. This adjustment has already been taken into account in the following explanations. It was carried out retroactively for the prior-year period; more detailed information is provided in Note 3 to the Consolidated Financial Statements.

To correct for the aforementioned change in the measurement of inventories and emission rights, changes in inventory measurement and in the measurement of emission rights that result from differences between the economically hedged contract price and the spot price recorded for incoming inventory and emission rights from physically settled commodity derivatives are eliminated. These changes are eliminated because they do not affect cash flows. Finally, for the same reason, gains and losses on foreign-currency translation of operating receivables and payables are also corrected for. Adjustments for inflows and outflows of cash arising from subsequent purchase price adjustments from acquisition and disposal transactions are also eliminated, because they originate from investing activities.

To determine adjusted FFO, current employer service cost and past service cost affecting future cash flows are subtracted from FFO. Furthermore, net payments to, and reimbursements from, the Swedish Nuclear Waste Fund (net presentation) are subtracted from FFO even though they are reported as cash flow from investing activities because they result directly from operations. Dividends declared for or distributed to minority shareholders of subsidiaries are also not available to shareholders of the Company and are eliminated accordingly.

Adjusted Net Income

Beginning in the 2020 fiscal year, the Uniper Group will use adjusted net income as an additional internal management indicator and as a further indicator of the profitability of its operations and for the variable compensation of the Management Board.

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 selected non-operating items. These include financial effects such as measurement effects from changes in the fair value of securities and of the KAF (the Swedish Nuclear Waste Fund; "Kärnavfallsfonden") and interest effects in the provisions financed through the KAF that are recognized correspondingly in income, or measurement effects on liabilities to minority shareholders. The adjustments also include, among other things, the related income taxes, and the overall result is adjusted net income.

Alongside those most important management indicators, Uniper also presents 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. Examples of other financial performance indicators include operating cash flow before interest and taxes, economic net debt, net financial position and cash-effective investments. Measures of non-financial performance indicators include the proportion of women in leadership positions within the Uniper Group and, from fiscal 2019, the combined total recordable incidents frequency ("combined TRIF"). The combined TRIF measures the number of work-related accidents sustained both by the Uniper Group's employees and by those of external companies engaged by Uniper – per million hours of work. Work-related accidents as defined in this indicator are fatalities, lost-time injuries, restricted-work injuries, and medical-treatment injuries that occur on the job and on the way to work. The combined TRIF thus replaces the TRIF (Uniper employees) measure in use up to the 2018 fiscal year. The Non-Financial Performance Indicators section contains explanatory information about these performance indicators. Uniper additionally plans to place much greater emphasis on emissions-based indicators such as carbon emissions both in management and in its external reporting.

Business Report

Macroeconomic and Industry Environment

Macroeconomic Environment

Global economic growth slowed in 2019. The Organisation for Economic Co-operation and Development (OECD) has estimated that global gross domestic product will have grown by around 2.9% (2018: 3.5%), which is the lowest growth rate since the financial crisis of 2008/2009. Ongoing trade policy tensions and political uncertainties are weighing on the investment climate, and global trade is stagnating. This is affecting the industrial sector in particular. There have been no signs of improvement yet, especially in the manufacturing sector, where incoming orders have fallen to their lowest level in seven years. In contrast, private consumer demand made a positive contribution to growth, as purchasing power has been supported by the continued solid labor market situation. In addition, the central banks in many countries have introduced monetary easing measures, which are supporting asset prices. Against the backdrop of the deteriorating economic situation and the associated stronger demand for safe investments as well as the more expansionary monetary policy in many countries, long-term interest rates for government bonds have fallen to new lows.

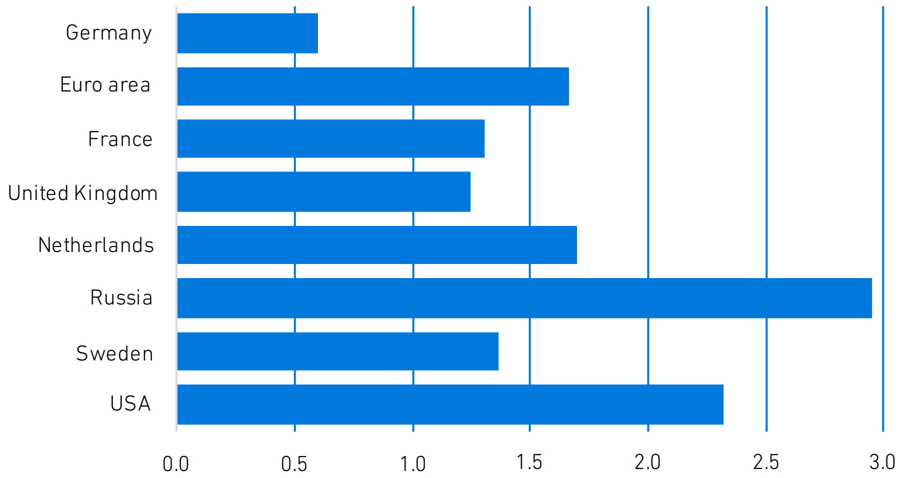
Growth in the euro area continued to slow in 2019. This was mainly due to the further decline in foreign demand and the ongoing trade policy tensions, which led to a decline in exports. The European Central Bank (ECB) relaxed its monetary policy again. In September, the ECB lowered the interest rate for deposit facilities by ten basis points to -0.5%; the rate had been at -0.4% since March 2016. It also announced that key interest rates would be maintained at their current level or a lower level until the inflation outlook approaches the target level of close to 2% again on a sustained basis. In addition, monthly net purchases of €20 billion of bonds resumed in November. In 2018, purchases were reduced from €30 billion to €15 billion in October and were terminated at the end of the year 2018.

As an exporting nation, Germany has been particularly adversely affected by the stagnation in global trade, which has led to a drop in export orders and declining industrial production. The automotive industry in particular is facing major structural challenges as a result of the shift towards lower-emission vehicles. In the UK, uncertainty about the timing and form of the country's withdrawal from the EU ("Brexit") additionally weighed on trade and investment. At mid-year, the British pound was at its lowest level against the euro for ten years, but then recovered strongly when it became less likely that there would be a withdrawal from the EU without an agreement. The global downturn was finally felt in Sweden, too. Investments in particular are declining there. The Swedish krona depreciated against the euro during 2019, as the rate hike the central bank was expected to make earlier ultimately did not take place until December 2019. The Netherlands, in contrast, recorded an increase in investment activity, and consumption also remained robust, which partly compensated for the slowdown in foreign trade. In Russia, economic growth picked up again during the year after a weak start. This upturn was probably aided by the fact that the central bank significantly lowered interest rates in the face of declining inflation. The Russian ruble rose steadily against the euro over the course of the year.

Economic growth in the U.S. remained comparatively robust. This was primarily due to consumer demand, which benefited from sustained employment growth. However, investment growth slowed, as did exports, mainly as a result of the further escalation of the trade dispute with China. The U.S. Federal Reserve lowered key interest rates three times during the year after inflation fell back below the target level of 2% and economic uncertainty increased. The U.S. dollar recorded steady gains against the euro.

2019 GDP Growth in Real Terms

Annual change in percent



Source: OECD (November 2019)

Energy Policy and Regulatory Environment

European Union

In 2019, amendments to the European Gas Directive were adopted. As a result, gas pipelines connected to the gas networks of non-EU countries are now also subject to EU law. The regulatory authority of the member state whose transmission system is connected to the pipeline is responsible for implementation. The German Federal Network Agency will be therefore responsible for the Nord Stream 2 pipeline. The Gas Directive entered into force on May 23, 2019 and must be transposed into national law by the member states in 2020.

On December 18, 2019, the EU adopted a regulation on the disclosure of information on sustainable investments. The aim of this regulation is to create a uniform EU classification system ("taxonomy") that shows what can be considered by companies and investors as an environmentally sustainable economic activity. As expected, solid fossil fuels are explicitly excluded from the taxonomy. Nuclear activities are not fundamentally excluded, but investments in nuclear energy must be assessed on the principle of "no significant damage". The exact impact of this regulation will depend on how the relevant technical test criteria and thresholds are defined by European bodies in the coming months and years.

The new European Commission also presented proposals for a European "Green Deal". The aim of the proposals is to implement the Paris Agreement and thus achieve climate neutrality by the year 2050. One focus is on the decarbonization of the energy industry. The first measures are to be implemented in the next two years.

Germany

On January 29, 2020, the German government approved draft legislation to phase out coal-fired power generation. The proposed law essentially defines three milestones for coal-fired power generation in Germany. The first is to reduce coal-fired generation capacity in Germany to 15 GW for lignite and 15 GW for hard coal by the end of 2022. This is to be followed by the decommissioning of an additional 6 GW of lignite capacity and 7 GW of hard-coal capacity by the target date of April 1, 2030. Coal-fired power generation will be definitively discontinued by December 31, 2038. The draft law additionally provides for a series of reviews in 2026, 2029 and 2032 to determine whether the phase-out of coal-fired power generation might be brought forward to the end of 2035.

Under the draft legislation new coal-fired power plants may only be commissioned if they have already received a permit under the German Federal Immission Control Act when the proposed legislation takes effect. This is the case for the Datteln 4 power plant, so Uniper will continue to work on the successful commissioning in early summer 2020.

In addition to the regulation of the phase-out of coal-fired power generation, the draft legislative also includes a number of changes to promote combined heat and power generation (CHP) and emissions trading. The part of the legislation covering the promotion of CHP will involve an extension of the subsidy some adjustments to the subsidy rates as well as the introduction of bonuses for the integration of innovative renewable heat supplies or the integration of electrical heat storage. With regard to emissions trading, the German government will examine whether it will make use of the option under European emissions trading to voluntarily cancel certificates that are released as a result of the phase-out of coal-fired generation.

The draft legislation will then be debated in the Bundestag. Final passage of the law is expected by the summer of 2020.

At the beginning of October 2019, the German federal cabinet also adopted a political program to achieve the national climate protection targets for the year 2030. The program includes measures for the sectors not covered by the EU emissions trading system, such as households, transport and industry. From 2021 onwards, carbon taxation, which is payable on the sale of gasoline, heating oil or gas to the end consumer, is to be introduced for these three sectors.

The first results of the "Gas 2030" dialog process initiated by the German Federal Ministry for Economic Affairs, which covers the medium and long-term prospects for the use of gas as an energy source, including synthetic natural gas and synthetic hydrogen, were presented on October 9, 2019. At the same time, the German federal government announced its intention of creating a "National Hydrogen Strategy", which is expected to be presented in early 2020. Uniper participates in the discussions together with other companies, associations, scientists and representatives of various ministries and other interest groups.

Netherlands

The climate goal of achieving a 49% reduction in greenhouse gases by 2030 compared to 1990 was laid down in a climate law in May 2019. For the electricity sector, the most important political measures are a ban on electricity generation from coal from 2030 and the introduction of a minimum carbon price. In addition, the Dutch government is continuing its strategy of developing more offshore wind and solar capacity to increase the share of renewable energy to 75% by 2030.

In December 2019, the law to phase out coal-fired power generation was passed. The newer and more efficient plants, such as Uniper's Maasvlakte 3 (MPP3) hard-coal-fired power plant, can use coal as fuel until December 31, 2029. The draft law for a minimum carbon price is also scheduled to be discussed in parliament in the first quarter of 2020. The aim is to keep this price below the current and expected future carbon price under the European emissions trading system. In addition, legislation is being discussed in parliament concerning the transition from so-called L-gas (Groningen) to H-gas with a higher energy content and there is new legislation for a district heating market ordinance.

The climate protection group “Urgenda” won a court case against the Dutch government in 2015 and forced the government to reduce carbon emissions by 25% by the end of 2020 compared to 1990. In December 2019, the Supreme Court, as the court of appeal, again ruled in favor of “Urgenda”. The government now has no more legal options and must take further climate policy measures to achieve this reduction target.

Russia

The Ordinance on Auctions for the Modernization of Russian Thermal Power Plants came into force in early 2019. This “KOMMod” program is designed to modernize around 40 GW of generation capacity. The auction for the selection of power plants to be included in this modernization program for the year 2025 took place in August 2019. Including the modernization project of the Surgutskaya 2, Unit 4 power plant unit, 4,024 MW were provisionally selected.

Sweden

In Sweden, the energy policy debate focused on the risks of regional power shortages due to capacity bottlenecks in transmission capacity and a lack of local power generation, as well as a possible new energy agreement. This Energy Agreement 2.0 aims to propose national solutions to issues that were not resolved in the comprehensive energy agreement of 2016. These include topics such as the future provision of system services, the handling of local electricity capacities and increased support for nuclear power plants. Demands by the political opposition, including calls for additional research into nuclear energy, were discussed vigorously in 2019. These discussions will continue in 2020.

United Kingdom

Following deliberations by the Climate Change Committee (CCC), which was established to monitor and advise on progress towards the United Kingdom’s emissions targets as a statutory body, on June 12, 2019, the government set the target of greenhouse gas neutrality by 2050. For the electricity sector, this means that greenhouse gas emissions must be reduced by 80% by 2050 compared to the 1990 baseline. The CCC reports that the capacity market will become increasingly important as the CCC envisages the continued use of gas-fired power plants to complement low-carbon generation.

In October 2019, the European Commission again granted approval for state aid for the British capacity market, which had been temporarily suspended by the European Union Court of Justice at the end of 2018. On October 24, 2019, the European Commission published its decision to re-establish the UK capacity market program. The European Commission stated that the program was necessary to guarantee the security of the electricity supply and did not distort competition. Payments for 2018 and 2019 are due in the first quarter of 2020. The delayed auction for 2019 and the planned auction for 2020 with a four-year term will take place in the first quarter of 2020 as planned.

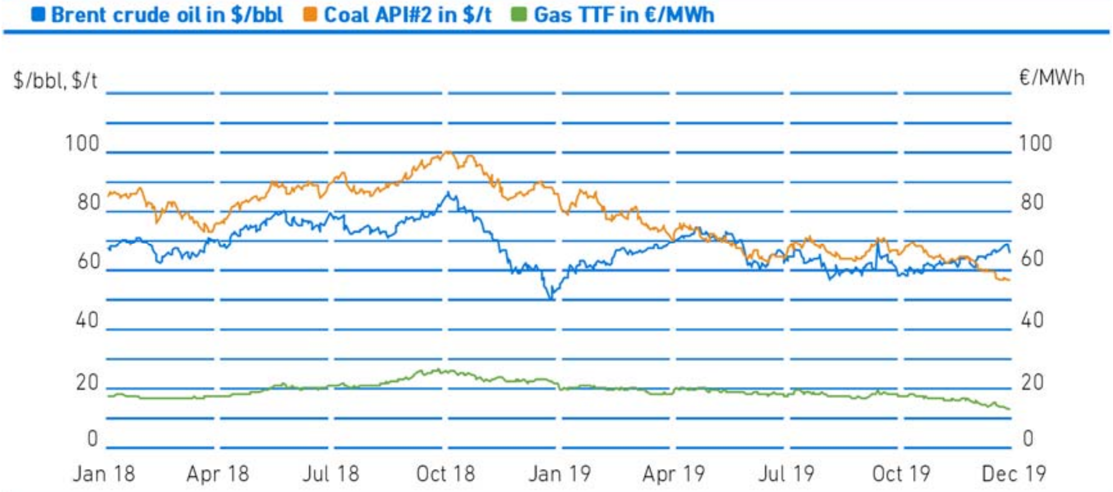
After the parliamentary elections in December 2019, the withdrawal agreement from the EU was ratified, so that the United Kingdom, which includes Great Britain and Northern Ireland, left the EU on January 31, 2020 (“Brexit”). The agreement provides for a transitional period until the end of 2020, which may be extended by up to two years if an agreement is reached with the EU by July 1, 2020.

Energy Prices

The energy markets in Europe were driven by four main factors in 2019:

- International commodity prices (especially oil, gas, coal and carbon-allowance prices)
- Macroeconomic and political developments
- Weather conditions and
- Expansion of renewables capacity.

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 price of Brent crude oil rose in 2019, reaching an annual high of almost $75 per barrel at the end of April 2019. The main reasons for this price increase were a tightening of the sanctions imposed by the U.S. on Iran, which resulted in a significant shortage of crude oil supplies, and falling inventories. As a result of the intensifying trade conflict between the U.S. and China and a further increase in U.S. production volumes, the price of Brent crude oil fell well below $60 per barrel in the middle of the year. Despite the escalation of the conflict in the Persian Gulf, prices did not recover until the second half of the fourth quarter of 2019 when Russia and the OPEC countries reached an agreement to further reduce production volumes for 2020.

European coal prices fell during the year from $85/t at the beginning of 2019 to below $50/t at the end of August 2019. The main reason for the sharp drop in prices on the coal market was a significant decline in demand from the electricity sector and an increase in supply, particularly in the Pacific region. Low gas prices in Europe and high coal stockpiles at ports and power stations had a negative impact on import demand, which put pressure on coal prices in the first half of 2019. Despite a brief recovery in demand at the beginning of the fourth quarter of 2019, there was no lasting change in the demand situation, and prices stagnated at a low level. At the end of 2019, European coal prices stood at $56/t.

In 2019, there was uncertainty in the European gas market regarding gas transit volumes available through Ukraine in 2020, as the transit contract that existed between Gazprom and Naftogaz ended on January 1, 2020. Negotiations on a new contract lasted until the end of 2019, but were then successfully concluded with the resumption of gas deliveries following the termination of the old contract. The new transit contract will initially have a term of five years, which can be extended by ten years. The agreed volume for 2020 is 65 billion cubic meters, which will fall to 40 billion cubic meters in the following years.

After the European gas market had ended the winter of 2018/19 with very high storage levels, NCG's front-month contracts fell during the 2019 summer season, which runs from April to September. In early April 2019 the NCG front month future was traded at €14.60/MWh. In the summer months of 2019, prices fell to below €10/MWh in some cases. This was largely the result of very high LNG deliveries to Europe. At the beginning of the winter period, storage levels reached record levels. The high storage levels were mainly due to a precautionary measure in view of the above-mentioned uncertainties regarding Ukraine transit.

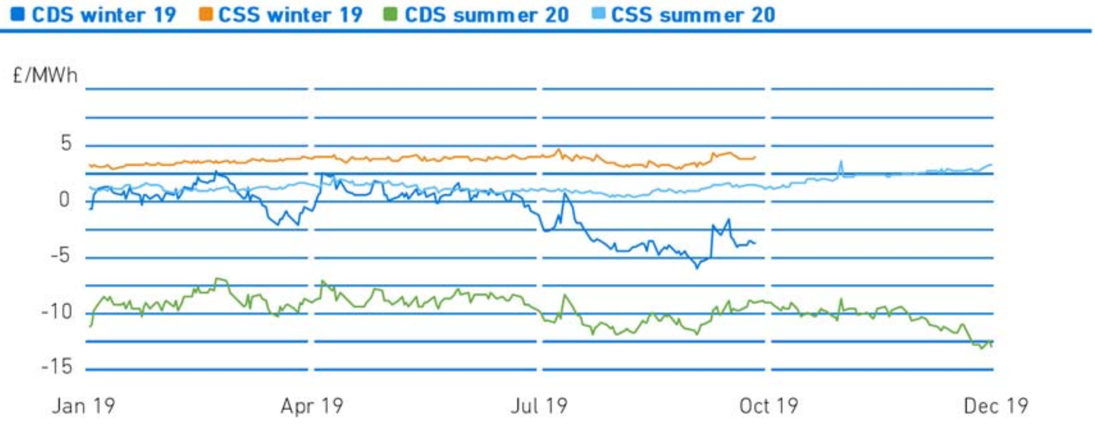
The price differences between the summer and winter contracts also favored injection activities. Due to the more than adequate supply situation, the prices of contracts for deliveries in calendar year 2020 fell during the year.

European Union Allowance Price Movements

Price in €/t for front-year contracts

After the significant upward trend of the previous year, European carbon prices were very volatile in 2019. Emission prices were supported by the introduction of the market stability reserve at the beginning of 2019 and the resulting significant drop in the number of auctions. This was counteracted by a decline in demand, caused mainly by the sharp drop in gas prices and the resulting substitution of coal-fired generation for lower-emission natural gas generation, in addition to increased renewables generation. Part of the fluctuations were also due to political factors, particularly the uncertainties surrounding the Brexit process and the discussion about Germany's phasing out of coal.

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

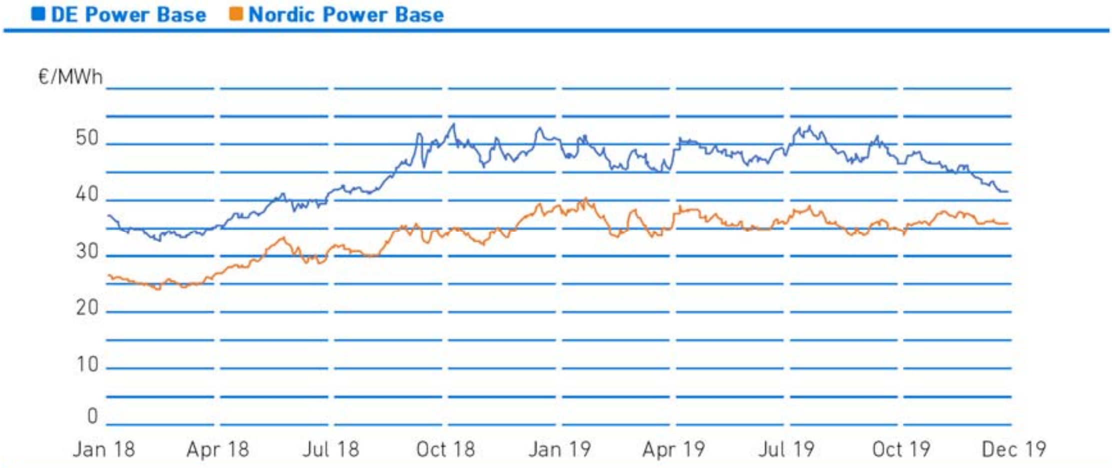
CDS: Clean Dark Spread (efficiency 36.5%, emission factor: 0.33 t/MWh_{th})

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

In the UK, the share of power generation from renewables increased further. In contrast, the share of conventional power generation declined. Wind, solar, nuclear and imported electricity accounted for 48.5% of the UK electricity mix in 2019, compared with 43% from gas and coal and 8.5% from biomass and wood pellets. Coal-fired power generation accounted for only 1.9% of electricity generation in 2019. These changes in the UK energy mix, together with falling gas prices, also had a significant impact on spot market pricing. The biggest losses were recorded in the Clean Dark Spreads (price difference for an average efficient power plant between the market price and the cost of generating electricity from coal, including the variable costs of emission allowances), which were predominantly negative, except in the first quarter of 2019. Spark

Spreads (price difference between the market price and the variable costs of generating electricity from gas, including the cost of emission allowances) remained relatively stable compared with the previous year and declined only slightly.

Electricity Price Movements in Uniper's Core Markets



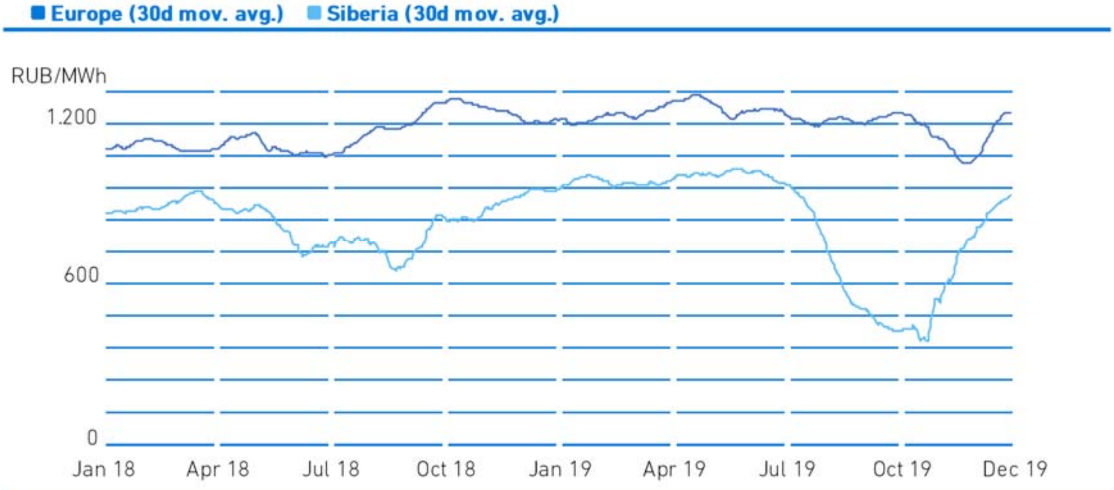
Prices in €/MWh for front-year-contracts

On the futures market, German electricity prices for the front year remained relatively stable in the first three quarters of 2019, before falling significantly in the fourth quarter of 2019. The decline in prices at the end of 2019 was mainly due to falling gas prices, which made gas-fired power generation significantly more profitable. German spot market electricity prices in 2019 were also lower on average than in the previous year. Due to the high level of feed-in from renewable energies, the number of hours with negative prices on the spot market increased year-on-year.

Net exports from Germany to neighboring countries declined compared to the previous year. This development was influenced by equally high feed-in from renewables in neighboring countries and by the displacement of generation from coal-fired power plants in Germany by gas-fired power plants in neighboring countries.

Sweden began 2019 with a significant energy deficit compared with the normal situation, which is reflected in lower reservoir levels and snowfall. Since the situation did not begin to improve until May 2019 and the deficit did not begin to level out until the fall, Scandinavian electricity prices remained relatively stable. Only in June, the month with the highest availability of nuclear power plants in 2019, did the monthly spot price drop just below €30/MWh. In the second half of 2019, spot prices were basically stable. The maintenance period for Swedish nuclear power plants in September and the only moderate precipitation volumes, which further increased the hydrological deficit, were significant factors in the increasing prices. However, in the last trading days of 2019, weather forecasts of significant rain and wind for 2020 and the associated expectations of an improvement in the hydrological situation caused market prices to drop significantly.

Price Movements in the Russian Power Market



Daily spot prices (30-day average)

In Russia, the price of electricity for the European price zone rose by 3.3% year-on-year in 2019. This was mainly due to the 2.9% increase in the gas price index. Demand remained more or less constant, while hydroelectric power generation declined by 6%. This decline was offset by a 1.6% increase in nuclear generation and a 64% decline in renewables generation. The price in the Siberian price zone was unchanged compared to the previous year with demand also remaining almost constant. The 6% increase in hydroelectric power generation in Siberia displaced thermal generation and led to higher exports to the European price zone.

Product Price Movements in Uniper´s Core Markets

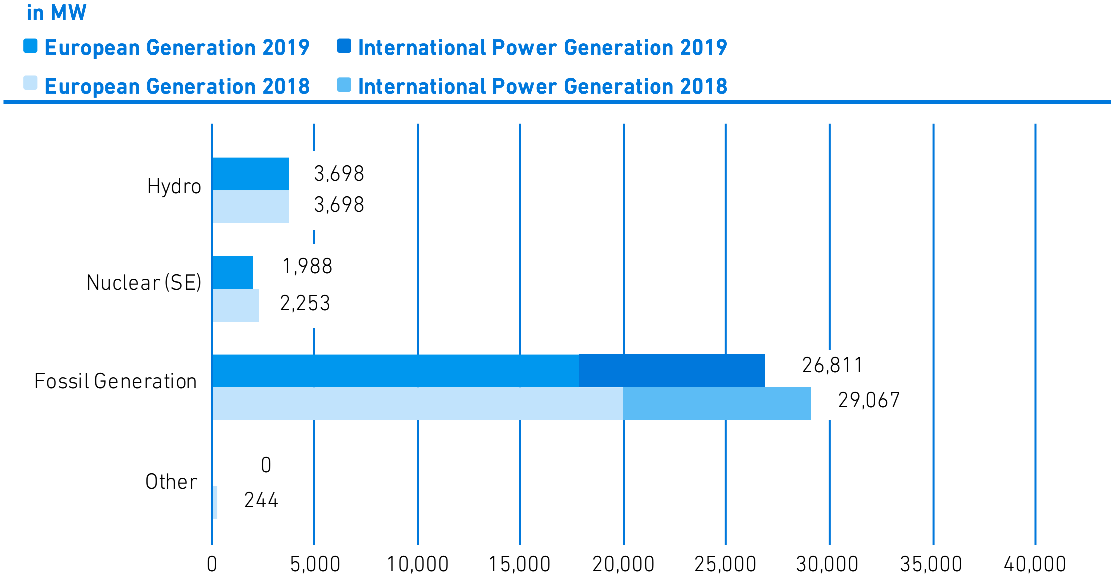
Product	Unit	Dec. 30, 2019	Jan. 2, 2019	Change	2019 high	2019 low
DE Power Base (Cal-20)	€/MWh	41.9	50.7	-17%	53.7	32.6
Nordic Power Base (Cal-20)	€/MWh	35.9	39.0	-8%	39.4	24.0
Brent Oil (front month)	$/bbl	66.4	54.9	21%	86.3	50.5
Coal API #2 (Cal-20)	$/metric ton	56.8	82.2	-31%	95.5	69.5
Gas TTF (Cal-20)	€/MWh	13.9	19.8	-30%	23.7	15.9
Carbon E U A (Dec-20)	$/metric ton	26.5	25.9	3%	26.1	7.8
British CDS Base (Sum-20)	£/MWh	2.9	1.1	168%	3.6	0.4
British CSS Peak (Sum-20)	£/MWh	-12.4	-11.1	-12%	-7.0	-13.2

CDS: Clean Dark Spread (efficiency: 36.5%, emission factor: 0.33 t/MWhth)
CSS: Clean Spark Spread (efficiency: 49.1%, emission factor: 0.195 t/MWhth)

Generation Capacity

The Uniper Group's legally attributable generation capacity (the capacity that reflects Uniper's ownership interest in the power plants) fell to 32,497 MW or 7.8% (2,765 MW) below that of the previous year (35,262 MW). Changes in the Group's generation assets primarily reflect the sale of the generation units in France (2,262 MW). In addition, the jointly operated Kiel power plant in Germany was decommissioned on March 31, 2019, and the Ringhals 2 nuclear power plant unit in Sweden was decommissioned on December 30, 2019; Uniper's share of these two plants was 162 MW and 252 MW, respectively.

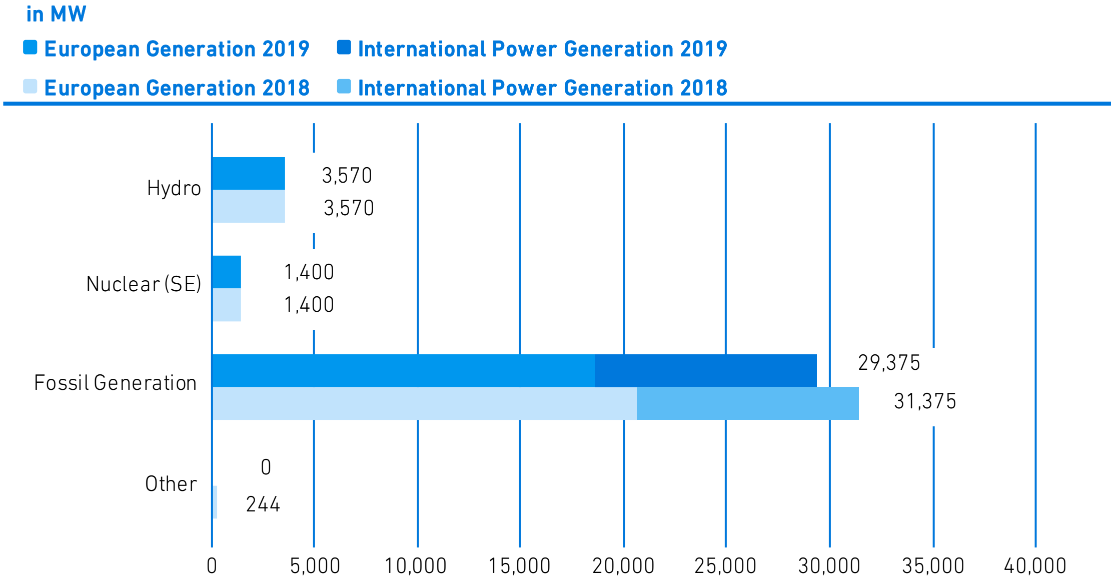
Uniper Group: Legally Attributable Generation Capacity[1]



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

At 34,345 MW, fully consolidated generation capacity was also below the previous year's level, falling by 6.1% (2,244 MW) from 36,589 MW. This decrease is attributable to the divestments and decommissioning outlined above.

Uniper Group: Fully Consolidated Generation Capacity[1]



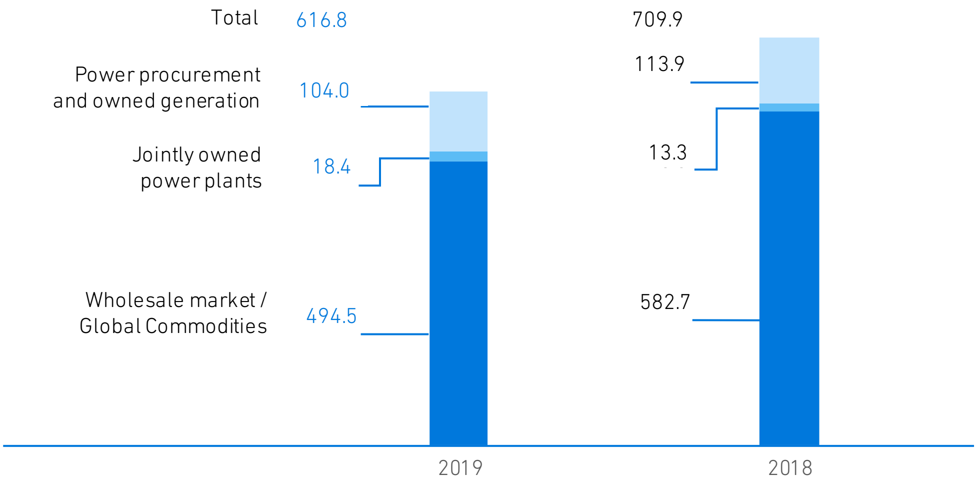
[1]Any rounding differences between individual volumes and totals are accepted.

Power Procurement and Owned Generation

In the 2019 fiscal year, the volume of electricity generated by our own power plants amounted to 104.0 billion kWh, a significant decline of 9.9 billion kWh (8.7%) from the previous year's figure of 113.9 billion kWh. Purchased electricity decreased by 88.2 billion kWh, or 15.1%, from 582.7 billion kWh to 494.5 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 57.6 billion kWh, a substantial decline of 9.7 billion kWh (14.4%) from the previous year's level of 67.3 billion kWh. This decrease is due in part to the sale of the Uniper Group's generation operations in France. Lower operating times at the Uniper Group's coal-fired power plants due to poorer market conditions and production stoppages for technical reasons at the Maasvlakte 3 coal-fired power plant were only partially offset by higher operating times at the gas-fired power plants. An increase in water flows compared with the prior year and the resulting increase in electricity generation from hydroelectric plants in Sweden and Germany had a positive impact on owned generation in the European Generation segment.

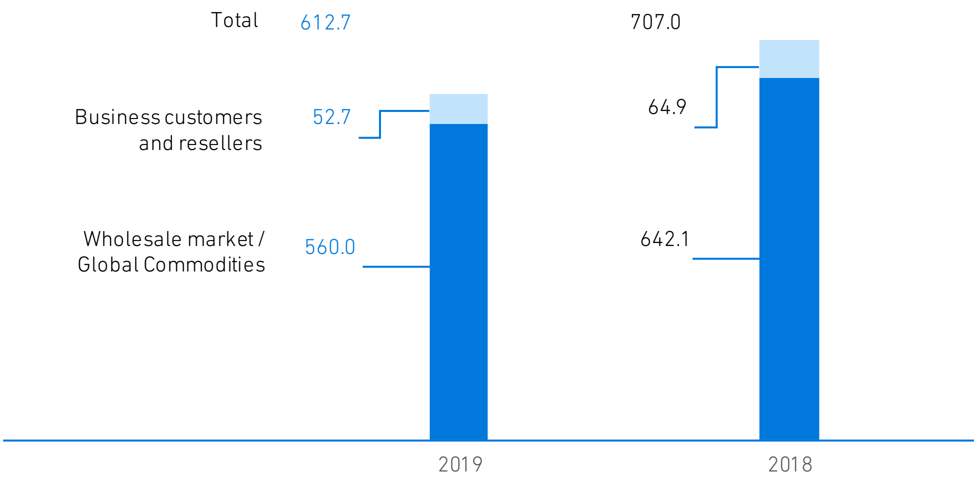
The International Power Generation (Russia) segment's owned generation declined slightly by 0.2 billion kWh (0.5%), from 46.6 billion kWh to 46.4 billion kWh. The uptimes at the Berezovskaya power plant increased significantly by 17% compared with the previous year due to a decline in competitors' supply of low-cost energy to the Siberian region with a simultaneous increase in demand. The slight overall decline resulted primarily from lower uptimes at the Shaturskaya and Yaivinskaya power plants due to unfavorable climatic conditions and to downtimes for repair work.

Electricity Sales

In 2019, electricity sales of the Uniper Group stood at 612.7 billion kWh, a significant decrease of 13.3% below the previous year's sales of 707.0 billion kWh.

Electricity Sales[1, 2]

Billion kWh



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

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

The changes in electricity sales were mainly due to the decline in owned generation and the associated lower level of portfolio optimization 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 2019 came to 34.0 billion kWh, significantly below the previous year (40.3 billion kWh). The decrease is mainly due to expiring contracts with customers.

Gas Business

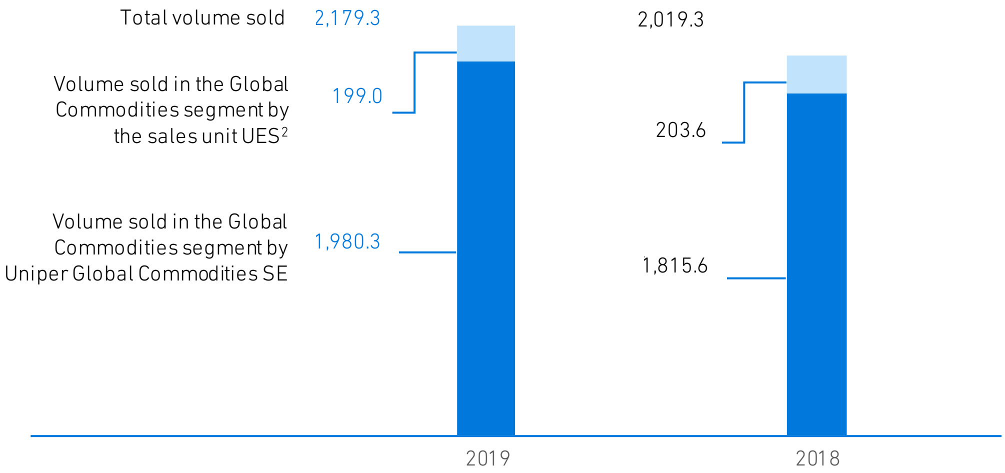
The total volume of natural gas sold in fiscal 2019 was 2,179.3 billion kWh (2018: 2,019.3 billion kWh). During the same period, the Uniper Group acquired a total of 2,176.0 billion kWh (2018: 2,043.2 billion kWh). The vast majority of the volumes moved result from transactions on domestic and foreign 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 UES (Uniper Energy Sales GmbH). The volume of gas sold by UES in fiscal 2019 came to 199.0 billion kWh, slightly below the previous year (203.6 billion kWh).

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 2019, Uniper had long-term contracts amounting to 379 billion kWh (2018: 390 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 2019, gas storage capacity stood at 7.7 billion m^3, a slight decline of 0.2 billion m^3 below the level of the previous year (7.9 billion m^3), due primarily to the expiration of a storage agreement.

Technology and Innovation

Uniper sees the three trends decarbonization, decentralization of energy supply and generation and digitization as major drivers for the significant changes expected in the energy landscape. Innovation and new technologies play a key role for Uniper as the company helps to shape these trends and profit commercially from them. To this end, Uniper continually analyzes the development and emergence of new technologies to create new, scalable business models.

The European Union and many of its member states have committed to achieving the greatest possible greenhouse gas neutrality by 2050. A central means to achieve the climate targets defined there is the increased use of renewables. A sustainable and secure energy supply requires numerous other technologies such as flexible and efficient power plants to safeguard fluctuating 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 actively addresses the trends decarbonization, decentralization and digitization. It is strongly focused on issues where Uniper can best leverage its existing capabilities and assets to create new value for the sustainable transformation of the energy system.

Among the first steps towards the innovative storage of generated electricity is the operation of the test facility for large-scale batteries. The “M5BAT” project offers opportunities for technical and commercial testing of different battery types. This facility is operated by RWTH Aachen on behalf of Uniper. The battery storage system uses five different battery technologies with a total capacity of five MW. Its properties are being tested in the real market environment. Uniper integrates battery storage in various energy markets, e.g. primary control power and intraday trading, where the storage is already being used successfully, particularly to compensate for short-term fluctuations in the grid. Together with RWTH Aachen University, Uniper is considering using the existing battery storage in a successor project.

In another pilot project, the innovative use of batteries is being tested in the market. In an e-mobility project, a battery-based and fully grid-independent mobile fast-charging solution is being developed. The aim is to provide a flexible charging solution for the further market penetration of e-mobility. The batteries can be implemented flexibly, quickly, without construction work and without main connection wherever the demand for quick charging is highest at the moment, e.g. for large events or in cities. The batteries are charged with electricity from renewable sources, making electromobility climate-friendly.

For the conversion and storage of electricity from renewable sources, Uniper is also working on the further development of "power-to-gas" technology, i.e. the conversion of electricity into gas. Uniper has already gained practical experience in this area in two pilot plants in Falkenhagen and Hamburg-Reitbrook. In 2018, the Falkenhagen plant was expanded to include a methanization plant, which started production at the beginning of 2019. In this new part of the plant, renewable energy is first converted to hydrogen and then converted into a synthetic natural gas with the help of carbon dioxide. A concept for the use of regeneratively produced hydrogen in the refinery process is being developed in cooperation with the refinery site in Lingen. In addition, Uniper is involved in the preparation of the living lab support projects “Energiepark Bad Lauchstädt” and “Norddeutsches Reallabor”, where the large-scale demonstration of sector coupling and a post-use concept for the existing plant in Hamburg will be developed.

Uniper is also active in the area of alternative fuels, for example the use of LNG in heavy freight transportation. LNG, which is more environmentally friendly than other fossil fuels, will be an interesting area in the transport sector in the future, as this sector has great potential for reducing emissions (e.g. CO_2, NOx and particulate matter). LIQVIS GmbH, a Uniper subsidiary, successfully operates two mobile LNG filling stations in Germany and one mobile filling station in France and has recently recorded significant sales growth. Liqvis received funding from the EU “Connecting Europe Facility (CEF) for Transport” program totaling €9.6 million for the further development of LNG filling stations through the end of 2020. The first stationary LNG tank facility covered by this funding was commissioned in Berlin on November 5, 2018. Construction work on two additional facilities in Calais in France and in Kassel began in early December 2019. They are scheduled to begin operations in the first quarter of 2020.

Another area in which Uniper is active is the commercial use of CO_2 as a commodity (carbon capture and usage - “CCU”). In this area, Uniper is aiming to initiate pilot projects in the field of synthetic fuels (e-fuels) or sustainable chemicals. In this context, Uniper is a founding member of the European industrial initiative “CO_2 Value Europe”, which, after its foundation in 2017, now comprises a total of around 80 partners from industry and research. The organization promotes the development of a scalable CCU industry. It supports the development of sustainable technologies and their market conditions, to produce chemicals and fuels, for example, on an industrial scale by recycling CO_2.

In addition, Uniper is continuously working on making conventional power plants more flexible in order to further increase the efficiency of power plants in the area of system services. For example, Uniper is working to create hybrid power plants by adding batteries to thermal and hydroelectric plants. This increases the production range of these power plants and provides additional system support for the integration of renewables.

Digitization is already being applied in a number of Uniper’s business areas. These applications range from creating new business opportunities through digital products and services to improving the effectiveness and efficiency of internal processes.

In 2019, Uniper made progress in a number of areas and laid the foundation for further digitization. Among other things, Uniper has driven the digitization of customer interactions and has developed new digital businesses, such as Enerlytics, Uniper’s “Internet of Things” platform. Enerlytics enables plant operators to improve operation, condition monitoring and optimization, maintenance and performance management, for example. The use of technologies such as artificial intelligence (AI) and machine learning also allows Uniper to further increase its competitiveness in energy trading and in the operation of its own plants.

Uniper’s support functions are also being streamlined and automated. In addition to traditional business process reengineering, Uniper operates a central platform for robotic process automation and uses process mining technologies to identify opportunities for improvement in complex processes. Uniper believes that easy access to relevant and consistent data as well as in cross-divisional collaboration serve as the basis for successful digitization. Uniper has therefore regularly implemented new use cases for its own “Data Lake”.

At the same time, numerous other foundations have been laid, e.g. the successful introduction of a new, digital workplace, the technical modernization of business applications/applications, the provision of new solutions for collaboration in virtual teams, the development of a new identity and access management system, the creation of a cloud management center and the migration of numerous applications – moving away from traditional data centers to modern cloud environments.

At the same time, Uniper is also driving the cultural change associated with digitization. A Digital Laboratory has been established at various locations, which strengthens Uniper's technological expertise, promotes cross-departmental collaboration and facilitates continuous learning. Intensified exchange with technology start-ups also contributes to achieving this objective.

Business Developments and Key Events in 2019

The following events had a significant impact on business in 2019:

The hydrological situation in both Sweden and Germany returned to normal, having recovered from a very dry summer in 2018. The total generation volumes in both countries exceeded those for the previous year, due especially to higher production in the summer months under less extreme weather conditions.

The mild temperatures during 2019 led to low demand for natural gas in Germany and the rest of Europe which, when combined with persistent oversupply in the European market, led to price declines at individual gas trading points. This presented gas suppliers with the challenge of optimizing their supply portfolio both economically and physically. Thanks to its diversified, flexible gas-storage and gas-optimization portfolio, Uniper successfully mastered this challenge, even through the winter 2019 withdrawal rates ultimately ended up below those of the previous year.

Electricity prices in Uniper's core markets were significantly lower than a year ago due to less extreme weather conditions and relatively low gas prices. This continued to result in lower uptimes for the Uniper Group's coal-fired power plants. The impact on earnings was reduced by previously executed price hedging transactions. In addition, the Maasvlakte 3 coal-fired power plant in Rotterdam was not available in the second and third quarters for technical reasons. Due to the gas price movements described above, the Uniper Group's gas-fired power plants benefited from increased uptimes, particularly in the United Kingdom.

The earnings performance of the Russian majority shareholding Unipro was positively affected primarily by higher electricity prices in the day-ahead market and by increased generation volumes that resulted from higher uptimes at the Berezovskaya (Units 1 and 2) power plant. In addition, changes in the exchange rates of the Russian ruble had a positive effect in the reporting period compared with the previous year.

At the end of March 2019, Uniper 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 was adjusted on closing for payments already made to Uniper for 2018 and 2019, which meant that Uniper received cash totaling approximately €330 million when the transaction closed.

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.

Uniper expects that Unit 3 of the Berezovskaya power plant in Russia will return to service in the third quarter of 2020. The remaining investment amount still to be spent now stands at roughly 8 billion rubles.

On July 4, 2019, Uniper and Energetický a průmyslový holding, a. s. ("EPH") successfully completed the negotiations announced in late December 2018 on the sale of Uniper's activities in France and signed the corresponding agreements. The transaction closed on July 9, 2019. An immaterial amount was realized on the disposal.

The so-called Open Season process to gauge market participants' interest in the LNG terminal project in Wilhelmshaven began on May 20, 2019. LNG Terminal Wilhelmshaven GmbH, a non-consolidated company of the Uniper Group, plans to continue the process started on a non-binding basis and to offer interested parties the opportunity for a binding enquiry; this will serve as the basis for a decision on the further progress of the project.

On September 25, 2019, Uniper, as the sole owner of the Irsching 4 gas-fired power plant, and in agreement with N-ERGIE, Mainova und ENTEGA, the other shareholders of the jointly-operated Irsching 5 gas-fired power plant, both near Ingolstadt, again notified the German Federal Network Agency and the network operator TenneT of the provisional closure of the two power plant units. The owners are thus once again stating their intention to temporarily shut down the power plants from October 2020 through the end of September 2021.

In October 2019, the European Commission re-issued its state-aid approval for the British capacity market, which had been temporarily suspended by the European Union Court of Justice at the end of 2018. On October 24, 2019, the Commission published its decision to reinstate the British capacity market program. The Commission stated that the program was necessary to ensure the security of electricity supply and would not distort competition. The revenues included in the fourth quarter of 2019 from the fourth quarter of 2018 and the 2019 fiscal year will lead to payments in the first quarter of 2020.

On October 30, 2019, the Danish Energy Agency announced that it had completed its environmental and safety assessment for the construction of the Nord Stream 2 Baltic Sea gas pipeline and that is was approving the construction of part of the pipeline southeast of Bornholm, in Denmark's exclusive economic zone. On December 20, 2019, the U.S. PEESA (Protecting Europe's Energy Security Act) sanctions law came into force. This law sanctions companies that lay gas pipelines at a certain depth in the sea. Work on laying gas pipelines was suspended as a result. However, all other activities in the project are continuing as planned. The legislative process to implement the amended gas directive in the German Energy Industry Act (EnWG) was completed: On December 12, 2019, the corresponding amendments to the EnWG came into force. In January 2020, Nord Stream 2 AG submitted an application for exemption from the regulation to the German Federal Network Agency. The decision is expected to be made by May 23, 2020.

Changes in Ratings

During the fiscal year 2019, Uniper SE maintained unchanged investment-grade ratings of BBB from S&P Global Ratings (S&P) and BBB+ from Scope Ratings.

On October 8, 2019, Fortum announced that it had entered into agreements with Uniper shareholders Elliott and Knight Vinke to acquire in excess of 20.5% in Uniper SE for approximately €2.3 billion, which would increase Fortum's share in Uniper to more than 70.5% upon successful closing of the transaction. According to Fortum, this agreement now only requires regulatory approval in Russia, which Fortum expects by the end of Q1 2020. Following Fortum's announcement, both Fortum's BBB rating and Uniper's BBB rating were placed on CreditWatch Negative (previously outlook stable) by S&P on October 9, 2019. On 9 January 2020, S&P published a report confirming Uniper's rating of BBB and the CreditWatch Negative assessment. A resolution of the CreditWatch is not expected before transaction closing.

Also on October 9, 2019, Scope Ratings issued a Monitoring Note regarding Uniper's rating following Fortum's announcement that it intends to acquire further shares in Uniper which would increase its total shareholding in Uniper to more than 70.5%. The Monitoring Note does not constitute a rating action; the rating has been maintained unchanged at BBB+ (outlook stable).

Earnings

Transfer Pricing System

Since 2018, the Uniper Group's electricity 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.

Until now, Uniper has accounted for contracts for the forward purchase or sale of non-financial items that must be accounted for under IFRS 9 (failed own-use contracts) with respect to the contractual rights and obligations under those contracts. As a result, the contracts were reported (recognition of revenue or cost of materials) and accounted for (measurement of inventories and emission rights) at the contract price on delivery of the non-financial item. At its meeting in March 2019, the IFRS IC determined in an agenda decision that the above-mentioned contracts are to be realized at the market price applicable at the time of physical settlement. Accordingly, such contracts are presented as physical spot contracts with a financial hedge. There is therefore a difference between the values in the consolidated financial statements according to IFRS and the tax bases.

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 Uniper Group's earnings, financial condition and net assets.

Sales Performance

Sales

€ in millions	2019	2018[1]	+/- %
European Generation	11,085	14,024	-21.0
Global Commodities	70,301	98,001	-28.3
International Power Generation	1,106	1,060	4.4
Administration/Consolidation	-16,688	-21,272	21.6
Total	**65,804**	**91,813**	**-28.3**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

Sales revenues stood at €65,804 million in the 2019 fiscal year, a decline of around 28% compared to the previous year (adjusted figure for 2018: €91,813 million). The decline is mainly due to lower prices in the electricity and gas business. As a result of the implementation of the IFRS IC decision on the accounting treatment of contracts for the forward purchase or sale of non-financial items (contracts accounted for in accordance with IFRS 9 (failed-own-use contracts)), the sales revenues resulting from such contracts must be measured at the spot price. This rule applies in particular to the revenues of the Global Commodities segment (for more detailed information, please refer to Note 3 of the Consolidated Financial Statements). This was slightly offset by higher trading volumes in the gas business and significantly higher sales volumes of oil.

European Generation

Sales revenues in the European Generation segment fell by €2,939 million from €14,024 million in the previous year to €11,085 million in 2019.

The decline in sales from the previous year was due primarily to the sale of Uniper's activities in France. In addition, there was a decline in sales resulting from lower spot prices compared to the previous year. Increased internal transactions with the trading unit in the Global Commodities segment, which resulted in slightly higher internal sales compared to the previous year, had a slightly offsetting effect.

Global Commodities

Sales revenues in the Global Commodities segment fell from €98,001 million in the previous year by €27,700 million to €70,301 million in 2019.

The decline is mainly due to lower prices in the electricity and gas business. As a result of the implementation of the IFRS IC decision to account for contracts relating to the forward purchase or sale of non-financial items (contracts accounted for in accordance with IFRS 9 (failed-own-use contracts)), the sales revenue resulting from such contracts must be measured at the spot price. Internal sales in the electricity business increased slightly due to higher transactions between the power plant companies in the European Generation segment and the trading unit in the Global Commodities segment. External sales in the gas business declined, despite increased trading volumes, due to lower prices. The sale of the generation and sales activities in France also had a negative impact on external sales.

International Power Generation

Sales revenues in the International Power Generation segment rose by €46 million in comparison to the previous year, from €1,060 million to €1,106 million in the 2019 fiscal year.

The increase in sales revenues compared to the previous year is mainly due to positive exchange rate developments compared to the previous year and higher electricity prices on the day-ahead market. Rising prices were the result of increased demand, mainly due to higher energy consumption in the European price zone in Russia. The decline in favorable energy deliveries from competitors in the Siberian region also favored higher price levels.

Administration/Consolidation

Revenues attributable to the Administration/Consolidation reconciliation item changed by €4,584 million, from -€21,272 million in fiscal 2018 to -€16,688 million in fiscal 2019.

This is primarily a consolidation effect arising from intersegment transactions 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	2019	2018[1]	+/- %
Electricity	24,939	34,490	-27.7
Gas	34,065	49,461	-31.1
Other	6,800	7,862	-13.5
Total	**65,804**	**91,813**	**-28.3**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

Significant Earnings Trends

The net income for the year is €644 million (2018: net loss of €442 million). Income before financial results and taxes increased to €922 million (2018: -€88 million).

The principal factors driving this earnings trend are presented below:

The cost of materials decreased by €25,660 million in the 2019 fiscal year to €63,398 million (2018: €89,058 million; prior-year figure adjusted, see Note 3 to the Consolidated Financial Statements). The sales trend described above was a key factor in this development.

The personnel costs of the Uniper Group fell by €22 million in fiscal 2019 year to €955 million (2018: €977 million). The decline is attributable to lower expenses for occupational retirement benefits resulting especially from the plan amendment in Germany that was implemented effective January 1, 2019, and to the disposal of the Uniper activities in France. In addition, the expense recognized in the second quarter of 2018 from the revaluation and settlement of allocations under the long-term incentive (LTI) packages for the years 2015, 2016 and 2017 in connection with the occurrence of the change-of-control event in 2018, which took place upon completion of the takeover offer by Fortum Deutschland SE, did not recur in the 2019 fiscal year. Offsetting effects in wages and salaries resulted from negotiated pay adjustments and the initial full-year recognition of consolidated companies, as well as from the reintegration into the Uniper Group of outsourced administrative functions from the Shared Service Center in Cluj, Romania, operated by an external entity and the integration of HR service activities. Furthermore, income from the reversal of corresponding provisions amounting had been recognized in the previous year.

Depreciation, amortization and impairments amounted to €1,750 million in the 2019 fiscal year (2018: €1,532 million). The €218 million increase is mainly due to a rise in impairment charges, while depreciation increased only slightly compared with the previous year. Impairments of €0.4 billion were recognized on Dutch power plants (2018: €0 billion), primarily for Maasvlakte 3 following the Dutch government’s decision to end the generation of electricity from coal completely by the beginning of 2030. In addition, impairment charges of €0.3 billion were recognized in 2019 on power plants in the United Kingdom due to updated price assumptions (2018: €0.0 billion). The absence of depreciation and amortization on the power plant sold in France (2018: €0.2 billion) had an off-setting effect. The impairment on the Datteln 4 hard-coal power plant due to recent developments in Germany’s coal phase-out law amounted to €0.1 billion in the 2019 fiscal year (2018: €0.4 billion). Reversals of impairments in fiscal 2019 amounted to €0.2 billion, compared to €0.2 billion in the previous year.

Other operating income declined to €26,350 million in fiscal 2019 (2018: €29,093 million; prior-year figure adjusted, see Note 3 to the Consolidated Financial Statements). This is due mainly to changes in commodity derivatives carried at fair value. At €25,325 million, income from settled and pending transactions and related currency hedges was €2,720 million lower than in the previous year (€28,046 million).

Other operating expenses declined in fiscal 2019 to €25,281 million (2018: €29,559 million; prior-year figure adjusted, see Note 3 to the Consolidated Financial Statements). The decrease resulted mainly from changes in the fair value of commodity derivatives. At €24,088 million, expenses from settled and pending transactions and related currency hedges were €4,038 million lower than in the previous year (€28,126 million).

Reconciliation of Income/Loss before Financial Results and Taxes

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.

In order to increase its meaningfulness as an indicator of the operating performance of Uniper's business, EBIT is adjusted for certain non-operating effects to produce a reliable adjusted EBIT measure, which is used for internal management control purposes.

In line with standard practice within the energy industry, Uniper previously accounted for contracts for the forward purchase or sale of non-financial items that must be accounted for under IFRS 9 (failed own-use contracts) with reference to the contractual rights and obligations under those contracts. As a result, the contracts were reported (recognition of revenue and cost of materials) and accounted for (measurement of inventories and emission rights) at the contract price on delivery of the non-financial item, thus matching the cash flows. At its meeting in March 2019, the IFRS IC determined in an agenda decision that the above-mentioned contracts are to be realized at the market price applicable at the time of physical settlement. The IFRS IC has thus determined that these contracts shall be presented as physical spot contracts with a financial hedge. In the context of IFRS accounting, this means that the economic hedging of the operating business can no longer be adequately reflected, since revenue and cost of materials are no longer measured at the contractually hedged prices in earnings before interest and taxes as determined according to IFRS. At the same time, the clarification of IFRS accounting provides that the hedged margin be realized in earnings before interest and taxes before physical settlement. Uniper has responded to the retroactive change in the measurement of inventories and emission rights resulting from this decision by adjusting its management indicator, eliminating these effects in the reconciliation to adjusted EBIT in order to maintain the indicator's meaningfulness. This adjustment has already been taken into account in the following explanations. It was carried out retroactively for the prior-year period; more detailed information is provided in Note 3 to the Consolidated Financial Statements.

The non-operating effects on earnings for which EBIT is adjusted include gains and losses from the fair value measurement of derivative financial instruments used in hedges, as well as certain effects resulting from the measurement of physically settled contracts within the scope of IFRS 9. Where material, book gains/losses, expenses for (and income from) restructuring and cost-management programs initiated prior to the spin-off and impairment charges/reversals on non-current assets, on companies accounted for under the equity method and other long-term financial assets and on goodwill in the context of impairment tests, as well as other contributions to non-operating earnings, are eliminated.

Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and other operating expenses. Effects from the fair value measurement of derivatives are also included in other operating expenses and income. These hedges entered into as part of the energy trading business, however, have no impact on adjusted EBIT until maturity. In addition, for physically settled derivative financial instruments within the scope of IFRS 9, further non-operating adjustments of revenues, cost of materials, other operating income and other operating expenses are also made to adjust for 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. Since unadjusted EBIT is derived from the revenue and cost of materials (i.e., inventories and emission rights, including their subsequent measurement) measured for these transactions at the IFRS-relevant spot price when they are settled, the difference between such measurement and one based on the economically hedged contract price is adjusted accordingly to determine adjusted EBIT.

Expenses for (and income from) restructuring and cost-management programs initiated prior to the spin-off represent additional expenses and income that are not directly attributable to the operating business. Other non-operating earnings encompass other non-operating income and expenses that are unique or rare in nature. Depending on the particular case, such income and expenses may affect different line items in the income statement.

The table below presents the reconciliation of the Group's earnings under IFRS to adjusted earnings before interest and taxes:

Reconciliation of Income/Loss before Financial Results and Taxes

€ in millions	**2019**	**2018**
Income/Loss before financial results and taxes[1]	**922**	**-88**
Net income/loss from equity investments	-8	9
EBIT[1]	**915**	**-78**
Non-operating adjustments	-52	943
Net book gains (-) / losses (+)	*-7*	*31*
Impact of derivative financial instruments[1]	*-1,228*	*-402*
Adjustments of revenue and cost of materials from physically settled commodity derivatives to the contract price	*448*	*671*
Restructuring / Cost-management expenses (+) / income (-)[2 3]	*-50*	*-73*
Non-operating impairment charges (+) / reversals (-)[4]	*874*	*681*
Miscellaneous other non-operating earnings	*-90*	*35*
Adjusted EBIT	**863**	**865**
For informational purposes: Economic depreciation and amortization/reversals	*698*	*678*
For informational purposes: Adjusted EBITDA	*1,561*	*1,543*

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated 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]Not included in restructuring and cost-management expenses/income are expenses incurred for the current restructuring program and its related subprojects.
[4]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.

An immaterial net book gain in the reporting period resulted from gains realized on the disposal of the activities in France and on the disposal of the shareholding in OLT Offshore LNG Toscana S.p.A. and from an offsetting loss realized in connection with the disposal of the remaining ownership interest in ENEVA S.A. In the 2018 fiscal year, a book loss of €31 million had resulted from the sale of the investment in the joint venture Pecém II Participações S.A. That loss had resulted primarily from the reclassification to the income statement of currency translation differences recognized in other comprehensive income in preceding periods.

The fair value measurement of derivatives used to hedge the operating business against price fluctuations resulted in a net gain of €1,228 million in the 2019 fiscal year, due to changed market values in connection with decreased commodity prices in the forward markets (2018: net gain of €402 million).

Revenues and cost of materials for physically settled commodity derivatives (contracts that are accounted for under IFRS 9 (failed own-use contracts)) have been adjusted for the difference between the spot prices relevant pursuant to IFRS and the contract prices relevant from the management perspective by €448 million net (2018: €671 million).

In 2019, restructuring and cost-management expenses/income changed by -€23 million year over year. The income in the 2019 fiscal year amounted to €50 million (2018: income of €73 million) and resulted primarily from the partial reversal of provisions that were recognized in the course of the spin-off and adjusted on a non-operating basis.

Non-operating impairment charges were recognized in the reporting period in the amount of €874 million. The impairments were primarily attributable to the Maasvlakte 3 hard-coal power plant in the amount of roughly €0.4 billion and to the British power plants in the amount of some €0.3 billion. Uniper additionally recognized impairments totaling roughly €0.1 billion on the Datteln 4 hard-coal power plant, which is currently being commissioned. Impairments of roughly €0.1 billion were attributable to power plants in the International Power Generation segment. In the previous year, the expense from non-operating impairments had amounted to €681 million. It had related to the Datteln 4 hard-coal power plant, which is currently being commissioned, (roughly €0.4 billion) and the Provence 4 biomass power plant (€0.2 billion), both in the European Generation segment, and to gas storage infrastructure in Germany in the amount of roughly €0.1 billion in the Global Commodities segment. Reversals of impairments recognized in previous years amounted to approximately €0.2 billion in fiscal 2019 and related especially to gas storage infrastructure in Germany in the Global Commodities segment and to the gas-fired power plants in Germany in the European Generation segment; the corresponding reversals in the previous year (€0.2 billion) had been recognized predominantly for power plants in the United Kingdom. Further details on impairment charges and reversals can be found in Note 17 to the Consolidated Financial Statements.

Income of €90 million was classified as miscellaneous other non-operating earnings in the 2019 fiscal year (2018: €35 million expense). The change resulted primarily from adjustments of provisions recognized for non-operating effects in the Global Commodities segment. Here the reversal of provisions for underutilized gas storage capacities and the addition to provisions for onerous contracts in the LNG business had an offsetting effect. In the previous year, an additional non-operating expense had been recognized as part of the revaluation and settlement of prematurely vested long-term incentive ("LTI") allocations for the years 2015, 2016 and 2017. Due to the occurrence of the change-of-control event, these allocations became due upon completion of the takeover offer by Fortum Deutschland SE.

Adjusted EBIT

Adjusted EBIT, a measure of earnings before interest and taxes adjusted for non-operating effects, is the key measure in the Uniper Group for purposes of internal management control and as the most important indicator of the profitability of its operations.

Segments

The following table shows adjusted EBIT for fiscal year 2019 and 2018 broken down by segment.

Adjusted EBIT

€ in millions	2019	2018	+/- %
European Generation	424	386	9.7
Global Commodities	287	318	-9.6
International Power Generation	308	278	10.8
Administration/Consolidation	-156	-117	-33.6
Total	**863**	**865**	**-0.3**

European Generation

Adjusted EBIT in the European Generation segment increased by €38 million, from €386 million in the previous year to €424 million in 2019, significantly exceeding expectations.

One of the main reasons for the positive earnings trend was the reentry into service of the UK capacity market at the end of October 2019. In addition, there were higher prices and volumes in the hydroelectric and nuclear power businesses and improved optimization results at fossil-fuel power plants. The management of the long-term price risk of emission allowances by the Global Commodities segment also had a positive effect on earnings.

In contrast, additions to provisions for decommissioning and waste management in the Swedish nuclear power business had a negative impact on the results of the European Generation segment. In addition, temporary production stoppages in the first four months of 2019 at Unit 2 of Uniper's minority stake in Sweden's Ringhals nuclear power plant and the unavailability of Maasvlakte 3 coal-fired power plant in the Netherlands during the course of the year had a negative impact on earnings.

Global Commodities

Adjusted EBIT in the Global Commodities segment decreased by €31 million, from €318 million in the previous year to €287 million in 2019, significantly exceeding expectations.

The decline in earnings is mainly attributable to the non-recurrence of positive earnings contributions in 2018 from the hedging of future contractually agreed physical LNG deliveries and to charges against earnings from these hedges in 2019. A negative effect (the inverse of European Generation) resulted from the management of the long-term price risk for emission rights with the European Generation segment.

This was offset by a significant contribution from trading operations. Uniper also benefited from increased demand for low-sulfur heavy fuel oil as part of its activities in the United Arab Emirates.

International Power Generation

International Power Generation's adjusted EBIT of €308 million for the reporting period was up by €30 million from the prior-year figure of €278 million, significantly exceeding expectations.

Adjusted EBIT was positively impacted by higher electricity prices in the day-ahead market. These higher prices were primarily driven by higher demand due to increased oil production in the Tyumen region of Russia and from a reduced supply of inexpensive energy from competitors in the Siberian region. Reduced generation at the Surgutskaya and Yaivinskaya sites had a negative effect.

Administration/Consolidation

Adjusted EBIT attributable to the Administration/Consolidation reconciliation item changed by -€39 million, from -€117 million in fiscal 2018 to -€156 million in the 2019 fiscal year, mainly due to higher costs in the Administration segment. In addition, the reconciliation of the operating segments' adjusted EBIT to the Group's adjusted EBIT with respect to the measurement of the provision for a shortage of carbon allowances (remeasurement to cross-segment figures at Group level) had a negative impact on adjusted EBIT. The remeasurement of coal inventories across segments had a positive effect compared with the previous year.

Adjusted Funds from Operations

Adjusted funds from operations ("adjusted FFO") is a management indicator used by the Uniper Group for the full year only as a measure for, among other things, determining indirectly the residual cash flow available for distribution to shareholders and the variable compensation of the Management Board. This information is used solely for the management of the Group as a whole and was used for the last time for 2019.

Adjusted FFO for the 2019 fiscal year amounted to €923 million, a year-over-year increase of €167 million (2018: €756 million).

The basis of unadjusted funds from operations is cash provided by operating activities (i.e., operating cash flow). In a first step, this cash flow is adjusted for changes in operating and tax assets and liabilities during the reporting period, which eliminates timing differences caused by unforeseeable inflows and outflows of cash. Reported as changes in operating assets and liabilities are, among other things, changes from the fair value measurement of derivatives entered into for hedging purposes.

In line with standard practice within the energy industry, Uniper previously accounted for contracts for the forward purchase or sale of non-financial items that must be accounted for under IFRS 9 (failed own-use contracts) with reference to the contractual rights and obligations under those contracts. As a result, the contracts were accounted for (measurement of inventories and emission rights) at the contract price on delivery of the non-financial item, thus matching the cash flows. At its meeting in March 2019, the IFRS IC determined in an agenda decision that the above-mentioned contracts are to be realized at the market price applicable at the time of physical settlement. The IFRS IC has thus determined that these contracts shall be presented as physical spot contracts with a financial hedge. Uniper has responded to the retroactive change in the measurement of inventories and emission rights resulting from this decision by adjusting its management indicator, eliminating these effects in the reconciliation to adjusted FFO in order to maintain the indicator's meaningfulness. This adjustment has already been taken into account in the following explanations. It was carried out retroactively for the prior-year period; more detailed information is provided in Note 3 to the Consolidated Financial Statements.

To correct for the aforementioned change in the measurement of inventories and emission rights, changes in inventory measurement and in the measurement of emission rights that result from differences between the economically hedged contract price and the spot price recorded for incoming inventory and emission rights from physically settled commodity derivatives are eliminated. These changes are eliminated because they do not affect cash flows. Finally, for the same reason, gains and losses on foreign-currency translation of operating receivables and payables are also corrected for. Adjustments for inflows and outflows of cash arising from subsequent purchase price adjustments from acquisition and disposal transactions are also eliminated, because they originate from investing activities.

To calculate adjusted FFO, current employer service cost and past service cost affecting future cash flows are subtracted from FFO. Payments to the Swedish Nuclear Waste Fund ("Kärnavfallsfonden" or "KAF") are also subtracted from FFO. Conversely, corresponding reimbursements from the fund are added to FFO, even though they are reported as cash flow from investing activities, because they result directly from operations. Dividends declared for or distributed to minority shareholders of subsidiaries are also not available to shareholders of the Company and are eliminated accordingly.

Reconciliation of Cash Flow from Operating Activities to Adjusted FFO

€ in millions	**2019**	**2018**
Cash flow from operating activities	**932**	**1,241**
Reconciliation items		
Elimination of changes in operating and tax assets and liabilities	*36*	*-333*
Dividends declared and distributed to minority shareholders	*-32*	*-31*
Miscellaneous adjustments	*-13*	*-120*
Adjusted funds from operations	**923**	**756**

The elimination of changes in operating and tax assets and liabilities includes the correction of changes in operating and tax assets and liabilities and in income taxes totaling €612 million (2018: -€204 million; see also the Uniper Consolidated Statement of Cash Flows). It further includes the changes in derivatives entered into for hedging purposes in the amount of -€795 million (2018: €162 million), with the result that realized, cash-effective hedging derivatives are included in adjusted FFO. Additionally recognized here is the elimination of changes in incoming inventory and emission rights from physically settled commodity derivatives in the amount of €235 million (2018: -€289 million). These changes are caused by differences between the agreed contract price paid and the spot price relevant pursuant to IFRS at which such incoming inventory and emission rights are measured on recognition.

Reported dividends declared for or distributed to minority shareholders amounted to €32 million in 2019 (2018: €31 million).

The miscellaneous adjustments consist of current employer service cost and past service cost relating to Uniper's pension programs, which reduce adjusted FFO because they affect future cash flows. A net reimbursement from the Swedish Nuclear Waste Fund, which slightly increased adjusted FFO, has the opposite effect. In the previous year, the adjustments had additionally included the correction for the non-operating expense recognized as part of the revaluation and settlement of allocations that vested prematurely under the long-term incentive ("LTI") packages for the years 2015, 2016 and 2017. Due to the occurrence of the change-of-control event, these allocations became due upon completion of the takeover offer by Fortum Deutschland SE.

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 strives for a healthy balance between shareholder dividends, the company's ability to make investments and balance sheet stability.

Previously, Uniper's dividend payment target had been a payout ratio of at least 75% and up to 100% of free cash flow from operations (FCfO). FCfO is calculated by deducting the cash outflows for capital expenditures on fixed assets related to replacement purchases and maintenance from adjusted FFO. This basis for calculation is now being replaced by an absolute dividend payment. Uniper aims to pay a dividend of € 500 million for the 2020 financial year.

Uniper measures its balance sheet stability in particular by a comfortable investment grade rating and a corresponding debt factor. This is defined as the ratio of current economic net debt to adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA). Uniper seeks to achieve a debt factor within a target range of 1.8 to 2.0, based on the definition of economic net debt as adjusted in 2019. This span may be temporarily exceeded as long as Uniper's objective of maintaining a comfortable investment-grade rating of BBB is not compromised. Based on adjusted EBITDA in fiscal 2019 of €1,561 million (2018: €1,543 million) and economic net debt of €2,650 million as of the balance sheet date (2018: €2,509 million), the debt factor was 1.7 (2018: 1.6).

Financing Policy and Initiatives

External funding represents an important source of financing for Uniper. Uniper primarily uses flexible financing instruments such as revolving credit facilities and a Commercial Paper Program 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 under improved conditions. The revolving credit facility was refinanced in the third quarter of 2018 in the amount of €1.8 billion. The initial term of the credit line was five years, extendable by a further year each under two extension options with the approval of the banks. In September 2019, the first extension option by one year to 2024 was executed. Uniper has also secured 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.

The Debt Issuance Program ("DIP") is a flexible instrument for issuing bonds 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, 2019.

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.

Financial Liabilities

The following table breaks down financial liabilities by the main sources of financing as of December 31, 2019, and December 31, 2018, respectively:

Financial Liabilities and Liabilities from Leases

€ in millions	Dec. 31, 2019	Dec. 31, 2018
Commercial paper	–	493
Liabilities to banks	120	108
Other financial liabilities (including liabilities to affiliated companies)	1,815	2,338
Lease liabilities	*817*	*813*
Margining liabilities	*499*	*976*
Liabilities to co-shareholders from shareholder loans	*396*	*425*
Other financing	*102*	*124*
Total	**1,935**	**2,939**

In fiscal year 2019, financial liabilities and liabilities from leases decreased by €1,004 million to €1,935 million (2018: increase by €1,016 million). The decline is equally attributable to the redemption of commercial paper outstanding to the amount of €493 million (2018: increase by €493 million) and a reduction by returned margin deposits for futures and forward transactions of €477 million (2018: increase of €679 million). Liabilities to banks increased by €12 million (2018: increase of €11 million), while other financing was reduced by €22 million (2018: reduction of €15 million).

Economic Net Debt

Up to and including December 31, 2018, Uniper's reported indicator for economic net debt was asymmetrically affected by changes in collateral for futures and forward transactions ("margining"). Market price changes lead to margin deposits or receipts, of which only margining liabilities stemming from margin receipts were part of Uniper's economic net debt (specifically, within its net financial position). The indicator did not include margin deposits resulting from collateral paid, which led to a build-up of margining receivables and a corresponding cash outflow. Margining receivables had already been stated for informational purposes as of December 31, 2018. From the 2019 fiscal year onwards, margining receivables are included in the definition of Uniper's net financial position and are also reported for the previous reporting date for consistency. Including both paid and received collateral renders margining effects from market price changes neutral regarding Uniper's net financial position. Margin deposits and receipts continue to be actively managed within the Group's liquidity management and not as debt components of the Group's capital structure.

Economic Net Debt

€ in millions	Dec. 31, 2019	Dec. 31, 2018[1]
Liquid funds	889	1,400
Non-current securities	100	83
Margining receivables[1]	318	698
Financial liabilities and liabilities from leases	1,935	2,939
Lease liabilities	*817*	*813*
Margining liabilities	*499*	*976*
Other financial liabilities	*618*	*1,150*
Net financial position	**628**	**757**
Provisions for pensions and similar obligations	1,031	804
Provisions for asset retirement obligations[2]	991	948
Other asset retirement obligations	*754*	*743*
Asset retirement obligations for Swedish nuclear power plants[3]	*2,557*	*2,476*
Receivables from the Swedish Nuclear Waste Fund recognized on the balance sheet[3]	*2,320*	*2,271*
Economic net debt	**2,650**	**2,509**
For informational purposes: Receivables from the Swedish Nuclear Waste Fund (KAF) ineligible for capitalization[3]	291	348
For informational purposes: Fundamental economic net debt	**2,359**	**2,162**

[1]Since 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 restated for consistency.

[2]Reduced by receivables from the Swedish Nuclear Waste Fund.

[3]Due to IFRS valuation rules (IFRIC 5), €291 million (December 31, 2018: €348 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, 2018, and based on Uniper's adjusted definition, economic net debt increased as of December 31, 2019, by €141 million to €2,650 million (adjusted economic net debt as of December 31, 2018: €2,509 million). Along with operating cash flow (€932 million) and investment spending (-€657 million), Uniper SE's dividend distribution of -€329 million affected liquid funds in the 2019 fiscal year. Proceeds from disposals of equity investments, on the other hand, increased the net financial position by €327 million. Within the net financial position, liquid funds were reduced by -€493 million in fiscal 2019 to redeem commercial paper outstanding as of December 31, 2018. The net change in margining receivables and margin liabilities respectively from returned and received margin deposits for futures and forward transactions reduced liquid funds by in sum -€97 million.

In addition, provisions for pensions and similar obligations increased by €227 million to €1,031 million (December 31, 2018: €804 million), particularly as a result of further reduced interest rates as of December 31, 2019 compared with those at year-end 2018. Provisions for asset retirement obligations rose to €991 million as of December 31, 2019 (December 31, 2018: €948 million), resulting especially from a cost-driven and interest-rate-related increase of €81 million in asset retirement obligations for Swedish nuclear power plants (see also Note 24) mitigated by an offsetting increase of €49 million in receivables from the KAF, and from an increase of €11 million in other asset retirement obligations.

Investments

Investments

€ in millions	2019	2018
Investments		
European Generation	*409*	*397*
Global Commodities	*27*	*32*
International Power Generation	*196*	*190*
Administration/Consolidation	*26*	*23*
Total	**657**	**642**
Growth	*297*	*325*
Maintenance and replacement	*361*	*317*

At €657 million in total, the investments of the Uniper Group were slightly above the prior-year level of €642 million.

In the 2019 fiscal year, a total of €409 million was invested in the European Generation segment. Investments were thus €12 million higher than the €397 million invested in the previous year. The change was mainly due to higher maintenance investments in Germany and the Netherlands and to larger investments in the Scholven 3 growth project, which was partly offset by lower maintenance investments in the United Kingdom and lower investments in the Datteln 4 growth project.

In the Global Commodities segment, investments totaled €27 million in 2019, down €5 million from the prior-year level, mainly due to lower spending on growth investments.

In the International Power Generation segment, investments totaled €196 million, €6 million higher than in the previous year (2018: €190 million). They related primarily to the repair of Unit 3 of the Berezovskaya power plant.

A total of €26 million was invested in the Administration/Consolidation segment in the 2019 fiscal year. Investments increased slightly, by €3 million, compared with 2018. This change is primarily attributable to higher IT spending.

Cash flow

Cash Flow

€ in millions	2019	2018
Cash provided by operating activities (operating cash flow)	**932**	**1,241**
Cash provided by investing activities	**220**	**-1,263**
Cash provided by financing activities	**-1,477**	**319**

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

Cash provided by operating activities (operating cash flow) fell by €309 million to €932 million in 2019 (2018: €1,241 million). After the significant decrease in operating income and operating cash flow in the first nine months of the year, the profitable fourth quarter led to a significant increase in operating cash flow. However, compared with the same period last year, the market-related lower gas withdrawals in the first quarter of 2019 and overall price levels throughout the year led to a build-up of working capital, which had a negative impact on operating cash flow. The non-recurrence of payments for long-term incentives ("LTI") from the previous year mitigated the overall decline in operating cash flow.

The following table presents the reconciliation of cash flows from operating activities to operating cash flow before interest and taxes.

Operating Cash Flow before Interest and Taxes

€ in millions	2019	2018	+/-
Operating cash flow	**932**	**1,241**	**-309**
Interest payments	32	15	17
Income tax payments (+) / refunds (-)	47	-67	115
Operating cash flow before interest and taxes	**1,011**	**1,189**	**-178**

Cash Flow from Investing Activities

Cash flows from investing activities increased by €1,482 million from -€1,263 million in the previous year to €220 million in fiscal 2019, mainly as a result of the change in collateral provided for forward exchange transactions (margining receivables), which resulted in a cash inflow of €383 million (2018: cash outflow of €279 million). In addition, cash flow from investing activities increased by €407 million compared with the prior-year period due to proceeds from the sale of securities in the amount of €204 million (2018: cash outflows for the purchase of securities in the amount of €203 million). In addition, the increase in proceeds from disposals to €339 million (2018: €130 million) had a positive effect. At €657 million, cash outflows for investments in intangible assets and property, plant and equipment increased slightly compared with the previous year (€642 million).

Cash Flow from Financing Activities

In 2019, cash used for financing activities amounted to -€1,477 million (2018: €319 million). The dividend distributed to shareholders of Uniper SE led to a cash outflow of €329 million (2018: cash outflow of €271 million). The commercial paper program was used for short-term financing in fiscal 2018. By the end of 2019, the outstanding commercial paper in the amount of €493 million had been fully repaid (2018: cash inflow of €493 million) and reduced cash flow from financing activities accordingly. The €479 million reduction in collateral received for forward exchange transactions (margining) reduced the liabilities from margining and led to a cash outflow (2018: inflow of €679 million), mainly for emission allowances.

Assets

Consolidated Assets, Liabilities and Equity

€ in millions	Dec. 31, 2019	Dec. 31, 2018[1]
Non-current assets	23,732	24,224
Current assets	20,024	26,746
Total assets	**43,756**	**50,970**
Equity	11,942	11,501
Non-current liabilities	12,954	12,750
Current liabilities	18,860	26,719
Total equity and liabilities	**43,756**	**50,970**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

Non-current assets as of December 31, 2019 decreased relative to December 31, 2018 from €24,224 million to €23,732 million. This was primarily due to a €411 million decrease in property, plant and equipment, mainly as a result of impairment charges. This was offset by a €195 million increase in financial receivables and other financial assets, mainly due to the utilization of loan commitments for the construction of the Nord Stream 2 pipeline in the Baltic Sea.

Current assets fell from €26,746 million as of December 31, 2018, to €20,024 million. The primary causes of the decline were the valuation-related reduction in receivables from derivative financial instruments from €12,214 million by €3,613 million to €8,601 million, and the decrease in trade receivables from €8,354 million by €1264 million to €7,090 million. In addition, liquid funds decreased by €510 million from €1,400 million to €889 million and, due to the disposal of the activities in France, assets held for sale decreased by €546 million. Finally, the €323 million reduction in financial receivables due to the sale of the joint venture OLT Offshore LNG Toscana S.p.A. and the €380 million reduction in margin accounts for futures had a negative impact on current assets.

Equity increased from €11,501 million to €11,942 million as of December 31, 2019, of which €644 million resulted from net income. Of this amount, €34 million is attributable to non-controlling interests. The effect of foreign exchange rates on assets and liabilities was also positive, and amounted to €386 million. This was partly offset by the remeasurement of defined benefit plans in the amount of €152 million due to lower interest rates as of the reporting date and dividend payments in the amount of €329 million. The equity ratio as of December 31, 2019, was 27% (December 31, 2018: 23%).

Non-current liabilities increased from €12,750 million at the end of the previous year to €12,954 million as of December 31, 2019, mainly due to the €227 million increase in provisions for pensions and similar obligations to €1,031 million (December 31, 2018: €804 million), in particular due to the further decline in interest rates as of December 31, 2019 compared with the end of 2018. In addition, other operating liabilities increased by €165 million to €694 million (previous year: €529 million), mainly due to the increase in accruals for option premiums. This was offset by the €68 million reduction in financial liabilities from €1,187 million to €1,119 million.

Compared with December 31, 2018, current liabilities decreased from €26,719 million to €18,860 million on December 31, 2019, mainly due to the valuation-related reduction in liabilities from derivative financial instruments in the amount of €12,546 million by €4,308 million to €8,238 million. Trade payables decreased by €948 million from €8,256 million to €7,308 million. Financial liabilities decreased by €936 million from €1,752 million to €815 million, mainly due to the repayment of commercial paper and the reduction in liabilities from margining.

Earnings, Financial Condition and Net Assets of Uniper SE

The annual separate 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	**2019**	**2018**
Financial assets	18,675.8	18,746.2
Fixed assets	**18,675.8**	**18,746.2**
Receivables and other assets	9,496.4	10,160.8
Securities	0.1	200.7
Bank balances	494.3	749.1
Current assets	**9,990.8**	**11,110.6**
Accrued expenses	**7.9**	**7.8**
Total assets	**28,674.5**	**29,864.6**
Capital stock	622.1	622.1
Additional paid-in capital	10,824.9	10,824.9
Retained earnings	54.2	44.8
Net income available for distribution	420.9	329.4
Equity	**11,922.1**	**11,821.2**
Provisions for pensions and similar obligations	15.4	15.4
Provisions for taxes	78.6	107.2
Other provisions	72.6	60.9
Provisions	**166.6**	**183.5**
Bank loans / Liabilities to banks	70.2	35.2
Liabilities to affiliated companies	16,492.8	17,280.2
Other liabilities	22.8	540.3
Liabilities	**16,585.8**	**17,855.7**
Deferred income	**–**	**4.2**
Total equity and liabilities	**28,674.5**	**29,864.6**

Because it is the parent company of the Uniper Group, the net assets of Uniper SE are characterized to a considerable degree by the function of the management of equity investments and by the financing role 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 33% of total assets.

Bank balances fell by €254.9 million in the reporting year to €494.2 million.

Provisions for pensions and similar expenses amounted to €15.4 million in the reporting year. 86% of the pension obligations are covered by these pension plan assets.

Income Statement of Uniper SE (HGB)

€ in millions	2019	2018
Other operating income	982.1	1,205.3
Personnel costs	-72.1	-77.6
Other operating expenses	-1,150.4	-1,358.2
Income from equity investments	526.0	708.5
Other interest and similar income	55.2	84.0
Write-downs of financial assets and current securities	–	-6.3
Other interest and similar expenses	41.6	15.5
Income from transfers of profits	50.2	–
Expense from assumptions of losses	–	-203.6
Income taxes	-2.3	-26.4
Income/Loss after taxes	430.3	341.2
Net income/loss	**430.3**	**341.2**
Addition to retained earnings	9.4	-11.8
Net income/loss available for distribution / carried forward	**420.9**	**329.4**

The earnings of Uniper SE as the Group's parent company are significantly influenced by its income from equity investments. The positive income from equity investments in the amount of €576.2 million was the result of earnings contributed by the equity investments.

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

Earnings before taxes were €432.6 million. After subtraction of taxes, Uniper SE generated net income for the year of €430.3 million (2018: €341.2 million). After a transfer of €9.4 million to retained earnings, the net income available for distribution amounted to €420.9 million.

The Management Board and the Supervisory Board will propose to the Annual Shareholders Meeting to be held on May 20, 2020, that the net income available for distribution be used to distribute a dividend of €1.15 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 legislature has 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 the least, 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 separate combined non-financial report outside the management report as a separate chapter of the annual report (see page 104), in which all the requirements of non-financial Group reporting are taken into account in detail. Uniper's annual report is available to the public on the Investor Relations website at: https://ir.uniper.energy/.

For this reason, this chapter of the Combined Management Report discusses the Uniper Group's most important non-financial performance indicators – the proportion of female executives in the Uniper Group and the Total Recordable Incidents Frequency (TRIF).

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, 2019.

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

Occupational Health and Safety

Occupational health and safety and responsible business conduct are of the highest priority at Uniper. Uniper is committed to demonstrating leadership in this area, and endeavors to ensure a culture of continuous improvement.

The combined TRIF is a key indicator for determining the achievement of goals in the areas of occupational safety and health at Uniper. The combined TRIF measures the number of work-related accidents among Uniper Group employees and third-party employees commissioned by Uniper per million hours worked. Work-related accidents within the meaning of this performance figure are fatal accidents, accidents at work and while commuting, with and without lost days, that require medical treatment, and accidents after which further work is restricted or only possible at a substitute job. Combined TRIF takes account of all accidents, including those at Uniper companies that are not fully consolidated but in which Uniper SE has operational control. The combined TRIF for the Uniper Group was 1.48 in 2019 and was, as in 2018 (1.47), still at a low level and below the self-imposed threshold of 1.75. The persistently high level of occupational safety in high-risk construction activities in Germany and Russia was one of the reasons why the number of work-related accidents continued to be low and remained below the self-imposed threshold.

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, 2019	Dec. 31, 2018	+/- %
European Generation	4,763	5,357	-11.1
Global Commodities	1,264	1,243	1.7
International Power Generation	4,507	4,257	5.9
Administration/Consolidation	998	923	8.1
Total	**11,532**	**11,780**	**-2.1**

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

On December 31, 2019, the Uniper Group had 11,532 employees, 202 apprentices and 130 work-study students and interns worldwide. This represents a decrease of 2.1% compared with December 31, 2018.

The workforce reduction in the European Generation segment is primarily attributable to employee turnover in advance of the sale of Uniper's activities in France and to the ongoing decommissioning of power plant units in Sweden.

The employee headcount in the Global Commodities segment as of December 31, 2019, remained stable compared with December 31, 2018.

In the International Power Generation segment, the employee headcount was higher due to the transfer of activities from an unconsolidated subsidiary to a consolidated one.

The employee headcount in Administration/Consolidation rose in the course of the reintegration into the Uniper Group of outsourced administrative functions from the Shared Service Center in Cluj, Romania, operated by an external entity and through the integration of HR service activities following the closure of the Berlin site.

At 59.4% as of December 31, 2019, the proportion of employees working outside Germany, numbering 6,852 remained constant compared with the end of fiscal year 2018.

Employees by Region[1]

	Headcount		FTE	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Germany	4,680	4,606	4,545.1	4,481.3
France	0	508	0	506.9
UK	956	960	943.5	947.3
Netherlands	330	335	326.4	331.3
Russia	4,508	4,258	4,506.8	4,256.8
Sweden	919	992	911.1	981.6
Other[2]	139	121	139	120.3
Total	**11,532**	**11,780**	**11,372**	**11,625.5**

[1]Figures do not include board members, managing directors, apprentices 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, 2019, was 24.6%, slightly up from the prior-year figure of 24.2%.

Proportion of Female Employees

Percentage	Dec. 31, 2019	Dec. 31, 2018
European Generation	14.8	15.7
Global Commodities	33.4	33.4
International Power Generation	27.7	27.5
Administration/Consolidation	46.1	45.8
Uniper Group	**24.6**	**24.2**

The average age of the Uniper Group workforce was about 45 (previous year: 44), and the average length of service was about 14 years unchanged compared to the previous year.

Employees by Age

Percentage	Dec. 31, 2019	Dec. 31, 2018
30 and younger	11.7	11.8
31 to 50	53.9	54.8
51 and older	34.4	33.5

A total of 549 employees (previous year: 519) or 4.8% of the Uniper Group's workforce, worked on a part-time schedule at year-end which increased by 0.4% in comparison to previous year. Of these, 404 (73.6%), were women (previous year: 390 or 75%).

Part-Time Rates

Percentage	Dec. 31, 2019	Dec. 31, 2018
European Generation	5.6	5.0
Global Commodities	11.8	10.4
International Power Generation	0.1	0.1
Administration/Consolidation	12.6	12.5
Uniper Group	**4.8**	**4.4**

Employee turnover averaged 4.5% across the Group, a slight decline of 0.2 percentage points from the previous year.

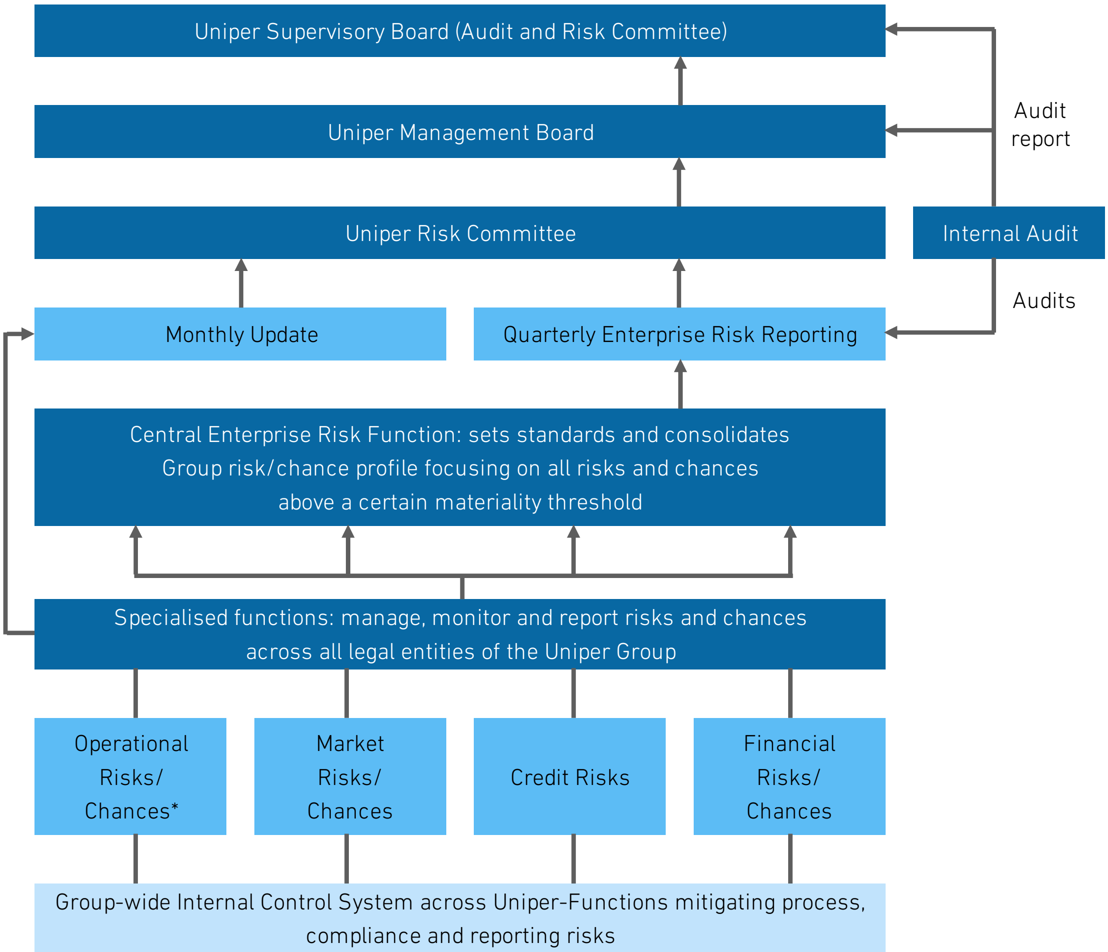
Employee Turnover Rates

Percentage	2019	2018
European Generation	3.4	4.2
Global Commodities	5.6	5.9
International Power Generation	4.8	4.5
Administration/Consolidation	6.7	7.6
Uniper Group	**4.5**	**4.7**

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 Uniper Group by keeping total risk exposure proportionate to 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 on- going 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 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 extent of the loss. 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 and External Audit 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 and Chances

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 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., 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 risk. Responsible management is informed daily of profits and losses associated with foreign exchange activities and of existing risks and limit utilization.

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 currently primarily uses flexible financing instruments like revolving credit facilities and a commercial paper program 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 monitored and managed by the Finance function. Having access to financing instruments and derivative instruments with different maturities and fix or floating interest rates allows Uniper to manage its interest rate risk.

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 production in favor of renewable generation to reduce CO2 emissions). Such developments could result in the Uniper Group's operating activities, such as the portfolio of physical investments, losing their market. 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 the 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, which increase with the duration of the malfunction.

In addition, Uniper is operating critical infrastructure in several European countries. This includes power stations and gas storage facilities. To manage Uniper assets according to legal requirements we have implemented an Information Management System based on ISO/IEC 27001. External penetration testing and improving the critical IT and Operational Technology (OT) systems are parts of our Quality Management. First certifications were done in 2018. Uniper will continue to ensure implementations of security catalogues as they were released at the end of 2018 in Germany. In addition, Uniper has implemented a Cyber Defense Center to protect beside the Operational Technology area also Uniper's Sales and Trading business and the standard office environment.

Uniper also focuses on the management 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 initiated to avoid misuse of personal data or unauthorized access from outside. Misuse or inadvertent dissemination of confidential data by an employee could lead to the disclosure of commercial secrets or violate data protection policies and result 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 and will keep on up-dating its processes and 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 inadvance.

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, sanctions and implications from the UK leaving the EU. 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. 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 quantified wherever possible. 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 modelling of the probability of occurrence and impact. The impact is primarily modelled as potential impact on earnings, i.e., impact on the currently planned Adjusted EBIT and/or Net Income.

To assess the overall risk and chances profile, the Uniper Group uses a multi-stage 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 taking individual risks and chances into account 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), will 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 to all the risks/chances assigned to a category/subcategory, which produces an aggregated distribution function per year. From this aggregated distribution function per year, the 1% and 99% confidence intervals are gathered for each 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 any loss from this category/subcategory is expected not to be higher than on average €20 to €100 million per year in the worst case (99%). In the best case (1%) a positive effect is expected not to be higher than on average €20 to €100 million per year.

Risks/chances which impact the cash flow of the Uniper Group, but not the planned Adjusted EBIT and/or Net Income (pure Liquidity Risks/Chances) are analyzed separately.

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, 2019,compared to the risk and chances profile as per December 31, 2018.

Potential Average Impact on Earnings (Worst Case)

		Potential average impact on earnings in a worst case (99%)	
Category	**Subcategory**	**Dec. 31, 2019**	**Dec. 31, 2018**
Financial Risks/Chances		Moderate	Moderate
Credit Risks and Chances		Significant	Major
Market Risks/Chances	Commodity Price Risks/Chances	Significant	Significant
	Foreign Currency and Interest Rates Risks/Chances	Major	Significant
	Market Environment Risks/Chances	Significant	Significant
Operational Risks/Chances	Asset Operation Risks/Chances	Significant	Significant
	Asset Project Risks and Chances	Major	Major
	Employee and Processes Risks/Chances	Significant	Significant
	Information Technology (IT) Risks and Chances	Significant	Significant
	Legal Risks/Chances	Major	Major
	Political and Regulatory Risks/Chances	Moderate	Significant

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

- The potential worst case losses from Credit Risks have decreased due to a reduction of Credit risk exposure in the Trading Portfolios.
- The category of Foreign Currency and Interest Rate Risks/Chances shows increased potential losses. This results from the assessment that interest rates used for discounting long term obligations like pensions and Asset Retirement Obligations could decrease even further than previously assumed.
- The improved assessment of the Political and Regulatory Risks/Chances category is driven by the closure of a risk without its materialization.

The following sections cover major individual risks, additional risk developments to note and risk information on strategically important asset projects for the Uniper Group.

Information on Major Individual Risks

Major individual risks are quantified individual risks with a worst case potential loss of earnings (99%) of €300 million or more in any one year of the three-year planning horizon. In addition, certain individual risks that have not been included in the above risk and chances profile are also described. These include pure liquidity risks, which can have an impact of €300 million or more on the cash flow of a year, as well as qualitatively assessed individual risks, if their level of loss may be or exceed €300 million in a year.

Rating Downgrade Risk
On 8th October 2019, Fortum announced its plan to acquire a majority stake in Uniper by the end of Q1 2020. Consequently S&P published a CreditWatch statement on 9th October 2019, placing both Fortum's and Uniper's long-term credit ratings on CreditWatch 'negative'. The statement articulates the risk that - in the absence of sufficient insulation or sufficient measures by Fortum to protect its rating - Uniper's rating may be capped at Fortum's rating level. Uniper may thereby suffer a one-notch downgrade to BBB- in case Fortum were to be downgraded by one notch as a result of the transaction closing. A potential downgrade of its long-term credit rating could result in counterparties – particularly in the trading business – requiring increased collateral which would need to be provided via liquid assets or bank guarantees. Uniper strives to maintain a stand-alone 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.

Risk in connection with the Takeover by Fortum
Fortum is a major shareholder of the Uniper Group with a voting interest (according to Fortum) of 49.99 percent. On 8th October 2019, Fortum announced that it has entered into agreements with shareholders Elliott and Knight Vinke to acquire in excess of 20.5 percent of the shares in Uniper. Upon closing of the transaction, Fortum's stake in Uniper would increase to more than 70.5 percent. The closing of the transaction is still subject to the approvals of the regulatory authorities in Russia, which Fortum expects to receive by the end of the first quarter of 2020. In its announcement Fortum ruled out a domination and/or profit and loss transfer agreement or squeeze-out for a period of at least two years. The Uniper Board subsequently requested clarification on several key points of the proposed transaction such as commitments to Uniper's employees, Uniper's strategy and financial stability, including maintaining its solid credit rating, outstanding regulatory clearances in Russia, as well as envisaged changes in the composition of Uniper's supervisory board. Corresponding talks between the management of Fortum and Uniper are ongoing. Meanwhile uncertainty in the future relationship between the Uniper Group and Fortum remains and as such entails risks regarding the Uniper Group's ability to pursue its strategic, operational and financial objectives independently. This also leads to an increased people risk in terms of employee attrition and a loss of core competencies.

Datteln 4: Permitting Risk
The Uniper Group continues with its efforts to bring the coal-fired power plant in Datteln with a net electrical output of approximately 1,055 MW into operation. The current planned commercial operation date is early summer 2020. Construction and operation is based on the current 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 lawsuits against its full immission control permit. 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 and planned to date will have to be written off. The draft coal exit law which was recently approved by the German government does not prevent the commissioning of Datteln 4 but has also not changed the potential for this permitting risk.

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 Uniper Group's financing subsidiary has certain contractual rights to mitigate this financial risk. As a result, the default risk is considered to be lower than for comparable financial assets. In December 2019, US sanction legislation was issued against companies which construct pipelines in a certain ocean depth. This led to a suspension of the pipe laying activities. Subsequently Nord Stream 2 confirmed that they are working to mitigate the effects of the pipe laying suspension and to bring the project to completion.

U.S. Sanctions Risk
Due to the ongoing political tensions between the U.S. and Russia and the unpredictable nature of the threat of sanctions, U.S. sanctions present a major individual risk for the Uniper Group. Transactions from Unipro, the Uniper Group's global trading business, as well as the Uniper Group's financing of the Nord Stream 2 project, are the main sources of potential U.S. 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 preventing any impacts by continuous consulting with and seeking advice from the U.S. authorities and the cancelling of contracts with sanctioned entities. Specifically relating to the Nord Stream 2 project, the Uniper Group continues to act fully in line with U.S. Department of State public guidance, grandfathering the financing agreement and its fulfillment.

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.

Additional Risk Developments to Note

This section covers additional risk developments which do not classify as major risks for the Uniper Group individually, however are worthy of note.

Risks from Europe Exiting Coal-fired Power Generation
European governments have started to confirm their planned dates for coal exit. In case the governments decide on earlier exit dates than the current financial planning assumes, without offering compensation, the Uniper Group faces a risk from potential impairments across its European coal asset fleet. In addition to this there is a risk of lost earnings as well as social plan and dismantling costs.

On 29th January 2020, the German government approved the draft coal exit law which confirmed a stepwise exit of coal fired generation in Germany latest by 2038. The draft law does not prohibit a commissioning of Datteln 4 and intends to take out hard coal plants until 2026 via shut down tenders. Uniper announced that it would close 1,500MW of hard-coal capacity by the end of 2022 and a further 1,400MW by 2025 at the latest.

In the Netherlands, the Dutch Senate passed the prohibition to use coal for power generation per 1st January 2030 into law in early December 2019. The law confirms that Maasvlakte 3 will be closed by 2029 with no compensation. After the "Urgenda" verdict of the Dutch Supreme Court from 20th December 2019, the Dutch government is looking for additional measures to achieve the intended greenhouse gas reduction target by the end of 2020. These measures could also affect the energy sector. If or to what extend Uniper and its Maasvlakte 3 plant could be affected by these measures is currently not foreseeable. These developments led to a reduction of the risk from the European coal exit for Uniper, partially due to materialization and partially due to providing clarity such that the residual risk is no longer a major individual risk for the Group.

Uniper France Strategy
Following the sale and deconsolidation of Uniper's activities in France in July 2019, the corresponding risks and chances which were still included in Uniper's risk and chances profile at the end of 2018 have been closed.

Risk Information on Strategically Important Asset Projects

This section provides information on the risk situation of strategically important asset projects for the Uniper Group. These risks do not classify as major risks for the Uniper Group individually, however are worthy of note.

Datteln 4

Intensive project milestone tracking techniques, quality checking mechanisms and continuous partnering with the boiler supplier enabled the first grid synchronization on 19th December 2019. Remaining commissioning work, overall plant tests and optimizations continue to aim for commercial operation in early summer 2020. However, due to the complexities of the project, the risk of further unplanned delays cannot be completely ruled out.

To cover the investment costs of Datteln 4, long-term contracts were concluded with major customers for the marketing of power plant capacity. These contracts allow customers to request power output from the Datteln 4 unit at contract prices based on the costs of the Datteln 4 unit. Due to the delay in the commissioning of Datteln 4 and the change in wholesale prices for electricity in recent years, the contracting parties to these long-term electricity supply contracts have requested adjustments. Based on this, but also due to other reasons, one of the customers has unilaterally terminated its purchase contract. This case is currently in judicial clarification. In addition there is a dispute with one of the customers over individual supply conditions. Consequently, if the termination should nevertheless prove to be effective, or if the long-term contracts/ supply conditions described should actually be adjusted, the Uniper Group is exposed to the risk that the electricity volumes generated in Datteln 4 in the future can only be sold at prices lower than those originally agreed in these contracts. This could have a significant adverse effect on the economic viability of Datteln 4.

Berezovskaya 3

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. The repair project continues to suffer from resource and productivity issues and as a result the commercial operation date is now planned in the third quarter 2020. The power plant unit is out of operation while repairs are underway. The risk of the ongoing repairs being more expensive than planned and delays in recommissioning remain and may result in lower revenues being generated than originally planned.

The risk of major customers trying to terminate their capacity supply contracts with the unit was settled amicably outside of court and thus closed this risk.

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, 2019 compared to the risk and chances profile as per December 31, 2018.

Potential Average Impact on Earnings (Best Case)

		Potential average impact on earnings in a best case (1%)	
Category	**Subcategory**	**Dec. 31, 2019**	**Dec. 31, 2018**
Financial Risks/Chances		Moderate	Moderate
Credit Risks and Chances		–	–
Market Risks/Chances	Commodity Price Risks/Chances	Significant	Significant
	Foreign Currency and Interest Rates Risks/Chances	Major	Significant
	Market Environment Risks/Chances	Moderate	Moderate
Operational Risks/Chances	Asset Operation Risks/Chances	Moderate	Low
	Asset Project Risks and Chances	–	Low
	Employee and Processes Risks/Chances	–	–
	Information Technology (IT) Risks and Chances	–	Low
	Legal Risks/Chances	Significant	Significant
	Political and Regulatory Risks/Chances	Insignificant	Moderate

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

- The best-case assessment for Foreign Currency and Interest Rate Risks/Chances shows an increased upside which results from a positive earnings impact should interest rates used for discounting long term obligations like pensions and Asset Retirement Obligations increase.
- The potential upside in the category of Asset Operation Risks/Chances increased due to a new volume optimization chance in this category.
- There is no upside potential any longer in the Asset Project subcategory as based on the current status of the project, the previously reported chance from an early Go Live of Nordstream 2 has been closed.
- The best-case assessment for IT risks/chances worsened compared to previous year, driven by the closure of chances from Uniper's digitization initiatives which are now included in the financial plan.
- The lower assessment of the best case of the Political and Regulatory Risks/Chances category is driven by the closure of the respective chances relating to the reinstatement of the UK capacity market and the removal of uncertainty around a no-deal BREXIT.

Chances to Note

This section covers additional chances which do not classify as major chances for the Uniper Group individually, however are worthy of note.

Portfolio Optimization Chances

With good project management, the downtimes of power plants can be shortened (e.g., due to outages) and the availability of power plants as well as the technical availability of gas storage facilities can be improved. Additional earnings can be generated by continuously optimizing the transport and storage capacities booked as well as existing gas supply contracts.

Chances from Innovation

Uniper operates an innovation portfolio which actively addresses the megatrends of decarbonization, decentralization and digitization. The portfolio focusses 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, alternative fuels and Carbon Capture and Usage (CCU).

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

This section covers both major individual risks which also present a potential major chance for the Uniper Group as well as additional risks which also present a chance which are worthy of note.

Major Individual Risks which also Present a Potential Major Individual Chance for the Uniper Group

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/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.

Additional Risks which also Present a Potential Chance for the Uniper Group

Market Development Risks and Chances
With regard to operating activities, risks and chances could arise from the negative and positive development of the Uniper Group's market prices for electricity, gas, coal, oil and CO_2 on the wholesale markets as well as the resulting development of the spreads (Clean Dark and Clean Spark Spreads or seasonal summer/winter spreads). Increasing volatility on the trading markets may lead to increased optimization and earnings potential. Due to cold weather periods, demand for electricity and gas can lead to increased sales volumes for the Uniper Group. Equally in periods of milder weather, demand for electricity and gas can lead to reduced sales volume. As the Uniper Group is active worldwide, foreign exchange developments can have both a positive and negative effect on the net assets and results of operations.

Political and Regulatory Development Risks and Chances
Developments in the political and regulatory environment in the countries in which Uniper is active can have both a positive and negative impact on the earnings, financial and asset situation. For example, the introduction of additional capacity markets could mean that the supply of flexible power plants to compensate for the fluctuating generation of renewable energies is possible under better conditions than previously planned. Equally, any suspension of established capacity markets by authorities, such as in the UK, can also have a negative impact on planned earnings.

In addition, new technologies such as the conversion of electricity from renewable energies into gas (Power to Gas) or heat (Power to Heat) or products and services in the area of electromobility, could open up additional sources of revenue. At the same time, the introduction of political and regulatory requirements can lead to additional operating costs for the Uniper Group as well as the restriction of specific activities which can negatively impact the earnings, financial and asset situation of the Uniper Group.

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 defines the market value of the Uniper Group equity as the given risk-bearing capacity. To assess the utilization of the Uniper Group risk-bearing capacity it is compared with the maximum potential loss of income (99%) at Group level in any year of the three-year planning horizon. This potential loss of income is calculated based on the risk/chances profile described above while considering correlations between the categories of risks/chances.

This assessment is complemented by an analysis of Uniper's Liquidity Risk Situation. For this purpose the maximum potential loss of cash (99%) at Group level is compared with the available liquidity sources.

Based on this analysis, the overall risk situation of the Uniper Group and Uniper SE as of December 31, 2019 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 economic downturn to continue in 2020 with an unchanged growth rate of the global economy. Global trade will probably pick up only slowly. Asset prices are likely to continue to be supported by the more expansionary monetary policy, but inflation will remain low.

In the euro area, growth is expected to remain subdued as continued weak foreign demand, political uncertainty and low economic confidence continue to act as a drag on exports and investment. In Germany, the difficult situation in the manufacturing sector will probably have an increasing impact on the economy as a whole, while consumption and construction investments will continue to have a stabilizing effect. In addition, the German government is introducing a number of fiscal measures, such as higher tax allowances, child benefits and pensions. Growth in the Netherlands will also be supported by tax cuts and higher government spending.

For the United Kingdom, the outlook is increasingly uncertain due to the unknowns surrounding the country's withdrawal from the EU and the possible structure of a future trade agreement, which should reduce investment activity. In Sweden, growth is likely to decline further. The export sector, in particular, is expected to experience a significant slowdown due to weak foreign demand.

In Russia, on the other hand, growth is expected to pick up further as a result of the more expansionary orientation of the central bank's monetary policy and higher government spending. In the U.S., the outlook is subject to greater risks due to the unresolved trade disputes with China, although the agreement recently reached appears to have defused the conflict somewhat. Higher tariffs would have a negative impact on purchasing power, which would dampen consumption growth and also adversely affect the investment climate. Conversely, if an agreement is reached on the trade conflict, this could give a significant boost to investment demand.

It is currently uncertain whether the outbreak of the corona virus in China will have a measurable impact on the global economy.

Energy Markets

In 2020, the energy markets in Europe are likely 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 between the OPEC states and Russia to further reduce production volumes for 2020 is expected to have a supporting effect on the price of crude oil, especially as there are clear signs that the trade conflict between the U.S. and China is easing. On the other hand, a further increase in U.S. production volume is expected, while growth in demand is likely to remain subdued.

In 2020, the development of demand in the Pacific region will be the central factor for the development of coal prices in Europe. A stronger focus on domestic production volumes in China makes a significant increase in Chinese import demand unlikely and should continue to have a dampening effect on the global coal price. The Atlantic coal market should continue to be strongly influenced by strategic decisions to substitute coal with other energy sources. In addition, crude oil and gas prices are expected to continue to have a significant impact on prices for the European coal market.

On the gas forward market, contracts for the first half of 2020 up to and including August 2020 show prices that are significantly lower than the corresponding prices in previous years. The main reasons for this are the currently high gas storage levels and a very well supplied LNG market. For the winter months of 2020/21, however, European gas prices are likely to be supported by further sharp declines in Dutch gas production in Groningen. In addition, Russian transit volumes through Ukraine will decline from 2021 onwards and there are risks in view of the completion date for Nord Stream 2.

In 2020, the price for emission allowances will be put under pressure by an increased number of auctions, due in part to the postponement of the British auctions of the previous year. Demand for certificates from the power generation sector will continue to depend heavily on weather conditions and the development of gas and coal prices in 2020. Demand from the industrial sectors will be influenced to a large extent by economic developments. Additional demand may support price development if market players build up positions during the course of the year in anticipation of an increased shortage of supply due to the market stability reserve from 2021 onwards. Possible drivers for longer-term price expectations may also result from the upcoming political negotiations on additional emission reductions in the EU up to the year 2050.

An important factor for the German electricity market will be the passing of the coal phase-out legislation. The planned timetable provides for the first decommissioning of lignite-fired power plants as early as the end of 2020. However, given the current level of fuel prices, the price effect is likely to be minimal, since the lack of generation can be substituted by gas-fired power plants at similar prices. The phase-out of nuclear power continued with the decommissioning of the Philippsburg power plant at the end of 2019. The remaining six German power plants are scheduled to be decommissioned in two phases at the end of 2021 and the end of 2022. The expansion of onshore wind power in 2019 was at its lowest level in 20 years. The reasons for this are delays in the approval processes due to lawsuits against the planned projects. A sustainable improvement to this trend is not yet in sight. In addition, the political conditions with regard to regulations governing the distance of wind turbines to housing estates further restrict such new construction projects. Lower than expected feed-in-from wind could support electricity prices in the coming years.

In the UK, the trend seen in 2019 is likely to continue in 2020. The commissioning of two additional high-voltage cables between France and the UK, ElecLink and IFA2, in January and June 2020 will further increase the pressure on conventional power generation. As a result, gas-fired generation could now come under pressure as coal's share of the UK electricity mix is marginal and any further expansion of renewables and high-voltage cable to other countries would replace gas-fired generation capacity. Nonetheless, in addition to electricity demand, power plant availability and weather, the development of the gas market that will continue to be the major factor for UK electricity prices.

For the Nordic electricity market, price trends in countries that import electricity from Scandinavia, such as Germany and the Netherlands, will continue to play a key role. Infrastructure projects support this anchoring, such as the connection between Norway and the United Kingdom, which is currently under construction and is scheduled for completion in 2021. The Ringhals 2 nuclear power plant in Sweden, with a capacity of around 900 MW, was decommissioned at the end of 2019. Ringhals 1, with a further 900 MW, will be decommissioned in 2020. The planned operation of Finland's Olkiluoto 3 nuclear power plant with a capacity of 1,600 MW was further postponed to 2021. The substantial expansion of wind energy will also further change the production mix in Scandinavia. The hydrological situation will continue to be decisive for the amount of electricity generated from hydroelectric power and also for short-term price movement.

Human Resources

The number of employees is expected to remain stable in 2020 based on current human resources planning.

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, until the end of 2019, adjusted FFO. In addition, an outlook for the expected dividend payout is given. The latest forecasts regarding the development of commodity prices, controllable costs, depreciation and amortization, as well as relevant special effects, are taken into account. An outlook on adjusted net income will be provided for the first time in the 2020 fiscal year, while adjusted FFO will no longer be forecasted.

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

The forecast for the 2020 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 energy-trading results from the 2019 fiscal year will be diminished in 2020. These effects will be offset by higher electricity prices in all European markets and by higher output from the hydroelectric power plants in Germany and Sweden. Moreover, 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 make a positive impact on overall earnings.

Uniper therefore expects adjusted EBIT for 2020 to be at the level of the previous year, within a range from €750 to €1,000 million.

For each of the operating segments, this means:

Adjusted EBIT

€ in billions	2019	Forecast 2020
European Generation	0.4	significantly above prior year
Global Commodities	0.3	noticeably above prior year
International Power Generation	0.3	at prior year's level

The European Generation segment's adjusted EBIT for 2020 is expected to be significantly above the figure reported for 2019. Positive contributions will come from rising electricity prices in all European markets and increased output from the hydroelectric power plants in Germany and Sweden, as well as from the commissioning in early summer 2020 of the Datteln 4 power plant in Germany. They will be partially offset by market-related decline in earnings contributions from the fossil-fuel power plants in Europe and by the non-recurrence of positive effects from the management of emission allowances via the Global Commodities segment.

For the Global Commodities segment, Uniper now expects adjusted EBIT for 2020 to be noticeably higher than it was in 2019. The strong energy-trading results from the 2019 fiscal year will be diminished in 2020. On the other hand, the non-recurrence of negative effects realized from the management of emission allowances with the European Generation segment in 2019, will make a positive impact.

For the International Power Generation segment, Uniper expects adjusted EBIT for 2020 to be at the prior-year level, with lower results in the market offset by the return to service of the Berezovskaya 3 power plant in the third quarter of 2020.

For adjusted net income, Uniper expects a noticeable increase over the previous year and anticipates that the indicator will range between €550 million and €800 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 2019 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 Group expects to be able to finance net investment spending planned for 2020 and the dividend payout for the 2019 fiscal year from the operating cash flow it expects to generate in 2020. 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.

There are no material financial liabilities that need to be refinanced in 2020.

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 International 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 contract with the major service provider was terminated and ended at the end of 2019. In 2019, the outsourced tasks were gradually reintegrated into the Group. As a result, the books will mainly be kept by UFS in the future. 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. Following the transfer of transactional processes relating to subsidiary ledgers and bank activities that were previously outsourced to EBS Cluj, these processes were provided entirely by UFS in 2019. The financial back-office and general ledger processes for the German Group companies are also performed by UFS, as in the previous year, while international general ledger processes are performed by the individual companies outside Germany. Automated or 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 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: The 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, 2019 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

According to public announcements by Fortum Oyj on February 1, 2019 (publication of Fortum Oyj's financial statements and operating and financial review for 2018), the share of voting rights in Uniper SE attributable to Fortum Oyj, Espoo, Finland, as of December 31, 2018 was 49.99%.

In a voting rights notification dated October 9, 2019, the Republic of Finland notified us 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%.

The background to the increase is the agreements that Fortum signed on October 8, 2019 with the shareholders Elliott and Knight Vinke on the acquisition of more than 20.5% of the shares in Uniper. The closing of these agreements is subject to the approval of the regulatory authorities in Russia, which Fortum expects to receive by the end of the first quarter of 2020.

Elliott held 17.84% of the voting rights in Uniper SE in the entire reporting year.

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. All notifications received by the Company in accordance with Sections 33 et seq. WpHG can be viewed on the Company's website or on the Internet platform of Deutsche Gesellschaft für Ad-hoc-Publizität mbH.

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 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 from fiscal 2019 forward, the settlement payment due to a change of control 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.

The following continues to apply to the LTI tranche 2019 (Performance Cash Plan): If a change of control event occurs at Uniper before the end of the term (December 31, 2022), the term of the Uniper Performance Cash Plan ends prematurely on the last day of the month preceding the change-of-control event.

A change of control event shall be deemed to have occurred if (i) a third party directly or indirectly, alone or through voting rights shares in Uniper SE attributable to it in accordance with Section 30 of the German Securities Acquisition and Takeover Act (WpÜG), holds three quarters of the voting rights in Uniper SE – whereby Section 29 (2) sentence WpÜG applies accordingly, or (ii) Uniper SE, as a dependent entity, concludes a corporate agreement within the meaning of Sections 291 et seq. AktG, or (iii) Uniper SE is merged with another legal entity that is not affiliated with the Group pursuant to Section 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, or (iv) the shares of Uniper SE are no longer admitted to trading on a regulated market or are no longer traded on a permanent basis.

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 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 para. 1 sentence 1 of the 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" (hereinafter the "Code") as published by the German 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, applied and the reasons for this.

The last annual declaration was made in February 2019.

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 February 2019, Uniper SE has complied with all recommendations of the German Corporate Governance Code in the version as of February 7, 2017, and intends to continue to comply with them in the future.

Düsseldorf, January 2020

The Management Board

The Supervisory Board

This Declaration is continuously available to the public on the Company's Internet site at https://ir.uniper.energy/websites/uniper/English/7500/corporate-governance-policy.html.

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 one exception, in compliance with the suggestions of the Code, which are only voluntary.

In accordance with the suggestion under Section 4.1.3 of the German Corporate Governance Code, a protected whistleblowing system has also been made available to third parties since November 2017.

The compensation plan provides for the early payment of multi-year variable compensation components in accordance with Section 4.2.3 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 46,279 shares of the Company. This corresponds to a share of 0.013% relative to 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). The Code of Conduct and further information on the Company's Compliance Management System can be viewed online at https://www.uniper.energy/en/we-are-uniper/our-corporate-responsibility/compliance.html.

Diversity Concept

The Management Board of Uniper gave its full commitment to developing diversity and integration at Uniper after Uniper's CEO Klaus Schäfer signed 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 very 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");
- Keith Martin, 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.

The Management Board of Uniper SE manages the Company on its own authority in accordance with the law, the provisions of corporate by-laws 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, and reports to, the Supervisory Board.

Accordingly, 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 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 twelve 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.

Shareholders are represented on the Supervisory Board by Dr. Bernhard Reutersberg (Chairman), Markus Rauramo (Deputy Chairman), Jean-Francois Cirelli, David Charles Davies, Dr. Marion Helmes and Rebecca Ranich.

The employees are represented on the Supervisory Board by Harald Seegatz (Deputy Chairman), Ingrid Asander, 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 (cf. Section 5.4.1 (4) of the German Corporate Governance Code). According to the competency profile of the Supervisory Board, ten members of the Supervisory Board of Uniper SE must be independent, whereby all employee representatives are to be regarded as independent, which is also the case. In the opinion of the Supervisory Board, the shareholder representatives Dr. Bernhard Reutersberg, Jean-Francois Cirelli, David Charles Davies, Dr. Marion Helmes and Rebecca Ranich are considered independent within the meaning of the German Corporate Governance Code.

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 of the German Commercial Code and Item 5.4.1 of the German Corporate Governance Code, as amended on February 7, 2017, the Supervisory Board has defined targets for its composition and developed a competency profile that 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 ten of its twelve members are independent. Employee representatives are, as a rule, deemed 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 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.

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.

One member of the Supervisory Board did not participate in a resolution due to a conflict of interest in connection with his membership of a major shareholder's executive body. 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. The last efficiency review took place in July 2018. The review confirmed the efficiency of the Supervisory Board's activities. The Supervisory Board decided and successfully implemented a small number of measures to further increase efficiency.

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 on a case-by-case basis. 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 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: Dr. Bernhard Reutersberg (Chairman), Harald Seegatz (Deputy Chairman), Jean-Francois Cirelli, Barbara Jagodzinski, Immo Schlepper and Markus Rauramo.

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 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: David Charles Davies (Committee Chairman), André Muilwijk (Deputy Chairman), Oliver Biniek and Dr. Marion Helmes.

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: Dr. Bernhard Reutersberg (Committee Chairman), Jean-Francois Cirelli and Markus Rauramo.

Special Committee
The Special Committee (Sonderausschuss) is a committee of the Supervisory Board responsible for takeover matters.

The Special Committee consists of six members: Dr. Bernhard Reutersberg (Committee Chairman), Jean-Francois Cirelli, Dr. Marion Helmes, Barbara Jagodzinski, André Muilwijk and Harald Seegatz.

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
Dr. Bernhard Reutersberg	7/7	7/7	-	7/7	1/1
Ingrid Marie Åsander	6/7	-	-	-	-
Oliver Biniek	7/7	-	4/4	-	-
Jean-François Cirelli	7/7	7/7	-	6/7	1/1
David Charles Davies	5/7	-	4/4	-	-
Dr. Marion Helmes	6/7	-	4/4	7/7	-
Barbara Jagodzinski	7/7	7/7	-	7/7	-
André Muilwijk	6/7	-	4/4	7/7	-
Rebecca Ranich	7/7	-	-	-	-
Markus Rauramo	7/7	7/7	-	-	1/1
Immo Schlepper	7/7	7/7	-	-	-
Harald Seegatz	7/7	7/7	-	7/7	-

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.

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 22, 2019. The audit mandate will run until the next Annual Shareholders Meeting in May 2020. 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 since then has been Markus Dittmann.

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

The Law for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector also imposes upon Uniper SE (the ultimate lead 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.

A target figure of 30% for the proportion of women was set for the Supervisory Board; for the Management Board, the Supervisory Board has adopted a target figure of 20% for the proportion of women for the period from July 1, 2017 to June 30, 2022. As of December 31, 2019, 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, 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, 2019, the target figure for the first management level had not been reached, the target figure for the second management level had been exceeded. As of December 31, 2018, both target figures had been exceeded.

Compensation Report pursuant to Section 289a (2) and Section 315a (2) of the German Commercial Code

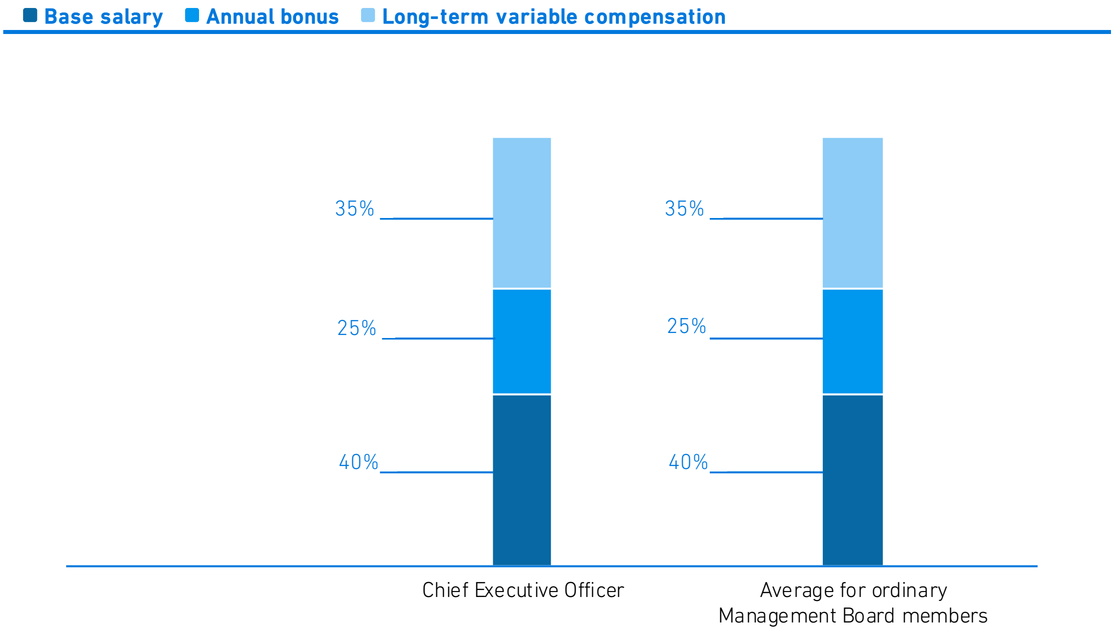
The compensation report describes the basic features of the compensation plans for members of the Management Board and of the Supervisory Board of Uniper SE and provides information about the compensation granted and paid in the 2019 fiscal year. It applies the provisions of accounting standards for capital-market-oriented companies (the German Commercial Code ("HGB"), German Accounting Standards, and International Financial Reporting Standards ("IFRS")) and the recommendations and suggestions of the German Corporate Governance Code dated February 7, 2017.

Basic Features of the Management Board Compensation Plan

The purpose of Uniper SE's Management Board compensation plan in place since 2016 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 German Corporate Governance Code's recommendations and suggestions.

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 and the recommendation in the German Corporate Governance Code, 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

Within the framework of the compensation plan for the Management Board of Uniper SE, about 60% of the variable compensation is dependent on the attainment of long-term targets, ensuring that the variable compensation is sustainable under the criteria 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 2017 fiscal year, performance is measured based on adjusted funds from operations ("adjusted FFO").

Adjusted FFO is derived from adjusted cash flow and considered to a material indicator for managing the operating business and for assessing the Uniper Group's financial condition, which makes it an appropriate measure of business performance. The target for a particular fiscal year is the budget figure approved by the Supervisory Board. If the actual adjusted FFO is equal to the adjusted FFO 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.

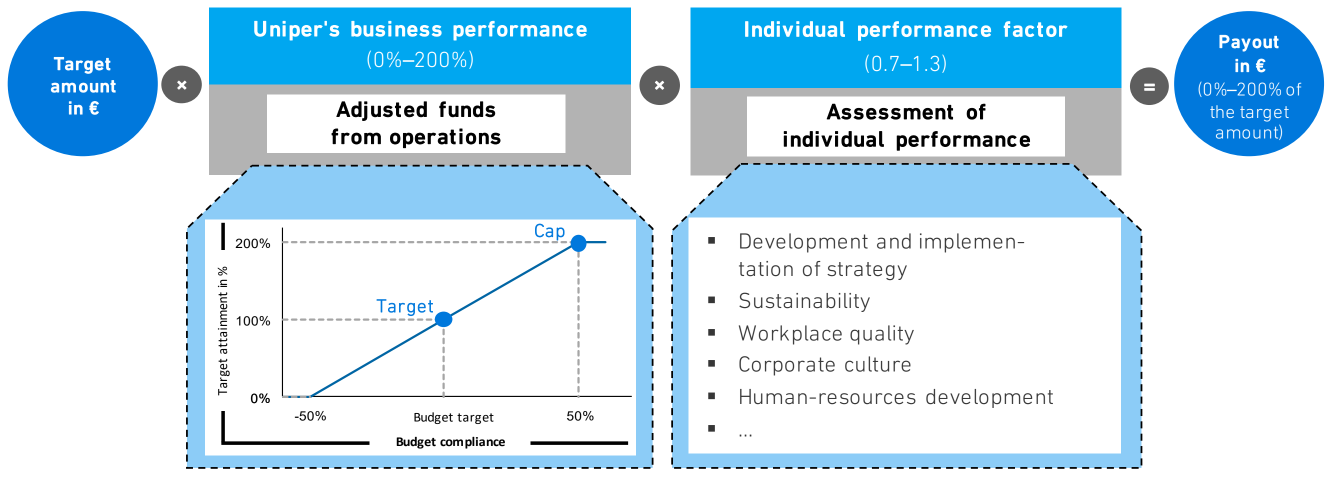
In assigning Management Board members their individual performance factors, the Supervisory Board applies concrete criteria to evaluate the individual contribution of the members of the Management Board to the achievement of collective goals, as well as the attainment of their individual targets. Collective 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 2019 fiscal year, these goals and targets included the development and implementation of strategy, as well as sustainability, workplace quality and the development of corporate culture and human resources. The declared goals and targets for fiscal 2020 include the development and implementation of strategy, as well as sustainability, innovation, corporate culture, compliance, customer orientation and personal development.

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, the Supervisory Board pays particular attention to the criteria of Section 87 AktG and of the German Corporate Governance Code.

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 German Corporate Governance Code's recommendation, the above-described goals, targets and comparative parameters 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 2019 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



Starting in the 2020 fiscal year, Uniper will adapt the key indicators for the financial management of its operating business to its strategy and to standard practice in the capital markets and, alongside adjusted EBIT, will use adjusted net income ("adjusted NI") for the financial management of the Uniper Group. Accordingly, Adjusted NI will also be used to determine the company's performance as part of the annual bonus for Board members from fiscal year 2020 onwards. Adjusted FFO will then no longer be used as a principal financial indicator for the management of its operating business (see also chapter Management System).

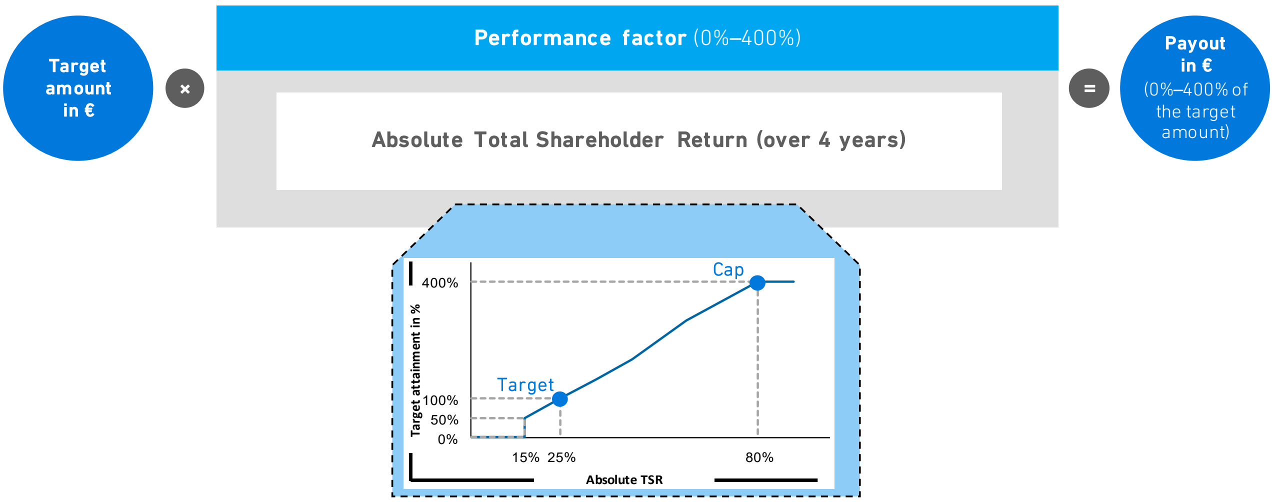
Long-Term Variable Compensation

Members of the Management Board are granted payments under a long-term incentive ("LTI") plan introduced in the 2016 fiscal year. Uniper's LTI plan is the Performance Cash Plan. The plan is set up to pay annual tranches, with a performance period of four years for each tranche. 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, as well as on the respective performance factor. The performance factor is determined at the end of the performance period by comparing the absolute Total Shareholder Return ("TSR") achieved with the target values specified by the Supervisory Board. At the end of the four-year performance period, the performance factor reached is multiplied by the respective LTI target amount to determine the amount to be paid out under a granted tranche of the Performance Cash Plan. The payout amount is capped at 400% of the target amount (payout cap). Long-term compensation is generally paid out 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 distributions 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, Management Board members receive a payout equivalent to 50% of the target amount. 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.

Performance Cash 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 after the variable compensation has been paid out, the Supervisory Board can reduce or completely eliminate the variable compensation (retention) and reclaim any excess compensation already 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 after it has been paid, variable compensation cannot be clawed back.

Share Ownership Guidelines

In the context of the special incentive bonus paid in 2016 when Uniper was spun off from E.ON SE, the Management Board members agreed to form personal stock portfolios of Uniper shares.

Members of the Management Board must accumulate holdings of Uniper shares having an equivalent value of 100% of their relevant annual fixed base salary at the start of each accumulation year, and to hold the acquired shares during their tenure. The period for forming the relevant stock portfolio is a maximum of four years from the date of registration of the spin-off in the commercial register of E.ON SE.

In view of the potential risk of insider trading, the share purchase obligation of the Management Board members was suspended indefinitely by the Supervisory Board on March 11, 2019.

Pension Entitlements

Uniper SE has agreed on a defined contribution pension plan with existing and newly appointed 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 roughly €1.2 million in four annual installments of roughly €0.3 million for each year of service completed as an additional contribution to his retirement benefits, provided that his activity at Uniper SE did not cease prematurely on the respective payout date.

In line with the German Corporate Governance Code's recommendation, the Supervisory Board will regularly review the Management Board member benefits 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 from 2019 forward 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, 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 made in accordance with the provisions of section 4.2.3. of the German Corporate Governance Code and 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 from 2019 forward 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 twelve 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).

In the event of a change of control, the settlement payment of Management Board members appointed before the 2019 fiscal year 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 from fiscal 2019 forward, 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 (for Management Board members appointed before 2019 without long-term variable compensation, for those appointed from 2019 forward including 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 2019 Fiscal Year

The Supervisory Board reviewed the Management Board's compensation plan and the components of individual members' compensation. 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 companies of a similar size. 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.

In the course of the Voyager restructuring program, Management Board members appointed before the 2019 fiscal year offered to reduce the amount of their own compensation. The Supervisory Board approved this proposal and, since the beginning of the 2018 fiscal year, lowered the amounts of each compensation element (i.e., base salary, annual bonus, long-term variable compensation and pension plan contributions) for each Management Board member's current term of office by about 7% on average relative to the previous year. With the termination by mutual agreement of the service agreements, the respective compensation amounts prior to the agreed lowering have been reinstated for Klaus Schäfer and Christopher Delbrück from February 5, 2019, and for Keith Martin and Eckhardt Rümmler from May 28, 2019. The respective compensation amounts prior to the agreed lowering apply up to the termination of each service agreement and thus, for Klaus Schäfer and Christopher Delbrück, until August 31, 2019, and June 30, 2019, respectively, and for Eckhardt Rümmler and Keith Martin until January 31, 2020, and April 30, 2020, respectively.

Performance-Based Compensation for the 2019 Fiscal Year

The total annual bonus payable for the 2019 fiscal year amounted to roughly €3.8 million (2018: €2.8 million). At the beginning of the 2019 fiscal year, the Supervisory Board had decided that an actually achieved adjusted FFO of €754 million would constitute 100% attainment of the Company's financial performance target (2018: €659 million). The actual adjusted FFO for fiscal 2019 came in at €923 million (2018: €756 million). The overall attainment rate of financial performance targets for all Management Board members was thus 145% (2018: 129%). 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 2019 fiscal year were achieved. The Supervisory Board set an individual performance factor for each Management Board member of 1.0 to 1.2 for the 2019 fiscal year. In fiscal 2018, the individual performance factors for Christopher Delbrück, Eckhardt Rümmler and Keith Martin had been set at 1.2.

No allocations were granted to Klaus Schäfer and to Christopher Delbrück under the Uniper Performance Cash Plan for the 2019 fiscal year. Keith Martin and Eckhardt Rümmler waived their allocations. Having already been allocated in fiscal 2018, the third tranche of the Performance Cash Plan (planned performance period: 2018–2021) will be paid out as normal in 2022, in accordance with the terms of the plan. The contractually promised LTI target for the full 2018 fiscal year amounted to €1.0 million for Klaus Schäfer and to €0.6 million each for Christopher Delbrück, Eckhardt Rümmler and Keith Martin.

Andreas Schierenbeck, Sascha Bibert and David Bryson have received prorated allocations for 2019 of €0.6 million, €0.4 million and €0.1 million, respectively.

The performance of the current tranches of the Uniper Performance Cash Plan will be determined in large part by the performance of Uniper' 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. Because a conversion into actual numbers of shares is not provided for under the terms of the Uniper Performance Cash Plan, no such numbers can be determined or disclosed.

Accordingly, the following expenses have been incurred under the Performance Cash Plan of the Management Board members for the 2019 fiscal year:

Total Share-based Payment Expense

€ in thousands	Expense in 2019 (Tranche 2018–2021)[2]	Expense in 2019 (Tranche 2019–2022)	Expense in 2019 (Total)	Expense in 2018[1] (Total)
Andreas Schierenbeck (since June 1, 2019)	–	74	74	–
Klaus Schäfer (until August 31, 2019)	1,009	–	1,009	4,340
Sascha Bibert (since June 1, 2019)	–	42	42	–
Christopher Delbrück (until June 30, 2019)	604	–	604	2,460
David Bryson (since November 1, 2019)	–	6	6	–
Eckhardt Rümmler	604	–	604	2,460
Keith Martin	604	–	604	2,357
Total	**2,820**	**123**	**2,943**	11,617

[1]The completion of the takeover by Fortum Deutschland SE, which led to the acquisition of 47.37% of the capital stock and voting rights of Uniper SE, triggered a change-of-control event as defined in the terms governing the multi-year variable compensation on June 26, 2018. This led to the premature ending of the terms of the allocation of the multi-year bonus and the allocations granted under the Performance Cash Plan in the 2016 and 2017 fiscal years. The corresponding obligations were required to be remeasured as of June 30, 2018. The payout took place in the third quarter of 2018 and must therefore be reported as allocated compensation for 2018.
[2]With the termination by mutual agreement of the service agreements of Klaus Schäfer, Christopher Delbrück, Keith Martin and Eckhardt Rümmler, 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 2019 Fiscal Year

The following table provides an overview of current pension entitlements of Management Board members, 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 1.50% (2018: 2.30%) and an HGB actuarial interest rate of 2.71% (2018: 3.21%) were used for discounting.

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

Provisions recognized in the amount of approximately €0.6 million for company-funded pension entitlements of Keith Martin were reversed because the company-funded portion of these benefit entitlements never vested. The portion funded through deferred compensation remains intact.

Pensions of the Members of the Management Board – IFRS

€ in thousands	Expense in fiscal year				Present value of the defined benefit obligation (DBO) as of Dec. 31	
	Total		Interest cost			
	2019	2018	2019[1]	2018	2019	2018
Andreas Schierenbeck (since June 1, 2019)	424	–	0	–	424	–
Klaus Schäfer[2] (until August 31, 2019)	214	322	72	114	4,470	4,700
Sascha Bibert (since June 1, 2019)	166	–	0	–	166	–
Christopher Delbrück (until June 30, 2019)	154	229	43	68	3,244	2,832
David Bryson (since November 1, 2019)	102	–	0	–	102	–
Eckhardt Rümmler	284	252	78	82	3,848	3,402
Keith Martin[3]	225	238	13	11	0	616
Total	**1,568**	**1,041**	**207**	**275**	**12,254**	**11,550**

[1]The present value of the defined benefit obligation is used to determine the interest cost as of January 1 of each year. The interest cost for the new Management Board members appointed during the year was therefore €0.
[2]The actuarial gains for Klaus Schäfer amounted to roughly € 0.44 million.
[3]The reversal of the provisions for Keith Martin's company-funded pension entitlements generated actuarial gains of roughly € 0.84 million.

Pensions of the Members of the Management Board – HGB

€ in thousands	Expense in fiscal year				Settlement amount of the pension obligation as of Dec. 31	
	Total		Interest cost			
	2019	2018	2019	2018	2019	2018
Andreas Schierenbeck (since June 1, 2019)	379	–	18	–	379	–
Klaus Schäfer (until August 31, 2019)	-331	379	248	396	3,828	4,159
Sascha Bibert (since June 1, 2019)	137	–	10	–	137	–
Christopher Delbrück (until June 30, 2019)	269	251	170	239	2,772	2,504
David Bryson (since November 1, 2019)	91	–	4	–	91	–
Eckhardt Rümmler	373	265	220	219	3,552	3,180
Keith Martin	-549	179	16	45	0	549
Total	**368**	**1,074**	**687**	**899**	**10,760**	**10,392**

Total Compensation for the 2019 Fiscal Year

The total compensation of the Management Board members pursuant to HGB for the 2019 fiscal year amounted to approximately €9.3 million (2018: €10.0 million).

The service agreements of Klaus Schäfer and Christopher Delbrück were terminated effective August 31 and June 30, 2019, respectively. Furthermore, on May 28, 2019, the Executive Committee of the Supervisory Board reached an understanding with Keith Martin and Eckhardt Rümmler on a termination by mutual agreement of their respective employment agreements and appointments as Management Board members effective November 30, 2019. Andreas Schierenbeck was appointed to the position of Chairman of the Management Board of Uniper SE effective June 1, 2019. Sascha Bibert was appointed to the Management Board on the same date. David Bryson was appointed to the Management Board on November 1, 2019. To enable a smooth transition to the new Management Board members, the service agreements of Eckhardt Rümmler and Keith Martin and their appointments as members of the Management Board of Uniper SE were extended through January 31, 2020, and April 30, 2020, respectively.

When Sascha Bibert was appointed, Uniper SE agreed to reimburse his moving expenses and to make rent payments of not more than €5,000 per month for a period of one year. In addition, Sascha Bibert is being 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, provided that his activity at Uniper continues as of the respective payout date.

Individual members of the Management Board received the following compensation according to the German Commercial Code:

Total Compensation of the Management Board

	Fixed compensation		Annual bonus		One-time special incentive bonus[1]		Other compensation		Multi-year variable compensation[2]		Total compensation	
€ in thousands	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Andreas Schierenbeck (since June 1, 2019)	723	–	787	–	0	–	23	–	526	–	2,060	–
Klaus Schäfer[3] (until August 31, 2019)	0	760	738	835	0	403	632	341	0	1,102	1,370	3,440
Sascha Bibert[4] (since June 1, 2019)	408	–	368	–	0	–	540	–	298	–	1,614	–
Christopher Delbrück (until June 30, 2019)	347	665	312	640	0	228	14	26	0	659	673	2,218
David Bryson (since November 1, 2019)	117	–	105	–	0	–	3	–	85	–	310	–
Eckhardt Rümmler	686	665	741	640	193	193	22	22	0	659	1,642	2,178
Keith Martin	686	665	741	640	193	193	20	13	0	659	1,640	2,169
Total	**2,966**	**2,755**	**3,792**	**2,755**	**386**	**1,017**	**1,255**	**402**	**910**	**3,079**	**9,309**	**10,005**

[1]The special incentive bonus was paid in December 2016 to the members of the Management Board serving at that time. 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 2018 and 2019, 25% of the special incentive bonus vested for each Management Board member and is therefore presented pro rata.

[2]Grant-date fair value of share-based payment under the Performance Cash Plan.

[3]Owing to his absence due to ill health, Klaus Schäfer received no base salary. The supplementary paid sick leave remitted by the Company is reported under other compensation.

[4]Aside from in-kind compensation and standard market fringe benefits, other compensation for Sascha Bibert additionally includes the reimbursements of moving expenses and rent payments that were promised when Mr. Bibert was appointed, as well as the first installment of approximately € 0.5 million as of June 30, 2019, of the special payments agreed in lieu of expired LTI entitlements at his previous employer E.ON.

The following table shows the compensation granted and allocated to members of the Management Board as recommended by the German Corporate Governance Code:

Compensation Granted

	Andreas Schierenbeck – since June 1, 2019 (Chief Executive Officer)				Klaus Schäfer – until August 31, 2019 (Chief Executive Officer)			
€ in thousands	Target value 2019	Minimum 2019	Maximum 2019	Target value 2018	Target value 2019	Minimum 2019	Maximum 2019	Target value 2018
Fixed compensation	723	723	723	–	0	0	0	760
Fringe benefits	23	23	23	–	632	632	632	341
Total	**747**	**747**	**747**	**–**	**632**	**632**	**632**	**1,100**
One-year variable compensation	452	0	904	–	509	0	1,018	698
Annual bonus	*452*	*0*	*904*	–	*509*	*0*	*1,018*	*698*
Multi-year variable compensation	526	0	2,532	–	0	0	0	1,102
Performance Cash Plan (2018–2021)	–	–	–	–	–	–	–	*1,102*
Performance Cash Plan (2019–2022)	*526*	*0*	*2,532*	–	–	–	–	–
Total	**1,725**	**747**	**4,183**	**–**	**1,141**	**632**	**1,650**	**2,899**
Service cost	424	424	424	–	142	142	142	208
Total compensation	**2,149**	**1,171**	**4,607**	**–**	**1,283**	**774**	**1,792**	**3,107**

Compensation Granted

	Sascha Bibert – since June 1, 2019 (Chief Financial Officer)				Christopher Delbrück – until June 30, 2019 (Chief Financial Officer)			
€ in thousands	Target value 2019	Minimum 2019	Maximum 2019	Target value 2018	Target value 2019	Minimum 2019	Maximum 2019	Target value 2018
Fixed compensation	408	408	408	–	347	347	347	665
Fringe benefits[1]	1,013	1,013	1,013	–	14	14	14	26
Total	**1,421**	**1,421**	**1,421**	**–**	**360**	**360**	**360**	**691**
One-year variable compensation	254	0	508	–	215	0	431	413
Annual bonus	*254*	*0*	*508*	–	*215*	*0*	*431*	*413*
Multi-year variable compensation	298	0	1,435	–	0	0	0	659
Performance Cash Plan (2018–2021)	–	–	–	–	–	–	–	*659*
Performance Cash Plan (2019–2022)	*298*	*0*	*1,435*	–	*0*	*0*	–	–
Total	**1,973**	**1,421**	**3,364**	**–**	**576**	**360**	**791**	**1,764**
Service cost	166	166	166	–	110	110	110	161
Total compensation	**2,139**	**1,587**	**3,530**	**–**	**686**	**471**	**901**	**1,925**

[1]Aside from in-kind compensation and standard market fringe benefits, the reimbursements of moving expenses and rent payments that were promised when Sascha Bibert was appointed, as well as the special payments (two payments of approximately € 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 also included here.

Compensation Granted

	David Bryson – since November 1, 2019 (Chief Operating Officer)				Eckhardt Rümmler (Chief Operating Officer)			
€ in thousands	Target value 2019	Minimum 2019	Maximum 2019	Target value 2018	Target value 2019	Minimum 2019	Maximum 2019	Target value 2018
Fixed compensation	117	117	117	–	686	686	686	665
Fringe benefits	3	3	3	–	22	22	22	22
Total	**120**	**120**	**120**	**–**	**708**	**708**	**708**	**687**
One-year variable compensation	73	0	145	–	426	0	852	413
Annual bonus	*73*	*0*	*145*	–	*426*	*0*	*852*	*413*
Multi-year variable compensation	85	0	410	–	0	0	0	659
Performance Cash Plan (2018–2021)	–	–	–	–	–	–	–	*659*
Performance Cash Plan (2019–2022)	*85*	*0*	*410*	–	–	–	–	–
Total	**278**	**120**	**675**	**–**	**1,134**	**708**	**1,560**	**1,759**
Service cost	102	102	102	–	206	206	206	170
Total compensation	**379**	**222**	**777**	**–**	**1,339**	**913**	**1,765**	**1,929**

Compensation Granted

€ in thousands	Keith Martin Chief Commercial Officer Target value 2019	Minimum 2019	Maximum 2019	Target value 2018
Fixed compensation	686	686	686	665
Fringe benefits	20	20	20	13
Total	**706**	**706**	**706**	**678**
One-year variable compensation	426	0	852	413
Annual bonus	*426*	*0*	*852*	*413*
Multi-year variable compensation	0	0	0	659
Performance Cash Plan (2018–2021)	–	–	–	*659*
Performance Cash Plan (2019–2022)	–	–	–	–
Total	**1,132**	**706**	**1,558**	**1,750**
Service cost	212	212	212	227
Total compensation	**1,344**	**918**	**1,770**	**1,977**

Compensation Allocated

€ in thousands	Andreas Schierenbeck – since June 1, 2019 (Chief Executive Officer) 2019	2018	Klaus Schäfer – until August 31, 2019 (Chief Executive Officer) 2019	2018	Sascha Bibert – since June 1, 2019 (Chief Financial Officer) 2019	2018	Christopher Delbrück – until June 30, 2019 (Chief Financial Officer) 2019	2018
Fixed compensation	723	–	0	760	408	–	347	665
Fringe benefits[1]	23	–	632	341	540	–	14	26
Total	**747**	**–**	**632**	**1,100**	**948**	**–**	**360**	**691**
One-year variable compensation	787	–	738	835	368	–	312	640
Annual bonus	*787*	–	*738*	*835*	*368*	–	*312*	*640*
Multi-year variable compensation	0	–	0	8,867	0	–	0	4,305
Multi-year bonus[2]	*0*	–	*0*	*1,272*	*0*	–	*0*	*0*
Performance Cash Plan (2016–2018)[2]	*0*	–	*0*	*3,255*	*0*	–	*0*	*1,845*
Performance Cash Plan (2017–2018)[2]	*0*	–	*0*	*4,340*	*0*	–	*0*	*2,460*
Other (one-time special incentive bonus)[3]	0	–	-806	0	0	–	-455	0
Total	**1,533**	**–**	**564**	**10,803**	**1,316**	**–**	**218**	**5,636**
Service cost	424	–	142	208	166	–	110	161
Total compensation	**1,958**	**–**	**706**	**11,011**	**1,482**	**–**	**328**	**5,797**

[1] Aside from in-kind compensation and standard market fringe benefits, the fringe benefits for Sascha Bibert additionally include the reimbursements of moving expenses and rent payments that was promised when Mr. Bibert was appointed, as well as the first installment of approximately € 0.5 million as of June 30, 2019, of the special payments agreed in lieu of expired LTI entitlements at his previous employer E.ON.

[2] The completion of the takeover by Fortum Deutschland SE, which led to the acquisition of 47.37% of the capital stock and voting rights of Uniper SE, triggered a change-of-control event as defined in the terms governing the multi-year variable compensation on June 26, 2018. This led to the premature ending of the terms of the allocation of the multi-year bonus and the allocations granted under the Performance Cash Plan in the 2016 and 2017 fiscal years. The corresponding obligations were required to be remeasured as of June 30, 2018. The payout took place in the third quarter of 2018 and must therefore be reported as allocated compensation for 2018.

[3] 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. Klaus Schäfer and Christopher Delbrück are required to repay approximately € 0.8 million and € 0.5 million, respectively.

Compensation Allocated

€ in thousands	David Bryson – since November 1, 2019 (Chief Commercial Officer) 2019	2018	Eckhardt Rümmler (Chief Commercial Officer) 2019	2018	Keith Martin (Chief Operating Officer) 2019	2018
Fixed compensation	117	–	686	665	686	665
Fringe benefits[1]	3	–	22	22	20	13
Total	**120**	**–**	**708**	**687**	**706**	**678**
One-year variable compensation	105	–	741	640	741	640
Annual bonus	*105*	–	*741*	*640*	*741*	*640*
Multi-year variable compensation	0	–	0	4,305	0	3,998
Multi-year bonus[1]	*0*	–	*0*	*0*	*0*	*0*
Performance Cash Plan (2016–2018)[1]	*0*	–	*0*	*1,845*	*0*	*1,538*
Performance Cash Plan (2017–2018)[1]	*0*	–	*0*	*2,460*	*0*	*2,460*
Other (one-time special incentive bonus)[2]	0	–	-193	0	-193	0
Total	**225**	**–**	**1,256**	**5,632**	**1,254**	**5,315**
Service cost	102	–	206	170	212	227
Total compensation	**327**	**–**	**1,461**	**5,802**	**1,466**	**5,542**

[1]The completion of the takeover by Fortum Deutschland SE, which led to the acquisition of 47.37% of the capital stock and voting rights of Uniper SE, triggered a change-of-control event as defined in the terms governing the multi-year variable compensation on June 26, 2018. This led to the premature ending of the terms of the allocation of the multi-year bonus and the allocations granted under the Performance Cash Plan in the 2016 and 2017 fiscal years. The corresponding obligations were required to be remeasured as of June 30, 2018. The payout took place in the third quarter of 2018 and must therefore be reported as allocated compensation for 2018.

[2]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 are required to repay approximately € 0.2 million.

Payments Associated with Termination of Management Board Duties

In accordance with the change-of-control severance provisions stipulated in their service agreements, Klaus Schäfer and Christopher Delbrück received settlement payments of approximately €4.1 million and €2.3 million, respectively. The settlement payments were disbursed at the respective agreed end of each service agreement. 25% of the special incentive bonus granted to the members of the Management Board 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. 50% of the special incentive bonus vested in the period through September 2018. Consequently, Klaus Schäfer and Christopher Delbrück are required to repay approximately €0.8 million and €0.5 million, respectively. The repayment amounts were offset against the aforementioned settlement payments.

In accordance with the change-of-control severance provisions stipulated in their service agreements, Keith Martin and Eckhardt Rümmler were also entitled to settlement payments of approximately €2.3 million each. The settlement payments for Keith Martin and Eckhardt Rümmler were already disbursed in September 2019 and November 2019, respectively, and are therefore classified as advances. 75% of their respective special incentive bonus became vested for both Keith Martin and Eckhardt Rümmler. The two are therefore required to repay 25% of the special incentive bonus (approximately €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 2019 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

Settlement payments caused the total compensation of former Management Board members (settlement payments for Klaus Schäfer and Christopher Delbrück) for fiscal 2019 to amount to approximately €6.4 million. The settlement amount of the pension obligations for former Management Board members amounted to approximately €6.6 million as of December 31, 2019. There were no payments to former Management Board members in the 2018 fiscal year.

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 prorated 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.

Harald Seegatz also received additional compensation for supervisory board duties in Uniper Group subsidiaries totaling approximately €6 thousand in the 2019 fiscal year (in fiscal 2018, income from subsidiaries for Harald Seegatz and Oliver Biniek had amounted to approximately €7 thousand).

Supervisory Board compensation granted for the 2019 fiscal year totaled approximately €1.3 million (2018: €1.4 million). A total of approximately €83 thousand (2018: €70 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. In line with the German Corporate Governance Code's recommendation, the policy includes a deductible of 10% of the respective damage claim for Management Board and Supervisory Board members. The deductible has a maximum cumulative annual cap of 150% of a member's annual fixed compensation.

As in the previous year, Supervisory Board members received no loans or advances from Uniper SE in the 2019 fiscal year. In addition, no contingencies have been entered into for the benefit of Supervisory Board members.

Individual members of the Supervisory Board received the following compensation for the 2019 and 2018 fiscal years:

Supervisory Board Compensation

	Annual compensation				Committee compensation				Income from subsidiaries		Total	
	Fixed		Variable		Fixed		Variable					
€ in thousands	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Dr. Bernhard Reutersberg (Chairman of the Supervisory Board)	168	168	35	46	0	0	0	0	0	0	203	214
Markus Rauramo (Deputy Chairman since July 30, 2018)	111	48	23	13	0	0	0	0	0	0	134	60
Harald Seegatz (Deputy Chairman of the Supervisory Board)	112	112	23	30	0	0	0	0	6	6	141	149
Dr. Marc Spieker[1] (Deputy Chairman until July 16, 2018)	–	76	–	0	–	0	–	0	–	0	–	76
Ingrid Åsander	56	56	12	15	0	0	0	0	0	0	68	71
Oliver Biniek	56	56	12	15	28	28	6	8	0	0	101	107
Jean-François Cirelli	56	56	12	15	12	12	2	3	0	0	82	86
David Charles Davies	56	56	12	15	56	56	12	15	0	0	135	142
Dr. Marion Helmes	56	56	12	15	28	28	6	8	0	0	101	107
Immo Schlepper	56	56	12	15	12	12	2	3	0	0	82	86
Barbara Jagodzinski	56	56	12	15	12	12	2	3	0	0	82	86
André Muilwijk	56	56	12	15	28	28	6	8	0	0	101	107
Rebecca Ranich	56	56	12	15	–	0	–	0	0	0	68	71
Total	**895**	**907**	**186**	**226**	**176**	**176**	**37**	**48**	**6**	**7**	**1,300**	**1,363**

[1]Because Dr. Marc Spieker departed from the Supervisory Board on July 16, 2018, his compensation for the period from Janaury 1, 2018, through July 16, 2018, is fully paid out as fixed compensation. There is no conversion into virtual shares.

The component of 20% of the Supervisory Board compensation determined for the 2019 fiscal year was converted into virtual shares on the basis of a share price of €28.566 (volume-weighted average of Uniper's share price from the last 60 trading days prior to January 1, 2020). For the 2018 fiscal year, the variable component had been converted into virtual shares at a share price of €24.456.

The following table shows the number of virtual shares of the members of the Supervisory Board for the compensation granted in the 2019 and 2018 fiscal years:

Number of Virtual Shares

Members of the Supervisory Board	Converted in January 2020 as part of compensation for 2019	Converted in January 2019 as part of compensation for 2018	Total	Paid out through January 2020
Dr. Bernhard Reutersberg (Chairman of the Supervisory Board)	1,471	1,717	3,188	0
Markus Rauramo (Deputy Chairman since July 30, 2018)	973	486	1,459	0
Harald Seegatz (Deputy Chairman of the Supervisory Board)	981	1,145	2,126	0
Ingrid Åsander	491	572	1,063	0
Oliver Biniek	736	859	1,595	0
Jean-François Cirelli	596	695	1,291	0
David Charles Davies	981	1,145	2,126	0
Dr. Marion Helmes	736	859	1,595	0
Immo Schlepper	596	695	1,291	0
Barbara Jagodzinski	596	695	1,291	0
André Muilwijk	736	859	1,595	0
Rebecca Ranich	491	572	1,063	0
Total	**9,384**	**10,300**	**19,684**	**0**

Combined Separate Non-Financial Report

Introduction

Uniper SE prepares and publishes a Combined Separate Non-Financial Report (CNFR) in accordance with §§315c in conjunction with 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 of the Combined Management Report on page 20. 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 on page 17. The present report is specifically intended for analysts and investors. Additional information, including figures based on GRI standards, will be made available on Uniper's sustainability website (cr.uniper.energy/en/). The information 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:

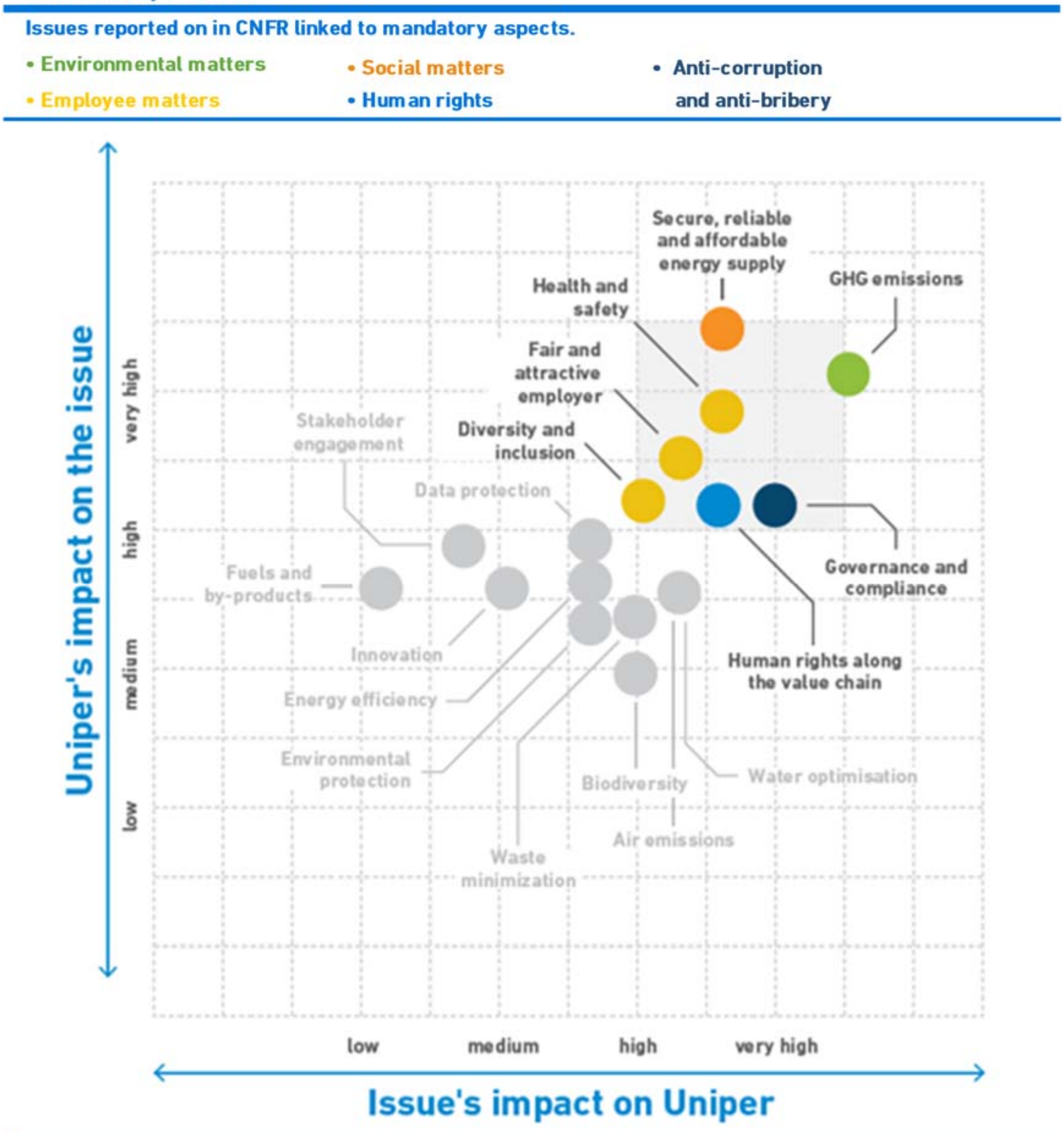
- Environmental matters
- Social matters
- Employee matters
- Human rights
- Anti-corruption and anti-bribery

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 2019 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 impacts of these issues 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 results. The horizontal axis indicates the impact of the issues 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.

Materiality Matrix



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 on pages 56 to 58 of the Combined Management Report. Uniper's ESG risk process includes assessing the external as well as internal ESG risks that could arise from its operations. In 2019 Uniper refined its risk-management processes and established the ESG Task Force, a cross-functional steering committee whose purpose is to ensure that ESG risks are adequately identified, assessed and mitigated. There were no reportable risks pursuant to Section 289c of the German Commercial Code in 2019. This is because in 2019 Uniper began reporting its net risks; the impacts of these risks were below the reporting threshold.

Sustainability Management

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

The Uniper SE Management Board bears overall responsibility for the adoption and implementation of Group-wide sustainability measures, with the Chief Sustainability Officer (CSO) playing a key role. David Bryson took over the role of CSO from Eckhardt Rümmler on the 1st January 2020. The CSO continues to periodically report to the Supervisory Board on strategic sustainability activities. As Uniper's highest governance board, the Supervisory Board, monitors the Group's fulfillment of its sustainability obligations.

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 ESG risks and emerging issues that could affect Uniper.

Uniper's functional units and subsidiaries have a responsibility to implement annual HSSE and Sustainability Improvement Plans to help meet the Group's overall HSSE and sustainability objectives and strategy. Employee involvement is essential for achieving a robust sustainability culture. The HSSE and Sustainability function reports on its performance to the Board by means of Quarterly Performance Dialogues and engages regularly with the Group Works Council through the Consultative Council, a cross-functional committee that meets biannually.

Sustainability Strategy

The Sustainability Strategic Plan (SSP) describes how sustainability supports the Group's business strategy and defines improvement targets for its ESG performance from 2019 to 2022. It was published in February 2019. 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. Starting with this SSP, Uniper aims to build on its potential for business growth, characterized by active management to minimize the main negative environmental and social impacts caused by its operations. 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 and Sustainability function tracks progress toward achieving the SSP targets by conducting quarterly reviews with relevant business functions. 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, 9, 12, 13	• 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.	• Group-wide carbon intensity[1] threshold of 500g of CO2 per kilowatt hour (on average) through 2020[2]. • Conduct, by 2022, at least 20 projects whose aims include decarbonization.
Our People	• Health and safety • Fair and attractive employer • Diversity and inclusion	5, 8	• Protect 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.	• Maintain a 1.75 combined TRIF[3] threshold at group level through 2019. • Achieve a grpup-wide combined TRIF threshold of 1.0 or below by 2025. • 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[4] of over 95% by 2022.
Environmental Protection	• Environmental protection • Air emissions • Energy efficiency • Biodiversity • Waste minimization • Water optimization • Fuels and by-products	12, 15	• 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.
Human Rights and Compliance Culture	• Human rights along the value chain • Governance and Compliance • Data protection	8, 16	• 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.	• Assess 100% of counterparties[5] according to Uniper's social screening system (ESG due diligence) by 2022. • Train 100% of all employees on compliance and Uniper's Code of Conduct by 2021.
Stakeholder Engagement	• Stakeholder engagement	8, 16, 17	• 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] Carbon intensity calculated on average from 2018 to 2020.
[2] Group-wide carbon intensity target method: electricity generation adjusted to reflect heat and steam production; consolidation approach: financial control.
[3] Total recordable incident frequency (TRIF) measures the number of incidents per million hours of work.
[4] Employee inclusion indicator: Annual employee opinion survey demonstrates that 95 % employees feel included.
[5] Within the scope of the Know-Your-Counterparty Business Policy, applied to Uniper Global Commodities, Procurement and Energy Services.

Sustainability Policies

Uniper has in place policies for its material ESG issues which are implemented throughout the Group and monitored regularly. These policies stipulate how the Group addresses these issues and how it coordinates the cascade effects across the organization.

The HSSE and Sustainability Policy Statement defines Uniper's ambitions and priorities for HSSE and Sustainability. This statement provides the framework for developing the Strategic Sustainability Plan and for evaluating its effectiveness.

Furthermore, Uniper's Code of Conduct addresses a wide range of issues, including compliance, such as combating corruption and human rights violations. The Code of Conduct is binding for all employees and defines the basic principles of conduct. It provides guidance and support for conducting business and behaving in the workplace in compliance with the law and company rules. It is founded on a commitment to integrity toward one another, the business and communities. Each year, 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 new version will be released in the first quarter of 2020.

In 2019 Uniper set a target of training all new hires on compliance and the Code of Conduct by 2022 by making this training mandatory. Uniper subsequently made a decision to stretch the commitment to train all employees—new and current—on compliance and the code, one year earlier, by 2021. Training will begin in 2020 after the new Code of Conduct is issued. Progress toward the target therefore cannot be reported for 2019.

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

Uniper has in place a Know-Your-Counterparty Business Policy. Its purpose is to enhance existing processes 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 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. In 2019 these processes were used to assess 409 new counterparties by the Compliance function, all of which were approved.

In addition, HSSE and Sustainability began a systematic assessment of the ESG risk exposure of counterparties. It developed and implemented a Group-wide screening process called ESG due diligence for identifying effective measures to mitigate counterparties' main ESG risks. In 2019 Uniper set a sustainability strategic target of assessing 100% of new counterparties by means of this screening process by 2022. The scope of this target has since been extended to cover all active counterparties to avoid gaps in Uniper's overall ESG risk assessment practices. At the end of 2019, 22% of active counterparties had been assessed. 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 with the aim of having a low exposure to reputational and legal risks. To mitigate environmental risks, the HSSE and Sustainability function at Uniper Group Management defines and implements dedicated environmental management systems (EMS).

By having facilities certified to ISO 14001, Uniper aims to prevent incidents that could have adverse impacts on the environment and has therefore committed to maintaining 100% ISO14001 certification for its operational assets. As of year-end 2019, 100% of Uniper's operational assets of fully consolidated legal entities had retained their ISO 14001 certifications, a standard for environmental management, and all of Uniper's fossil-fuelled power plants in Germany had retained their certification to ISO 50001, a standard for energy management.

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 2019. Its management systems define "severe environmental incidents" as "the release of a substance to 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

The energy industry, which is among the biggest carbon emitters, will need to play an important role in the transition to a low-carbon future, which is a significant societal challenge. Uniper is working to help gradually decarbonize the energy system while simultaneously ensuring a reliable energy supply. 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 73.2 million metric tons, which is almost 77%. Our emissions have therefore declined further than the current EU climate targets to cut emissions in the EU by at least 40% below 1990 levels by 2030.

In 2019, Uniper's direct carbon emissions from the combustion of fossil fuels for power and heat generation (operational control approach) declined by 21% to 47 million metric tons (2018: 59.5 million metric tons), mainly because of a decline in output from coal-fired assets in Germany and the United Kingdom, the six-month shutdown of Maasvlakte coal-fired power station in the Netherlands due to the failure of a high-pressure steam turbine, and the sale of assets in France in July 2019.

Direct CO_2-Emissions Fuel Combustion by Country

Million metric tons	2019	2018
Russia	24.9	25.3
Germany	11.1	17.2
United Kingdom	5.6	7.6
Netherlands	3.2	5.5
France	1.0	2.9
Hungary	0.9	0.8
Czech Republic[1]	0.1	< 0.1
Sweden	< 0.01	< 0.01
Total	**47.0**	**59.5**

Operational control approach taken – figures (100 % of direct emissions of the facility) from any generation assets over which Uniper has operational control. The data for all the countries, except Russia, was determined using the European Union Emissions Trading Scheme rules. Rounding corrections per country result in minimum differences, which are considered in the total sum.

[1]Emissions from the Czech Republic were inadvertently excluded from the operational control approach in 2018. They are now included here for both 2018 and 2019.

To help Europe achieve its climate targets, Uniper has set a Group-wide annual average carbon intensity threshold to remain below 500 grams of carbon dioxide per kWh for the period 2018 to 2020. Uniper's average carbon intensity for the period beginning of 2018 to end of 2019 declined to 474 grams of carbon dioxide per kWh. This is consistent with Uniper's goal of achieving an average carbon intensity of 500 grams per kWh for the period 2018 to 2020. Uniper is committed to optimizing its carbon-monitoring processes and investing in asset improvement and innovation projects to help meet its carbon intensity threshold.

From 2018 to 2019, Uniper's power production from coal reduced from 31.8 to 19.9 billion kWh. During the same period hydro power production increased by 2.4 billion kWh.

Power Production by Primary Energy Source

Billion kWh	2019	2018
Gas[1]	60.3	60.5
Coal	19.9	31.8
Nuclear	11.0	10.7
Hydro	12.7	10.3
Other renewables[2]	0.1	0.2
Biomass	0.0	0.3
Total[3]	**104.0**	**113.9**

[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 65% of Uniper's portfolio, enabling the Group to support the transition toward low-carbon energy generation.

Uniper Group: Consolidated Generation Capacity as of December 31, 2019

in MW	Gas	Coal	Hydro	Nuclear	Other	Total (country specific)
Russia[1]	8,517	2,263	–	–	–	10,780
Germany	3,333	3,802	1,991	–	1,418	10,544
United Kingdom	4,188	2,000	–	–	221	6,409
Sweden	447	–	1,579	1,400	1,162	4,588
Netherlands	526	1070	–	–	–	1,596
Hungary	428	–	–	–	–	428
France	–	–	–	–	–	–
Total (asset specific)	**17,439**	**9,135**	**3,570**	**1,400**	**2,801**	**34,345**

[1]Figures include Czech Republic.

Several European countries in which Uniper has operations have already decided to phase out coal in the years ahead or discuss it concretely. Uniper's position on the phaseout of coal-fired generation is that the transition to a low-carbon energy system should be orderly and responsible.

On January 29, 2020, the German government approved draft legislation to phase out coal-fired power generation. The proposed law defines three milestones for coal-fired power generation in Germany. Generation capacity in Germany is to be reduced to 15 GW of lignite and 15 GW of hard coal by the end of 2022. An additional 6 GW of lignite and 7 GW of hard coal will be decommissioned by the target date of April 1, 2030. Coal-fired power generation will be definitively discontinued by December 31, 2038. The draft law also provides for reviews in 2026, 2029 and 2032 to determine whether the phase-out of coal-fired power generation can be moved forward to the end of 2035. Following talks with the German government, Uniper announced that it would decommission three hard-coal power plant units in Gelsenkirchen-Scholven, as well as the Wilhelmshaven power plant, which have a combined total generation output of 1,500 MW, by the end of 2022. By no later than the end of 2025, Uniper plans to decommission a further 1,400 MW at the Staudinger and Heyden sites. By 2015, Uniper had already decommissioned coal-fired power plant capacity of just over 2,400 MW at the Datteln, Scholven, Knepper, Veltheim and Shamrock sites. The last remaining coal-fired power plant in Germany in Uniper's portfolio will be the hard coal-fired power plant Datteln 4, which has already been synchronized with the power grid and is currently in technical test operation. The planned shutdowns and the operation of Datteln 4, one of the most advanced coal-fired power plants, are part of Uniper's strategy to reduce its carbon emissions.

Natural gas is the ideal fuel to support the energy transition. Indeed, ambitious emission-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. That is why, for Uniper, this fuel will present the best development prospects.

Natural gas can play its role in the energy transition even more effectively if it becomes more climate friendly, for example when equipment to produce hydrogen and methane is powered by renewable electricity in a process known as power-to-gas. Alternative fuels can help make mobility more sustainable as well. Uniper is therefore developing business models for several alternative fuels, including liquefied natural gas (LNG) as a fuel for heavy trucks. LNG trucks have lower emissions (of both carbon dioxide and particulate matter), are quieter and have a longer range than similar trucks with diesel engines. Being quieter enables LNG trucks to make deliveries outside of standard times, which in many countries are subject to noise thresholds.

Innovation and the development of new sustainable businesses play a key role in Uniper's support for the transition to a low-carbon society, industry and economy. Uniper develops scalable business models in a variety of new areas, including low-carbon hydrogen (e.g. generated using renewable energy sources or other low-carbon energy sources such as nuclear), flexible electricity supply and the recycling of carbon dioxide, which could be captured from the emissions 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 pilot projects to refine, scale up, and deploy such technologies on a commercial scale. Uniper has set a target of conducting, by 2022, at least 20 projects whose main aims include decarbonization. At year-end 2019, Uniper was working on 12 such projects. Some of them are described in the Technology and Innovation chapter on pages 33 and 34 of the Combined Management Report.

Climate Action, a new cross-functional working group, was set up in December 2019 to support the development of a decarbonization strategy and long-term carbon reduction target as part of Uniper's corporate strategy review. The current results are described on page 14 in the 'Strategy' chapter of the Combined Management Report.

Uniper closely monitors developments at the Task Force on Climate-related Financial Disclosures (TCFD), which has issued a framework for voluntary, consistent climate-related financial risk disclosures that companies can use to provide information to their investors and stakeholders. Uniper will continue to assess whether the framework can add value to the future development of climate-related risk disclosures and financial reporting.

In 2019 Uniper responded to CDP's sector-specific climate-change questionnaire. The questionnaire regarded Uniper's performance in the 2018 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 ("C"). 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 with its efforts in 2020.

Social Matters

Uniper's core business is its main contribution to society. Uniper's conventional generation capacity, natural gas transport operations as well as the 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 a secure, affordable and reliable supply of power, gas and heat to its customers. 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 in several regions of Germany and elsewhere.

In January 2019, Uniper was awarded a contract to build a gas-fired power plant with a capacity of 300 MW in Irsching near Ingolstadt, Germany. The new power plant will serve as a safety cushion to supply power at short notice in emergency circumstances when system reliability is at risk. The plant's high degree of operational flexibility makes it ideal for balancing out intermittent wind and solar power, which accounts for a steadily increasing proportion of Germany's generation mix. The new plant, which is scheduled to be operational by October 2022, will play an important role in the low-carbon energy transition.

Uniper's key performance indicator for supply reliability is average asset availability. Uniper's conventional power generation fleets in Europe and Russia had an average asset availability of 79.1% in 2019, which remains unchanged from 2018. Uniper's unplanned unavailability rose from 11.6% in 2018 to 12% in 2019. One of the main reasons was high pressure turbine damage and more boiler tube leakages than expected, especially at relatively new power plants. Uniper investigates each event carefully to determine the causes so that it can prevent similar faults at other plants and maintain its fleet's availability at a high level.

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	2019	2018
France	79.7	76.3
Germany	77.4	77.2
Hungary	96.9	95.9
Netherlands	56.1	75.4
Russia	79.2	77.1
Sweden	91.1	86.8
United Kingdom	83.2	83.0
Total	**79.1**	**79.0**

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 (2018 figures adjusted). French assets considered from January 1 to June 30, 2019.

Uniper procures natural gas from a variety of producers in several countries, mainly Russia, the Netherlands and Germany. To provide customers in Europe with a more diversified gas supply, in 2020 Uniper will begin to procure 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 SGC opened in May 2018. As part of this arrangement, in 2016 Uniper and SOCAR formed a joint venture to promote energy efficiency. The joint venture's first project was to upgrade and expand the power and steam generators at a SOCAR chemical complex located about 30 kilometers north of Baku. The project is scheduled to be completed in early 2020. In November 2019, Uniper and SOCAR representatives met for the sixth time and signed a collaboration initiative to deepen the two companies' partnership.

In addition, Uniper has stakes in gas transmission pipelines (e.g. OPAL) 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 supply security.

Along with pipeline gas, Uniper purchases LNG. It also has stakes and long-term capacity bookings several LNG terminals in Europe. In May 2019 Uniper and Mitsui O.S.K. began to assess the gas market's interest in their project. It is planned to build and operate a floating storage and regasification unit (FSRU) in the port of Wilhelmshaven, Germany. This unit could store 263,000 cubic meters of LNG and send out 10 bcm of gas per year. The FSRU, which could be operational as early as the second half of 2023, would supplement the large onshore regasification terminal planned for Wilhelmshaven. It could source large quantities of LNG from around the world and thus further diversify Europe's gas supply. The FRSU would therefore substantially enhance supply security and spur competition. End-customers would benefit from both.

In January 2019 Uniper and Amsterdam-based Titan LNG agreed to develop a technical interface and commercial products for the Wilhelmshaven FRSU. The purpose is to accelerate the growth of LNG as a fuel for industry, heavy vehicles, and maritime transport. The planned unit at Wilhelmshaven will supply LNG fuel to trucks and small ships in the future. LNG's carbon dioxide, nitrogen oxides and sulphur dioxide emissions are lower than diesel's.

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.

There were changes to the composition of Uniper's Management Board in 2019 and 2020 following a series of resignations. The resignations resulted from Fortum's request at Uniper's 2019 Annual General Meeting to postpone the discharge of the Management Board for the 2017 and 2018 financial years. Three new members have since taken up their positions on the Management Board; a fourth will join the Uniper Management Board in mid-2020.

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) 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.

Workforce figures at year-end 2019 are disclosed on page 54.

Health and Safety

Stressful situations and unsafe work habits in complex environments such as power plants and gas storage facilities could lead to serious accidents, injuries and fatalities. Accidents could involve the public near Uniper facilities as well. Uniper has in place Group-wide programs and policies that are adapted to differences in the safety practices of the countries where it operates. They are designed to provide a safe and healthy workplace for employees and contractors, particularly those working in potentially high-risk activities at the Company's assets, such as the plant decommissioning and demolition under way in Germany, Sweden, the Netherlands and the United Kingdom.

The HSSE and 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 and Sustainability Improvement Plan, the operating entities design their own annual improvement plans, which include health and safety targets and improvement measures. 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.

The health and safety management systems of all Uniper's operating entities are certified to OHSAS 18001 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 ISO45001 by 2022, the new international standard for health and safety management. In 2019 it designed an action plan for achieving this target. The plan will be implemented over the next three years. At year end, Uniper had 17% of its operational assets certified to ISO45001.

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 2019, 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 slowed implementation, which will continue in 2020. 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 improved considerably in the course of 2019 as staff became more familiar with the tool. A thorough review of existing processes for reporting, documenting and analyzing incidents was completed in 2019. It identified ways to improve and simplify these processes; implementation is under way. This applies in particular to communications processes. These processes ensure that information about, and lessons learned from, incidents at and outside the Company reach everyone at Uniper who needs them. Onboarding agreements with contractors include clauses obliging them to share this information with their employees who work for Uniper.

Uniper's main safety metric for management purposes is combined Total Recordable Incident Frequency (TRIF). The combined TRIF measures the number of work-related accidents sustained both by the Unipers Group's employees and by those of external companies engaged by Uniper – per million hours of work. Work-related accidents as defined in this indicator are fatalities, lost-time injuries, restricted-work injuries, and medical-treatment injuries that occur on the job and on the way to work. Uniper committed to maintain the combined TRIF at or below 1.75 through 2019 by promoting continuous learning, providing training and further improving its management systems. This target was achieved: At the end of 2019, the combined TRIF was 1.48 (2018: 1.47). A slight increase in reportable accidents in the steam and nuclear fleets was largely offset by a decrease in accidents in the hydroelectric power fleet and in our operations in Russia, resulting in an almost unchanged combined TRIF for 2019. This positive development is due to the persistently high level of occupational safety at high-risk construction activities in Germany and Russia. Uniper has committed to maintaining the combined TRIF at or below 1.00 through 2025. There were no fatal accidents at Uniper in 2019.

The safety leadership training provided to senior managers since 2016 was scaled back in 2019 because all senior managers had taken the training. Going forward, it will be provided to newly hired senior managers and offered as a periodic refresher. In 2019 all senior managers and a large percentage of staff in the Procurement department received special training in HSSE contractor management and engagement practices.

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. Health management continued to make progress in 2019. Functional teams continued to implement actions defined in local health action plans. The 2019 Voice of Uniper employee survey indicated increased satisfaction with Uniper's health support. The average score on the health-related questions increased from 80% positive in 2018 to 86% in 2019.

Fair and Attractive Employer

Uniper's corporate strategy aims to make 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 (including occupational health and safety) and reward individual employee performance. 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.

By providing young people with vocational training for a wide variety of commercial and technical occupations, with internships that prepare them for formal apprenticeships, and the opportunity to participate in its graduate program, Uniper is meeting the challenges of demographic change and a shortage of qualified personnel. 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 external providers. In 2019 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 consultation with works councils, Uniper designed a process to deal with potential violations quickly and fairly. If they feel that they or a colleague is being harassed, employees are encouraged to contact their HR department, their unit's Compliance Officer, the Works Council, or, if they wish to remain anonymous, a whistle blower hotline. Uniper takes violations very seriously and does everything it can to rectify the situation, including taking disciplinary action.

In January 2020, Uniper was placed in the top 1% of German companies by employer ratings company Leading Employers. Uniper qualified as a Leading Employer in recognition of having holistic employer qualities. Leading Employer accesses a large number of data points to rate and award companies.

Diversity and Inclusion

As stated on page 80, the Uniper Management Board gave its full commitment to promoting diversity and inclusion in the six dimensions defined in the German Diversity Charter: gender, nationality or ethnic background, religion or worldview, disability, age/generations and sexual orientation and identity.

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 combating discrimination are all central to the Uniper Way. What counts are individual's 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 actively 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 is implementing a Diversity and Inclusion Improvement Plan for 2018–2020. The purpose of the plan is to raise employees' awareness of diversity and inclusion and to set specific targets for increasing employee engagement in teams and minimizing discrimination.

In 2019, senior managers were encouraged to develop a diversity and inclusion plan for their own area of responsibility and include it in their 2019 objectives. Managers at all levels discussed inclusive leadership topics during workshops and peer coaching activities to develop inclusive leadership practices. In addition, a new training course was made 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 set a target for women to account for 25% of its high-level executives by June 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 2019, Uniper had not yet achieved the target, the figure was 20%. Uniper is committed to not tolerating discrimination or harassment in any form. It provides training to managers and executives to help them recognize and prevent even the most subtle forms of harassment.

The Voice of Uniper, an annual employee survey, measures employees' awareness of the Uniper Way and how it is brought to life by managers and teams. The findings are used to design measures that promote the continuous adoption of the Uniper Way. The 2019 survey indicated that employees are aware of the need for continual change and that the focus should remain on further enhancing Uniper's corporate culture. The 2019 survey also showed that employees increasingly recognize and value initiatives to enhance diversity and inclusion.

Uniper has set a target of achieving an employee inclusion indicator of over 95% by 2022. This means that at least 95% of employees say in the annual survey that they feel included in their team. The employee inclusion indicator increased from 80% in 2018 to 87% in 2019, which shows a marked improvement but still remains below the target of 95%. The Diversity and Inclusion Improvement Plan has initiatives to improve the way we are handling inclusion at Uniper, for instance peer coaching workshops to support managers in embracing an integrated leadership approach as well as guides and tools for employees to learn more about diversity and intercultural topics. These will be further implemented in 2020.

Human Rights Protection

Uniper does business around the world, including in countries whose institutions are not always fully able to protect basic human rights. Because Uniper considers human rights violations unacceptable for any entity operating ethically and correctly, respect for human rights is embedded into its business policies and procedures, ensuring that it does not benefit from breaches of human rights. Uniper acts in accordance with the Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises and German National Action Plan on Business and Human Rights and supports issues such as (but not limited to) the prohibition of child and forced labor across all its business activities. 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.

In such countries, Uniper takes particular care to avoid causing, contributing to, or benefitting from human rights violations. Human rights impacts on our supply chain may also increase the chance of lawsuits, cause project delays, incite social unrest and, therefore, harm the Group's reputation. 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. Uniper is providing tailored solutions in alignment with non-governmental organizations and multi-stakeholder initiatives such as Bettercoal, in order to prevent its operations and supply chains from having adverse impacts on human rights.

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 commodity trading in particular are among the Uniper businesses exposed to these kinds of country-specific issues. The 2019 assessment of ESG risks prioritized Uniper Global Commodities existing and potential counterparties. In view of the expected growing importance of our gas-related businesses, HSSE and Sustainability focused its action on several new projects in North America, Russia and the United Arab Emirates.

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, including Uniper, has been on addressing supplier-specific and regional systemic issues in Colombia and Russia.

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

Similar to its efforts in Colombia in 2018, in September 2019 the Bettercoal Russian Working Group conducted a stakeholder engagement campaign in Moscow and the Kuzbass area in south-west Siberia. The visit enabled several Bettercoal members, including Uniper, to understand the environmental and social dimensions of local coal production and to explore new opportunities for positive change. As a follow-up, Bettercoal members will meet with representatives of Russian coal companies and engage in dialogue with local communities in 2020. Key topics will include mine closure, health and safety, human rights, biodiversity and stakeholder engagement.

In 2019, Bettercoal continued to monitor the continuous improvement plans of the three major coal mining companies in Colombia. Bettercoal's Columbia working group, which is chaired by Uniper, successfully built relationships with all stakeholders involved in this complex environment: business, government, international NGOs and local communities. Although monitoring of the improvement plans with mining companies will continue, Bettercoal has recognized that action is also required from other stakeholders, such as local or national authorities. Consequently, in 2019 the Columbia working group prioritized these issues and designed a plan to solve them. Members of the working group plan to visit Columbia in the first half of 2020 to begin putting the plan into action.

Uniper tracks the percentage of coal purchased via direct contract from Bettercoal suppliers with a view to increase this number year on year. At year-end 2019, the coal purchased via direct contract from Bettercoal increased to 55% (2018: 49%).

In 2019, Uniper continued its Sustainability Round Table discussions with several international non-governmental organizations. Discussions at the four meetings in 2019 focused on human rights issues along the coal supply chain, reductions in carbon emissions through the phaseout of coal-fired power generation and the environmental impact of gas exploration. Uniper has committed to conducting, at the corporate level, at least three new trust-building dialogues with civil society organizations each year through 2022. This target was achieved for 2019 as Uniper conducted four trust-building dialogues with civil society organizations.

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. It may also potentially damage Uniper's reputation.

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 Business Policy Intermediary Agreements to avoid the intermediary's fee or commission being used to make illegal payments on Uniper's behalf.

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. Three new instances of alleged corruption were reported internally at Uniper in 2019. After investigation, one case was closed with reactive measures and two unfounded cases were also closed.

In May 2018 Uniper conducted its second Group-wide Compliance Risk Assessment (CRA) of all business functions. One of the risks assessed was corruption. In 2019, the findings were communicated to the business functions, and, in areas where the CRA indicated room for improvement, appropriate corrective measures were taken.

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 identified no problems and provided the Management Board with an unrestricted audit certificate. The audit report contained a number of recommendations. The Company is currently evaluating these recommendations, which it intends to adopt.

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 2019 (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 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 in-formation 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 2019 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 2019 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, 2020

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Markus Dittmann Wirtschaftsprüfer (German Public Auditor)	Hendrik Fink Wirtschaftsprüfer (German Public Auditor)

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 2019, 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 2019, 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 2019. 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 2019, and of its financial performance for the financial year from 1 January to 31 December 2019, 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 2019. These matters were addressed in the context of our audit of the consolidated financial state-ments 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 ex-changes 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 accounted for 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 de-termination 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.

In March 2019, the IFRS IC confirmed its preliminary agenda decision made in November 2018 on the accounting treatment of contracts to buy or sell non-financial items. According to this decision or clarification, a reversal of gains and losses from the measurement of con-tracts for the purchase or sale of non-financial items classified as derivatives is neither necessary nor permitted at the time of their physical settlement.

This means that the method used by many energy utilities (especially in Germany), which leads to an adjustment in sales or purchase transactions with physical delivery (cancellation of the derivative result with simultaneous recognition of sales, cost of materials or inventories in the amount of the originally agreed contract value), is no longer applicable for IFRS financial statements.

Uniper has retrospectively implemented the changes resulting from the clarification as a "change in accounting policies" in accordance with IAS 8 in financial year 2019.

Due to the large trade volume, ongoing negotiations and arbitration proceedings on price formulae for larger gas procurement agreements 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 product 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 and handling 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.
The adjustments resulting from the IFRS IC decision to account for physically fulfilled commodity derivatives with regard to the valuation of gas and coal inventories, the CO-2 certificates and the sales revenue and cost of materials, respectively, were evaluated by means of substantive audit procedures.

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 € 1.9 billion (representing 4 % of total assets and 16 % of equity) is reported under the "Intangible assets" balance sheet item. 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 rele-vant goodwill has been allocated. The carrying amount of the relevant cash-generating units, in-cluding 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. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. 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 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 the methodology employed for the purposes of performing the impairment test, among other things. 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. 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 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 EUR 10.2 billion (representing 23 % of total assets and 85 % 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. Expectations relating to future market developments as well as developments in energy policy such as planned legislation regarding the discontinuation of coal-fired power generation and assumptions about the development of macroeconomic factors are also taken into account. 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 € 966 million and reversals of write downs totaling € 49 million were recognized mainly on power plants in the Netherlands, Great Britain and Germany. Impairment losses at the gas storage facilities also totaled € 55 million and reversals of write downs totaled € 122 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 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 the methodology employed for the purposes of performing the impairment test, among other things. 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. 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. We assessed the sensitivity analyses performed by the Company, in order to reflect the uncertainty inherent in the projections.

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 are contained 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 included in section "Corporate Governance Report" of the group management report
- 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. 1HGB.

- 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

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 22, 2019. We were engaged by the Supervisory Board on August 7, 2019. 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 Markus Dittmann.

Düsseldorf, March 2, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Markus Dittmann)	(sgd. Michael Servos)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Uniper Consolidated Statement of Income

€ in millions	Note	2019	2018
Sales including electricity and energy taxes[1]		66,175	92,280
Electricity and energy taxes		-371	-467
Sales	**(5)**	**65,804**	**91,813**
Changes in inventories (finished goods and work in progress)		2	-8
Own work capitalized	(6)	93	79
Other operating income[1]	(7)	26,348	29,093
Cost of materials[1]	(8)	-63,398	-89,058
Personnel costs	(11)	-955	-977
Depreciation, amortization and impairment charges	(15)	-1,750	-1,532
Other operating expenses[1]	(7)	-25,281	-29,559
Income from companies accounted for under the equity method	(16)	58	61
Income/Loss before financial results and taxes[1]		**922**	**-88**
Financial results	(9)	37	-413
Net income/loss from equity investments		*-8*	*9*
Interest and similar income		*123*	*124*
Interest and similar expenses		*-237*	*-378*
Other financial results		*159*	*-168*
Income taxes[1]	(10)	-315	59
Net income/loss[1]		**644**	**-442**
Attributable to shareholders of Uniper SE[1]		*610*	*-401*
Attributable to non-controlling interests[1]		*34*	*-40*
€			
Earnings per share (attributable to shareholders of Uniper SE) – basic and diluted	**(13)**		
From continuing operations[1]		1.67	-1.10
From net income/loss[1]		**1.67**	**-1.10**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

Uniper Consolidated Statement of Recognized Income and Expenses

€ in millions	2019	2018
Net income/loss[1]	**644**	**-442**
Remeasurements of equity investments	-72	102
Remeasurements of defined benefit plans	-244	-254
Income taxes	92	75
Items that will not be reclassified subsequently to the income statement	**-225**	**-77**
Cash flow hedges	-6	1
Unrealized changes	*-5*	*-*
Reclassification adjustments recognized in income	*-2*	*1*
Currency translation adjustments	386	-443
Unrealized changes	*386*	*-443*
Reclassification adjustments recognized in income	–	–
Companies accounted for under the equity method	1	31
Unrealized changes	*1*	–
Reclassification adjustments recognized in income	–	*31*
Income taxes	2	-1
Items that might be reclassified subsequently to the income statement	**382**	**-412**
Total income and expenses recognized directly in equity	**158**	**-489**
Total recognized income and expenses (total comprehensive income)[1]	**802**	**-931**
Attributable to shareholders of Uniper SE[1]	*711*	*-823*
Attributable to non-controlling interests[1]	*91*	*-108*

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

Uniper Consolidated Balance Sheet

€ in millions	Note	December 31, 2019	December 31, 2018[1]	January 1, 2018[1]
Assets				
Goodwill	(14), (17)	1,886	1,816	1,890
Intangible assets	(14), (17)	742	768	819
Property, plant and equipment and right-of-use assets	(15), (17)	10,201	10,612	11,741
Companies accounted under the equity method	(16), (17)	446	440	448
Other financial assets	(18)	710	866	818
Equity investments		*610*	*783*	*710*
Non-current securities		*100*	*83*	*108*
Financial receivables and other financial assets	(20)	3,813	3,618	3,318
Receivables from derivative financial instruments	(20)	4,787	4,691	3,008
Other operating assets and contract assets	(20)	159	222	198
Income tax assets	(10)	–	6	6
Deferred tax assets	(10)	988	1,184	902
Non-current assets		**23,732**	**24,224**	**23,148**
Inventories	(19)	1,508	1,683	1,666
Financial receivables and other financial assets	(20)	633	1,391	1,194
Trade receivables	(20)	7,090	8,354	7,120
Receivables from derivative financial instruments	(20)	8,601	12,214	8,241
Other operating assets and contract assets	(20)	1,287	1,118	797
Income tax assets	(10)	16	40	170
Liquid funds	(21)	889	1,400	1,027
Assets held for sale	(4)	–	546	70
Current assets		**20,024**	**26,746**	**20,285**
Total assets		**43,756**	**50,970**	**43,433**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

Uniper Consolidated Balance Sheet

€ in millions	Note	December 31, 2019	December 31, 2018[1]	January 1, 2018[1]
Equity and Liabilities				
Capital stock	(22)	622	622	622
Additional paid-in capital	(22)	10,825	10,825	10,825
Retained earnings	(22)	3,145	3,088	3,838
Accumulated other comprehensive income		-3,207	-3,531	-3,187
Equity attributable to shareholders of the Uniper SE		**11,386**	**11,004**	**12,098**
Attributable to non-controlling interests	(22)	556	497	642
Equity		**11,942**	**11,501**	**12,740**
Financial liabilities and liabilities from leases	(25)	1,119	1,187	1,231
Liabilities from derivative financial instruments	(25)	4,277	4,327	3,040
Other operating liabilities and contract liabilities	(25)	694	529	578
Provisions for pensions and similar obligations	(23)	1,031	804	676
Miscellaneous provisions	(24)	5,422	5,455	6,067
Deferred tax liabilities	(10)	410	448	392
Non-current liabilities		**12,954**	**12,750**	**11,984**
Financial liabilities and liabilities from leases	(25)	815	1,752	1,016
Trade payables	(25)	7,308	8,256	6,821
Liabilities from derivative financial instruments	(25)	8,238	12,546	8,033
Other operating liabilities and contract liabilities	(25)	1,322	1,667	1,420
Income taxes	(10)	61	47	55
Miscellaneous provisions	(24)	1,115	1,694	1,361
Liabilities associated with assets held for sale	(4)	–	757	3
Current liabilities		**18,860**	**26,719**	**18,709**
Total equity and liabilities		**43,756**	**50,970**	**43,433**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

Uniper Consolidated Statement of Cash Flows[1]

€ in millions	2019	2018
Net income/loss[2]	**644**	**-442**
Depreciation, amortization and impairment of intangible assets, of property, plant and equipment, and of right-of-use assets	1,750	1,532
Changes in provisions[2]	-700	-51
Changes in deferred taxes[2]	223	-113
Other non-cash income and expenses	-362	161
Gain/Loss on disposal of intangible assets, property, plant and equipment, equity investments and securities (> 3 months)	-11	-50
Intangible assets and property, plant and equipment	*4*	*-70*
Equity investments	*-6*	*18*
Securities (> 3 months)	*-10*	*2*
Changes in operating assets and liabilities and in income taxes[2]	-612	204
Inventories and emission allowances[2]	*185*	*-97*
Trade receivables	*1,515*	*-1,369*
Other operating receivables and income tax assets[2]	*3,503*	*-6,079*
Trade payables	*-477*	*427*
Other operating liabilities and income taxes	*-5,338*	*7,322*
Cash provided by operating activities (operating cash flow)	**932**	**1,241**
Proceeds from disposal of	346	130
Intangible assets and property, plant and equipment	*19*	*126*
Equity investments	*327*	*4*
Purchases of investments in	-657	-642
Intangible assets and property, plant and equipment	*-655*	*-638*
Equity investments	*-2*	*-4*
Proceeds from disposal of securities (> 3 months) and of financial receivables and fixed-term deposits	1,185	653
Purchases of securities (> 3 months) and of financial receivables and fixed-term deposits	-657	-1,494
Changes in restricted cash and cash equivalents	4	90
Cash provided by investing activities	**220**	**-1,263**
Cash proceeds/payments arising from changes in capital structurel[3]	3	14
Cash dividends paid to shareholders of Uniper SE	-329	-271
Cash dividends paid to other shareholders	-32	-31
Proceeds from new financial liabilities	55	1,228
Repayments of financial liabilities and reduction of outstanding lease liabilities	-1,173	-621
Cash provided by financing activities	**-1,477**	**319**
Net increase in cash and cash equivalents	**-326**	**297**
Effect of foreign exchange rates on cash and cash equivalents	9	-9
Cash and cash equivalents at the beginning of the reporting period	1,138	851
Cash and cash equivalents from disposal groups	–	-1
Cash and cash equivalents of deconsolidated companies	-4	–
Cash and cash equivalents of first-time consolidated companies	8	–
Cash and cash equivalents at the end of the reporting period	**825**	**1,138**
Supplementary Information on Cash Flows from Operating Activities		
Tax payments	-47	67
Interest paid	-76	-74
Interest received	44	59
Dividends received	42	56

[1]Note 28 to the Consolidated Financial Statements contains additional information on the Statement of Cash Flows.

[2]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

[3]No material netting has taken place in either of the periods presented here.

€ 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	Available-for-sale securities	Cash flow hedges	Equity attributable to shareholders of Uniper SE	Non-controlling interests	Total
Balance as of January 1, 2018	**622**	**10,825**	**3,399**	**-3,191**	**488**	**4**	**12,147**	**642**	**12,789**
Adjustments arising from IFRS applied for the first time (after taxes) and other adjustments[1]			433		-488		-55		-55
Adjustments arising from IFRS IC agenda decision on IFRS 9 application[2]			6				6		6
Balance as of January 1, 2018[2]	**622**	**10,825**	**3,838**	**-3,191**	**N/A**	**4**	**12,098**	**642**	**12,740**
Change in scope of consolidation								-11	-11
Capital increase								5	5
Dividends			-271				-271	-31	-302
Total comprehensive income			-478	-345	N/A	1	-823	-108	-931
Net income/loss[2]			-401				-401	-40	-442
Other comprehensive income			-77	-345	N/A	1	-421	-68	-489
Remeasurements of defined benefit plans			-179				-179	0	-179
Remeasurements of investments			102				102		102
Changes in accumulated other comprehensive income				-345		1	-344	-68	-412
Balance as of December 31, 2018[2]	**622**	**10,825**	**3,088**	**-3,536**	**N/A**	**5**	**11,004**	**497**	**11,501**
Balance as of January 1, 2019[2]	**622**	**10,825**	**3,088**	**-3,536**	**N/A**	**5**	**11,004**	**497**	**11,501**
Dividends			-329				-329	-32	-361
Total comprehensive income			386	329	N/A	-4	711	91	802
Net income/loss			610				610	34	644
Other comprehensive income			-224	329	N/A	-4	101	57	158
Remeasurements of defined benefit plans			-152				-152	-1	-152
Remeasurements of investments			-72				-72	0	-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**	**N/A**	**1**	**11,386**	**556**	**11,942**

[1]Note 3 to the Consolidated Financial Statements contains additional information.

[2]The comparative figures shown for the respective reporting date have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

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 March 2, 2020, discussed in detail at the Audit and Risk Committee meeting on March 2, 2020, and approved by the Supervisory Board at its board meeting on March 9, 2020.

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 2020. The declaration has been made permanently and publicly accessible to shareholders on the Company's Web site (www.uniper.energy).

In early February 2019, the Executive Committee of the Supervisory Board reached an understanding with Klaus Schäfer and Christopher Delbrück, on a termination by mutual agreement of their appointments as members of the Management Board of Uniper SE. The appointment of Klaus Schäfer as Chief Executive Officer of Uniper SE and the appointment of Christopher Delbrück as Chief Financial Officer ended, respectively, on May 31, 2019.

On May 2, 2019, the Supervisory Board of Uniper resolved to appoint Andreas Schierenbeck as the new Chief Executive Officer of Uniper, and Sascha Bibert as the Company's new Chief Financial Officer. Andreas Schierenbeck and Sascha Bibert began their appointments on June 1, 2019.

Furthermore, on May 28, 2019, the Executive Committee of the Supervisory Board reached an understanding with the Chief Commercial Officer, Keith Martin, and the Chief Operating Officer, Eckhardt Rümmler, on a termination by mutual agreement of their appointments as members of the Management Board effective November 30, 2019. On October 15, 2019, the Supervisory Board of Uniper SE decided to extend the appointments of Eckhardt Rümmler and Keith Martin as members of the Management Board of Uniper SE, which were to end by mutual consent effective November 30, 2019, through January 31, 2020. At the same time, the Supervisory Board of Uniper SE appointed David Bryson to the Management Board of Uniper SE with effect from November 1, 2019. By resolution of the Supervisory Board of Uniper SE dated December 12, 2019, the appointment of Keith Martin as a member of the Management Board of Uniper SE, which was to end by mutual agreement on January 31, 2020, was extended until April 30, 2020.

(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 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, 2019. 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, Voluntary Changes." The fiscal year of the Group is identical to the calendar year.

Financial Statement Preparation and Accounting Methods

The Consolidated Financial Statements have been 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 Sheets have 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 Statements of Income are 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.

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	2019	2018
British pound	GBP	0.85	0.89
Russian ruble	RUB	69.96	79.72
Swedish krona	SEK	10.45	10.25
U.S. dollar	USD	1.12	1.15

Currencies

		€1, annual average rate	
	ISO Code	2019	2018
British pound	GBP	0.88	0.88
Russian ruble	RUB	72.46	74.04
Swedish krona	SEK	10.59	10.26
U.S. dollar	USD	1.12	1.18

(3) New Standards and Interpretations, Voluntary Changes

Provisions Applicable for the First Time in 2019

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, 2019.

The following are the financial reporting requirements that have been applied for the first time in the fiscal year:

New Financial Reporting Standards and Interpretations

Standard/Interpretation		IASB / IFRS IC effective date	Endorsed by EU	Impact on Uniper
Omnibus standard	Annual Improvements to IFRS Standards	Jan. 1, 2019	Yes	None
Amendments to IFRS 9	Prepayment Features with Negative Compensation	Jan. 1, 2019	Yes	None
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	Jan. 1, 2019	Yes	See explanations below
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	Jan. 1, 2019	Yes	None
IFRIC 23	Uncertainty over Income Tax Treatments	Jan. 1, 2019	Yes	None
IFRS IC	IFRS 9 – Physical Settlement of Contracts to Buy or Sell a Non-financial Item (agenda decision)	See explanations below		

Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 were applied for the first time effective January 1, 2019. The amendments provide, when an amendment, curtailment or settlement (each a "plan event") occurs in a defined benefit plan during an annual reporting period, that the current service cost and the net interest be 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. A plan amendment, curtailment or settlement can lead to a change in an existing asset surplus and thereby change any existing effect of a limit on the measurement of the defined benefit asset ("asset ceiling"). The past service cost resulting from a plan amendment or curtailment, as well as the gain or loss on a plan settlement, is reported in the income statement. Asset ceiling effects have no influence on the effects to be recognized in income. The effects of the plan event on the asset ceiling are recognized in other comprehensive income.

The impact on the Consolidated Financial Statements is dependent on the occurrence of events leading to a plan amendment, curtailment or settlement, and can therefore be material in individual cases. Uniper has reviewed the Group's internal reconciliation processes and controls, in particular, and adjusted them where necessary.

In the 2019 fiscal year, a plan event occurred in the form of a plan amendment in Germany effective January 1, 2019, under which the interest paid on the pension units in the "BAS Plan" and the "Zukunftssicherung" plan formed from that date (see also Notes 11 and 23) was changed. Since there have been no material plan events other than the one described, there was no further impact on the Consolidated Financial Statements.

Other Presentation and Accounting Changes

IFRS IC: IFRS 9 – Physical Settlement of Contracts to Buy or Sell a Non-financial Item

In its March 2019 meeting, the IFRS IC determined, in the context of an agenda decision, that if IFRS 9 accounting must be applied to contracts for forward purchases or sales of non-financial items (failed own-use contracts) because they can be settled net in cash – including in the context of contract performance by physical delivery – such contracts must be recognized in the amount of the market price applicable upon physical settlement. The IFRS IC has thus determined that these contracts shall be presented as physical spot contracts with a financial hedge. The accounting policy commonly encountered within the energy industry had been to present such contracts at their contract prices when they are realized (presentation of revenues and cost of materials) and thus consistently with cash flows, in line with contractual rights and obligations. For purchase and sales contracts, the presentation of the corresponding revenues and cost of materials or, in the case of goods eligible for capitalization, the recognition of the acquired assets and emission rights, shall take place at the market price on delivery (that being the relevant acquisition cost).

Because of the decision on the IFRS IC agenda, Uniper adjusted the accounting for the affected contracts accordingly. This change in accounting policies took place in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors"; the comparative information has been restated accordingly.

The material adjustments are shown in the following table:

Reconciliation of Balance Sheet Changes

Balance sheet (extract) € in millions	Jan. 1, 2018 published	Adjust-ment	Jan. 1, 2018 restated	Dec. 31, 2018 published	Adjust-ment	Dec. 31, 2018 restated
Inventories	1,659	7	1,666	1,604	79	1,683
Other operating assets and contract assets	993	1	994	1,123	218	1,340
Deferred tax assets	902	0	902	1,116	68	1,184
Total assets	**43,425**	**8**	**43,433**	**50,605**	**365**	**50,970**
Retained earnings	3,832	6	3,838	3,032	56	3,088
Miscellaneous provisions	7,428	0	7,428	6,933	216	7,149
Deferred tax liabilities	390	2	392	355	93	448
Total equity and liabilities	**43,425**	**8**	**43,433**	**50,605**	**365**	**50,970**

Reconciliation of Income Statement Changes

Income statement (extract) € in millions	2018 published	Adjust-ment	2018 restated
Sales	78,176	13,637	91,813
Other operating income	14,681	14,412	29,093
Cost of materials	-74,690	-14,368	-89,058
Other operating expenses	-15,951	-13,608	-29,559
Income/Loss before financial results and taxes	**-161**	**73**	**-88**
Financial results	-413	0	-413
Income taxes	82	-23	59
Net income/loss	**-492**	**51**	**-442**
Attributable to shareholders of Uniper SE	*-452*	*51*	*-401*
Attributable to non-controlling interests	*-40*	*0*	*-40*
€			
Earnings per share	-1.23		-1.10

Reconciliation of Changes in the Statement of Recognized Income and Expenses

Statement of recognized income and expenses (extract) € in millions	2018 published	Adjust-ment	2018 restated
Net income/loss	-492	51	-442
Other comprehensive income	-489	0	-489
Total recognized income and expenses (total comprehensive income)	**-981**	**51**	**-930**
Attributable to shareholders of Uniper SE	*-873*	*51*	*-822*
Attributable to non-controlling interests	*-108*	*0*	*-108*

Other Presentation Changes

To enhance the transparency and meaningfulness of selected balance sheet items, a reclassification aimed at differentiating primary and derivative financial instruments and other operating assets and liabilities, as well as trade receivables and payables, was introduced in the balance sheet. This was also done in preparation for reporting in the European Single Electronic Format ("ESEF") to provide more meaningful mapping to the ESEF taxonomy.

The allocation of the other presentation changes to the individual balance sheet line items had no impact on total assets and total liabilities and is presented in the following table:

Reconciliation of the Balance Sheet Due to Other Changes

Balance sheet (extract) € in millions	Jan. 1, 2018 published	Adjust-ment	Jan. 1, 2018 restated	Dec. 31, 2018 published	Adjust-ment	Dec. 31, 2018 restated
Non-current assets						
Operating receivables, other operating assets and contract assets	3,206	-3,206	–	4,913	-4,913	–
Receivables from derivative financial instruments	–	3,008	3,008	–	4,691	4,691
Other operating assets and contract assets	–	198	198	–	222	222
Current assets						
Trade receivables, other operating assets and contract assets[1]	16,157	-16,157	–	21,686	-21,686	–
Trade receivables	–	7,120	7,120	–	8,354	8,354
Receivables from derivative financial instruments	–	8,241	8,241	–	12,214	12,214
Other operating assets and contract assets	–	797	797	–	1,118	1,118
Non-current liabilities						
Operating liabilities and contract liabilities	3,618	-3,618	–	4,856	-4,856	–
Liabilities from derivative financial instruments	–	3,040	3,040	–	4,327	4,327
Other operating liabilities and contract liabilities	–	578	578	–	529	529
Current liabilities						
Trade payables, other operating liabilities and contract liabilities	16,274	-16,274	–	22,470	-22,470	–
Trade payables	–	6,821	6,821	–	8,256	8,256
Liabilities from derivative financial instruments	–	8,033	8,033	–	12,546	12,546
Other operating liabilities and contract liabilities	–	1,420	1,420	–	1,667	1,667

[1]The Dec. 31, 2018, adjustment also includes the adjustment reflecting the IFRS 9 agenda decision, enabling reconciliation of the restated totals of the line items as of Dec. 31, 2018, that are presented on the balance sheet.

The changes in accounting policies and the presentation changes described above have affected prior-year comparative amounts in the following individual notes: (5) Revenues, (7) Other Operating Income and Expenses, (8) Cost of Materials, (10) Income Taxes, (13) Earnings per Share, (19) Inventories, (20) Receivables, Other Assets and Contract Assets, (22) Equity, (24) Miscellaneous Provisions, (25) Liabilities and Contract Liabilities, (33) Segment Information. The comparative prior-year figures stated in the affected notes are the restated values resulting from the changes previously described.

Standards and Interpretations Not Yet Applicable in Fiscal 2019

The IASB has issued additional standards. They were not applied by Uniper in the 2019 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 2019)

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
IFRS 17	Insurance Contracts	Jan. 1, 2021	No	Work in progress
Amendments to IFRS 3	Business Combinations	Jan. 1, 2020	No	To be examined on a case-by-case basis
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	Jan. 1, 2020	Yes	None
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	Jan. 1, 2022	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, 2019	**27**	**36**	**63**
Additions	2	1	3
Disposals/Mergers	–	6	6
Consolidated companies as of December 31, 2019	**29**	**31**	**60**

As of December 31, 2019, a total of 3 domestic and 9 foreign associated companies were accounted for under the equity method (2018: 3 domestic and 11 foreign).

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 2019 and 2018 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 2019

Uniper Activities in Italy

At the end of March 2019, Uniper 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, which is now complete, 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 were accounted for in OCI with changes in fair value recognized, in accordance with IFRS 9, and presented within "Other financial assets" (see also Note 18).

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.

Disposal Group in Fiscal 2018

Uniper Activities in France

As of December 31, 2018, the activities in France were reported as a disposal group and measured at their carrying amount before reclassification as a disposal group.

The major asset and liability items of these activities held as a disposal group were non-current assets (€232 million) and current assets (€278 million), as well as provisions (€425 million) and liabilities (€295 million).

(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 from fiscal 2019 forward 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 comparative figures of the previous year have been restated. Further information can be found in Note 3.

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 €65,804 million, sales revenues in the 2019 fiscal year were 28% lower than in the previous year (2018: €91,813 million. The comparative prior-year figures have been restated. Further information can be found in Note 3). This amount includes revenue relating to prior periods of €95 million (2018: €97 million).

The reduction is attributable particularly to lower prices in the electricity and gas business. As a result of the implementation of the IFRS IC agenda decision on the accounting treatment of contracts to buy or sell non-financial items (contracts that are accounted for under IFRS 9 (failed own-use contracts)), the revenues generated from such contracts must be measured at the spot price.

It was partially offset by higher gas trading volumes and by significantly higher oil sales volumes.

Uniper anticipates revenues of €978 million (2018: €1,110 million) from unsatisfied performance obligations. Of this total, €321 million is attributable to 2020 (in 2018 for 2019: €351 million) and €657 million to years after 2020 (in 2018 for the years after 2019: €759 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, 2019, contract assets amounted to €7 million (2018: €5 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 €5 million from the opening balance as of January 1, 2019, was reclassified to trade receivables (2018: no reclassifications).

An amount of €1,145 million in revenue was generated from the contract liabilities included in the opening balance and recognized in the 2019 fiscal year (2018: €619 million). As of December 31, 2019, contract liabilities amounted to €777 million (2018: €1,218 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 2019 fiscal year (2018: €79 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	2019	2018
Income from exchange rate differences[1]	469	505
Gain on derivative financial instruments[1]	25,325	28,046
Gain on disposal of equity investments and securities	14	12
Write-ups of non-current assets	174	164
Gain on disposal of property, plant and equipment	6	80
Miscellaneous	359	286
Total	**26,348**	**29,093**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

Other operating income was reduced to € 26,350 million in the 2019 fiscal year (2018: € 29,093 million. The comparative prior-year figures have been restated. Further information can be found in Note 3). This was caused primarily by the marking to market of commodity derivatives. Income of €25,325 million from invoiced and open transactions and from associated currency hedging was down €2,721 million from the previous year (2018: €28,046 million). The aforementioned explanations already take into account the effects from the implementation of the IFRS IC agenda decision on the accounting treatment of 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 €441 million (2018: €484 million). There also were unrealized currency effects from translation at the closing rate on the balance sheet date in the amount of €26 million (2018: €21 million).

Gains on disposals of equity investments and securities amounted to €14 million (2018: €12 million). They include primarily 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. In the previous year, these gains had resulted predominantly from the disposal of the Dutch sales business.

Write-ups of non-current assets are described in more detail in Note 17.

As in previous years, income from goods and services recharged amounting to €25 million (2018: €26 million) and income from the reversal of provisions amounting to €210 million (2018: €106 million) were reported under miscellaneous other operating income.

The following table provides details of other operating expenses for the periods indicated:

Other Operating Expenses

€ in millions	2019	2018
Loss from exchange rate differences[1]	491	588
Loss on derivative financial instruments[1]	24,088	28,126
Expected Credit losses on trade receivables and contract assets	6	11
Taxes other than income taxes	-9	25
Loss on disposal of equity investments and securities	8	30
Miscellaneous	697	778
Total	**25,281**	**29,559**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

Other operating expenses decreased to €25,281 million in the 2019 fiscal year (2018: €29,559 million. The comparative prior-year figures have been restated. Further information can be found in Note 3). The decrease resulted primarily from the marking to market of commodity derivatives. Expenses of €24,088 million from invoiced and open transactions and from associated currency hedging were down €4,038 million from the previous year (2018: €28,126 million). The aforementioned explanations already take into account the effects from the implementation of the IFRS IC agenda decision on the accounting treatment of 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 from the translation of foreign-currency receivables and liabilities in the amount of €461 million (2018: €564 million). There also were unrealized currency effects from translation at the closing rate on the balance sheet date in the amount of €30 million (2018: €24 million).

Losses on disposals of equity investments and securities amounted to €8 million (2018: €30 million) and consist primarily of a loss generated in connection with the sale of the investment in the Brazilian company ENEVA S.A. In the previous year, they had resulted predominantly from losses of €31 million on the disposal of the stake in the Brazilian company Pecém II Participacões S.A. That prior-year figure included a realized loss of €31 million from foreign exchange translation differences that had previously been reported in other comprehensive income.

Miscellaneous other operating expenses in 2019 included third-party services of €78 million (2018: €124 million) and IT expenditure of €186 million (2018: €179 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 2019 before netting was €10,470 million (2018: €11,369 million). The corresponding gross expenses totaled €10,402 million (2018: €11,415 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, from fiscal 2019 forward, in equity 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 comparative figures of the previous year have been restated. Further information can be found in Note 3.

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	2019	2018
Expenses for raw materials and supplies and for purchased goods[1]	62,547	88,483
Expenses for purchased services	850	575
Total[1]	**63,398**	**89,058**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

The cost of materials fell to € 63,398 million in the 2019 fiscal year (2018: € 89,058 million. The comparative prior-year figures have been restated. Further information can be found in Note 3). The reduction is attributable particularly to lower prices in the electricity and gas business. As a result of the implementation of the IFRS IC agenda decision on the accounting treatment of contracts to buy or sell non-financial items (contracts that are accounted for under IFRS 9 (failed own-use contracts)), the cost of materials resulting from such contracts must be measured at the spot price.

Expenses for raw materials and supplies and for purchased goods consisted especially of purchases of gas and electricity in the amount of €52,869 million (2018: €76,902 million). Network usage charges of €1,033 million (2018: €1,062 million) are also included in this line item.

Expenses for purchased services mainly comprised recharged transportation fees totaling €381 million (2018: €306 million), as well as maintenance costs totaling €201 million (2018: €70 million) and other purchased services totaling €268 million (2018: €199 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	2019	2018
Income from companies in which equity investments are held	1	14
Impairment charges/reversals on other financial assets	-9	-5
Net income from equity investments	**-8**	**9**
Interest and similar income[1]	123	124
Amortized cost	*104*	*94*
Other interest and similar income	*19*	*30*
Interest and similar expenses[1]	-237	-378
Amortized cost	*-48*	*-37*
Other interest and similar expenses	*-190*	*-341*
Net interest income	**-114**	**-254**
Impairment charges/reversals	-1	-59
Net income from securities	29	-20
Result from the Swedish Nuclear Waste Fund	131	-89
Other financial results	**159**	**-168**
Financial results	**37**	**-413**

[1]Note 29 to the Consolidated Financial Statements contains additional information about the measurement categories.

In the 2019 fiscal year, financial results rose by €450 million to €37 million (2018: -€413 million), primarily reflecting the increase of €327 million in other financial results. Net interest income rose by €140 million, while net income from equity investments declined by €13 million.

Owing to the effects described below, net interest income improved from -€254 million in the previous year by €140 million to -€114 million in the 2019 fiscal year. The diminished reduction year over year in the interest rate applied to the discounting of the provisions for asset retirement obligations for the Swedish nuclear power plants led to an improvement in net interest income of €145 million. Still lower interest rates compared with the previous year resulted in an expense of -€52 million from changes in interest rates in the 2019 fiscal year. This expense was €145 million lower than in the previous year (-€197 million). Also included in this item are effects totaling -€96 million (2018: -€58 million) from changes in interest rates applied to the discounting of other non-current provisions. In addition to periodic interest accrued on provisions for asset retirement obligations amounting to -€65 million (2018: -€79 million), net interest income further includes the net interest cost arising from pension provisions in the amount of -€20 million (2018: -€17 million). This interest expense was partially offset by capitalized borrowing costs of €89 million (2018: €50 million) as part of the cost of property, plant and equipment.

Other financial results rose from -€168 million in the previous year by €327 million to €159 million in the 2019 fiscal year. In line with European industry practice, the valuation result arising from the Swedish Nuclear Waste Fund is shown separately in other financial results. The valuation of the Swedish Nuclear Waste Fund contributed €219 million to the increase in other financial results, with income of €131 million recognized in the 2019 fiscal year (2018: expenses of €89 million). Impairment charges for expected credit losses on financial receivables and other non-operating financial assets carried at amortized cost totaled -€1 million in fiscal 2019 (2018: -€59 million). In the previous year, this item also included an individual loss allowance of -€58 million for a shareholder loan. Further included within other financial results is a net result of €29 million (2018: -€21 million) from other securities measured at fair value through profit or loss.

(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	2019	2018[1]
Domestic	-4	23
Foreign	96	31
Current taxes	**92**	**54**
Domestic	123	44
Foreign	100	-157
Deferred taxes	**223**	**-113**
Total income taxes	**315**	**-59**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

The tax expense in the fiscal year amounted to €315 million, compared with tax income of €59 million in the previous year. Earnings before taxes resulted in a net tax expense in 2019 and an associated effective tax rate of 33% (2018: 12%), which – as in the previous year – primarily reflects the effect of excluded deferred taxes. Of the amount reported as current income taxes in the 2019 fiscal year, -€4 million related to prior periods (2018: -€25 million). Of the €223 million in deferred taxes reported in total, an amount of €204 million (2018: -€158 million) resulted from changes in temporary differences, and an amount of €19 million (2018: €45 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 €59 million (2018: €73 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[1]

	2019		2018	
	€ in millions	%	€ in millions	%
Income/Loss before taxes	**959**	**100**	**-500**	**100**
Expected income taxes	297	31	-155	31
Foreign tax rate differentials	-27	-3	–	–
Changes in tax rates / tax law	0	–	9	-2
Tax effects on tax-exempt income	-1	–	-23	5
Tax effects of non-deductible outlays and permanent differences	6	1	22	-4
Tax effects on net income from companies accounted for under the equity method	-15	-2	-16	3
Tax effects of goodwill impairment and deconsolidation	-4	–	-3	1
Tax effects of changes in value and non-recognition of deferred taxes[2]	67	7	142	-28
Tax effects of other taxes on income	1	–	6	-1
Tax effects of income taxes related to other periods	-5	-1	-41	8
Other	-5	-1	1	–
Effective income taxes / tax rate	**315**	**33**	**-59**	**12**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

[2]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

€ in millions	December 31, 2019 Tax assets	Tax liabilities	December 31, 2018 Tax assets	Tax liabilities
Intangible assets	65	202	71	201
Property, plant and equipment	212	795	204	763
Financial assets	–	6	5	4
Inventories[1]	22	43	22	116
Receivables[1]	30	4,724	196	6,054
Provisions[1]	1,634	53	1,729	113
Liabilities[1]	4,416	195	5,742	127
Loss carryforwards	126	–	148	–
Other	196	60	182	140
Subtotal[1]	**6,700**	**6,078**	**8,300**	**7,518**
Changes in value	-44	–	-46	
Deferred taxes (gross)[1]	**6,656**	**6,078**	**8,254**	**7,518**
Offsetting	-5,667	-5,667	-7,070	-7,070
Deferred taxes (net)[1]	**988**	**410**	**1,184**	**448**
Current	*132*	*8*	*355*	*123*

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

Of the deferred taxes reported, a total of €240 million was recognized directly in equity (2018: €148 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	2019 Before income taxes	Income taxes	After income taxes	2018 Before income taxes	Income taxes	After income taxes
Cash flow hedges	-6	2	-5	1	–	1
Remeasurements of equity investments	-72	–	-72	102	–	102
Currency translation adjustments	386	–	386	-443	-1	-444
Remeasurements of defined benefit plans	-244	92	-152	-254	75	-179
Companies accounted for under the equity method	1	–	1	31	–	31
Total	**65**	**93**	**158**	**-563**	**75**	**-489**

The tax loss carryforwards as of the dates indicated are as follows:

Tax Loss Carryforwards

€ in millions	December 31 2019	2018
Domestic tax loss carryforwards	291	246
Foreign tax loss carryforwards	974	1,925
Total	**1,265**	**2,171**

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 €157 million (2018: €135 million) and trade tax loss carryforwards amounting to €134 million (2018: €111 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, 2019, reporting date on €215 million (2018: €227 million) in domestic tax loss carryforwards and on €284 million (2018: €984 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 €1,902 million (2018: €2,526 million).

As of December 31, 2019, 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 €179 million (2018: €1,096 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. 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	2019	2018
Wages and salaries	747	741
Social security contributions	119	123
Expenses for retirement and other employee benefits	88	113
Occupational retirement benefits	*87*	*112*
Total	**955**	**977**

The personnel costs of the Uniper Group fell by €22 million in the 2019 fiscal year to €955 million (2018: €977 million). The decline is attributable to lower expenses for occupational retirement benefits resulting especially from the plan amendment in Germany that was implemented effective January 1, 2019, and to the disposal of the Uniper activities in France. In addition, the expense recognized in the second quarter of 2018 from the revaluation and settlement of allocations under the long-term incentive ("LTI") packages for the years 2015, 2016 and 2017 did not recur in the 2019 fiscal year. Those allocations had arisen in connection with the change-of-control event that occurred in 2018 upon completion of the takeover offer by Fortum Deutschland SE. Offsetting effects in wages and salaries resulted from negotiated pay adjustments and the initial full-year recognition of consolidated companies, as well as from the reintegration into the Uniper Group of outsourced administrative functions from the Shared Service Center in Cluj, Romania, operated by an external entity and the integration of HR service activities. Furthermore, income from the reversal of corresponding provisions amounting had been recognized in the previous year.

Employees

During the reporting year, Uniper employed an average of 11,743 persons (2018: 11,828). Not included in this figure are 188 apprentices (2018: 201), nor are interns, 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 and to the ongoing decommissioning of power plant units in Sweden. The employee headcount in the Global Commodities segment remained stable in fiscal 2019 compared with the previous year. In the International Power Generation segment, the headcount was higher due to the transfer of activities from an unconsolidated subsidiary to a consolidated one. In Administration/Consolidation, the number of employees rose primarily in the course of the reintegration into the Uniper Group of outsourced administrative functions from the Shared Service Center in Cluj, Romania, operated by an external entity and as a result of the integration of HR service activities following the closure of the Berlin location.

The average employee headcount by segment broke down as shown in the table below:

Employees[1]

	2019	2018
European Generation	5,035	5,433
Global Commodities	1,245	1,225
International Power Generation	4,504	4,352
Administration/Consolidation	959	818
Total	**11,743**	**11,828**
Domestic	*4,644*	*4,507*
Foreign	*7,099*	*7,321*

[1]Figures do not include board members, managing directors, apprentices 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 2019 and 2018 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 (employee stock purchase program in the UK, as well as the Uniper Performance Cash Plan and the Supervisory Board's virtual shares) generated expenses in 2019 amounting to € 4.3 million (2018: €43.9 million).

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 €0.2 million in 2019 (2018: €0.3 million) and is reported under "Wages and salaries" as personnel costs.

Long-Term Variable Compensation

Members of the Management Board of Uniper SE and selected executives of the Uniper Group receive share-based payment as a voluntary 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, and on the long-term variable Supervisory Board compensation granted in the form of virtual shares.

Uniper Performance Cash Plan

No allocations were granted to Klaus Schäfer and to Christopher Delbrück under the Uniper Performance Cash Plan for the 2019 fiscal year. Keith Martin and Eckhardt Rümmler waived their allocations. Andreas Schierenbeck, Sascha Bibert and David Bryson have received prorated allocations for 2019. In addition, selected executives of the Uniper Group also 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.

The allocations granted under the Performance Cash Plan in the 2018 and 2019 fiscal years have resulted in the recognition of provisions as of December 31, 2019, amounting to €3.8 million (2018: €0 million). The total expense recognized in 2019 thus amounted to €3.8 million as well (2018: €31.8 million).

The completion of the takeover offer by Fortum Deutschland SE, which led to the acquisition of 47.37% of the capital stock and voting rights of Uniper SE on June 26, 2018, triggered a change-of-control event as defined in the terms of the Performance Cash Plan on June 26, 2018. This led to the premature ending of the term in the previous year and, subsequently, to the settlement of the allocations granted to the then-entitled members of the Management Board and to selected executives in the 2016 and 2017 fiscal years. As of June 30, 2018, therefore, these obligations had to be revalued, with all expenses still to be incurred for the allocation periods still open previously brought forward and recognized as a one-time personnel expense.

In return, there will be no more charges to personnel costs for the reporting periods from 2019 through 2020 from the now-settled LTI packages for 2016 through 2017. The corresponding cash payments amounted to €46.0 million. The payouts took place in the third quarter of 2018.

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.

The provision for the Supervisory Board's virtual shares as of December 31, 2019, is €0.7 million (2018: €0.4 million). The expense for fiscal 2019 amounted to €0.3 million (2018: €0.2 million).

(12) Other Disclosures

Compensation of Supervisory Board and Management Board

Supervisory Board

Total compensation paid to the Supervisory Board for the 2019 fiscal year amounted to roughly €1.3 million (2018: €1.4 million). Outlays were reimbursed for a total of €83 thousand (2018: €70 thousand).

Members of the Supervisory Board were granted a total of 9,384 virtual shares for the 2019 fiscal year having a grant-date fair value of €0.2 million.

As in the previous year, there were no outstanding loans or advances to members of the Supervisory Board in the 2019 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.

Additional information about the members of the Supervisory Board is provided in Note 30.

Management Board

Total compensation paid to members of the Management Board amounted to €9.3 million (2018: €10.0 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 Cash Plan in the 2019 fiscal year having a grant-date fair value of €0.9 million. Because a conversion into actual numbers of shares is not provided for under the terms of the Uniper Performance Cash Plan, no such numbers can be determined or disclosed.

In accordance with the change-of-control severance provisions stipulated in their service agreements, Klaus Schäfer and Christopher Delbrück received settlement payments of approximately €4.1 million and €2.3 million, respectively. The settlement payments were disbursed at the respective agreed end of each service agreement. 25% of the special incentive bonus granted 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. 50% of the special incentive bonus vested in the period from September 2016 through September 2018. Klaus Schäfer and Christopher Delbrück are therefore required to repay approximately €0.8 million and €0.5 million, respectively. The repayment amounts were offset against the aforementioned settlement payments.

In accordance with the change-of-control severance provisions stipulated in their service agreements, Keith Martin and Eckhardt Rümmler were also entitled to settlement payments of roughly €2.3 million each. The settlement payments for Keith Martin and Eckhardt Rümmler were already disbursed in September 2019 and November 2019, respectively, and are therefore classified as advances. 75% of their respective special incentive bonus became vested for both Keith Martin and Eckhardt Rümmler. Keith Martin and Eckhardt Rümmler are therefore required to repay 25% of the special incentive bonus (approximately €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 2019 fiscal year.

The settlement payments caused the total compensation of former Management Board members for fiscal 2019 to amount to approximately €6.4 million. The settlement amount of the pension obligations for former Management Board members amounted to approximately €6.6 million as of December 31, 2019. There were no payments to former Management Board members in the 2018 fiscal year.

The compensation plan for the Management Board and the amounts paid to each Management Board member are presented in the Compensation Report. Additional information about the members of the Management Board is provided in Note 30.

Fees and Services of the Independent Auditor

During the 2019 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	2019	2018
Financial statement audits	11.3	11.4
PwC Germany	*9.1*	*9.0*
Other attestation services	0.3	0.4
PwC Germany	*0.3*	*0.4*
Tax advisory services	0.0	–
PwC Germany	–	–
Other services	0.8	1.0
PwC Germany	*0.2*	*0.4*
Total	**12.4**	**12.8**
PwC Germany	*9.6*	*9.8*

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 2019 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 2019 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	2019	2018[1]
Income/Loss from continuing operations	644	-442
Less: Non-controlling interests	-34	40
Income/Loss from continuing operations (attributable to shareholders of Uniper SE)	**610**	**-401**
Net income/loss attributable to shareholders of Uniper SE	**610**	**-401**
€		
Earnings per share (attributable to shareholders of Uniper SE)		
from continuing operations	1.67	-1.10
from net income/loss	**1.67**	**-1.10**
Weighted-average number of shares outstanding (in millions)	366	366

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

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 25 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, 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	64	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	–	–	–	–	–	–	–	–
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

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, 2018	4,950	74	1,464	206	155	55	56	6,960
Exchange rate differences	-136	–	-2	-1	–	-2	–	-141
Changes in scope of consolidation[1]	–	-55	-118	-46	–	-11	–	-230
Additions	–	–	2	13	3	9	25	52
Disposals	–	–	-19	-3	–	-1	–	-23
Transfers	–	–	1	2	16	-1	-19	-1
December 31, 2018	4,814	19	1,328	171	174	49	62	6,617
Accumulated depreciation								
January 1, 2018	-3,060	-64	-878	-157	-91	-1	-1	-4,252
Exchange rate differences	62	–	1	–	–	–	–	63
Changes in scope of consolidation[1]	–	52	114	37	–	–	–	203
Additions	–	-5	-21	-20	-24	–	1	-69
Disposals	–	–	19	3	–	–	–	22
Transfers	–	–	–	–	–	–	–	–
Impairment charges	–	–	–	–	–	–	–	–
Reversals	–	–	–	–	–	–	–	–
December 31, 2018	-2,998	-17	-765	-137	-115	-1	–	-4,033
Net carrying amounts								
December 31, 2018	1,816	1	563	35	59	48	61	2,583

[1]Changes in the scope of consolidation include primarily the reclassification into the disposal group.

As in the previous year, there were no restricted interests in intangible assets as of the balance sheet date.

(15) Property, Plant and Equipment

Property, plant and equipment and its 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 4.43% was applied within the Uniper Group for the 2019 fiscal year (2018: 2.65%). 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, 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	2	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

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, 2018	1,904	3,433	28,799	322	2,975	37,433
Exchange rate differences	-57	-161	-534	-8	-72	-832
Changes in scope of consolidation[1]	-122	-245	-2,570	-4	-56	-2,997
Additions	5	48	345	36	406	840
Disposals	-25	-47	-647	-15	-14	-748
Transfers	12	28	552	10	-608	-6
December 31, 2018	1,717	3,056	25,945	341	2,631	33,690
Accumulated depreciation						
January 1, 2018	-357	-2,154	-21,996	-251	-935	-25,692
Exchange rate differences	4	68	305	5	6	388
Changes in scope of consolidation[1]	112	238	2,359	8	71	2,788
Additions	-8	-69	-502	-23	–	-602
Disposals	–	67	633	13	12	725
Transfers	-4	-9	-123	-7	155	12
Impairment charges	-8	-40	-412	-3	-398	-861
Reversals	–	3	163	–	-1	165
December 31, 2018	-261	-1,896	-19,573	-258	-1,090	-23,078
Net carrying amounts						
December 31, 2018	1,456	1,160	6,372	83	1,541	10,612

[1]Changes in the scope of consolidation include primarily the reclassification into the disposal group.

Borrowing costs were capitalized in the reporting year in the amount of €89 million (2018: €50 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 2019 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, 2019			December 31, 2018		
	Uniper Group	Associates[1]	Joint ventures[1]	Uniper Group	Associates[1]	Joint ventures[1]
Companies accounted for under the equity method	446	437	9	440	429	11

[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 €40 million in the reporting year (2018: €49 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	
	2019	2018	2019	2018	2019	2018
Proportional share of net income	57	61	1	–	58	61
Proportional share of other comprehensive income	1	1	–	-1	1	–
Proportional share of total comprehensive income	58	62	1	-1	59	61

The carrying amounts of companies accounted for under the equity method whose shares are marketable totaled €34 million (2018: €23 million). The fair values of those shares amounted to €68 million (2018: €74 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 separate measurement of the particular sub-units ("sum of the parts" measurement). Uniper determines recoverable amounts for the Global Commodities and International 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 International 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	International 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 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. Uniper makes the general assumption that the electricity market in Europe will not return to equilibrium without regulatory involvement. Appropriate compensation elements are taken into account. 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		International Power Generation[1]	
	2019	2018	2019	2018	2019	2018
Goodwill						
Growth rate (in %)	N/A	N/A	1.0	1.0	4.0	4.0
Cost of capital before taxes (in %)	N/A	N/A	6.65	7.3	11.9	13.3
Cost of capital after taxes (in %)	N/A	N/A	4.64	5.1	9.6	10.6
Other non-current assets						
Cost of capital before taxes (in %)	6.0–7.4	7.4–8.4	4.7–7.0	7.3–7.5	11.9	13.3
Cost of capital after taxes (in %)	4.7–5.2	5.6–6.3	3.3–5.4	5.2–5.9	9.55	10.6

[1]Growth rate and cost of capital in local currency.

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, 2019

€ in millions	European Generation	Global Commodities	International 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).

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2018

€ in millions	European Generation	Global Commodities	International Power Generation	Uniper Group
Net carrying amount of goodwill as of January 1, 2018	**0**	**1,311**	**579**	**1,890**
Changes resulting from acquisitions and disposals	–	–	–	–
Impairment charges	–	–	–	–
Exchange rate differences	–	1	-75	-74
Net carrying amount of goodwill as of December 31, 2018	**0**	**1,312**	**504**	**1,816**
Other non-current assets[1]				
Impairment charges	709	135	18	862
Reversals	136	29	–	165

[1]Other non-current assets consist of intangible assets (Note 14) and of property, plant and equipment (Note 15).

As in the previous year, the annual goodwill impairment tests performed in the fourth quarter of 2019 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 International 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.

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.

Based on the medium-term corporate planning approved by Management Board resolution in the fourth quarter of 2019, 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. No material impairments and reversals were recognized in the first three quarters of the 2019 fiscal year.

A total of approximately €1.0 billion in impairments was charged to property, plant and equipment in the 2019 fiscal year (2018: €0.9 billion), of which €0.9 billion (2018: €0.7 billion) related to the European Generation segment and roughly €0.1 billion each to the International Power Generation (2018: €0.0 billion) and Global Commodities (2018: €0.1 billion) segments, respectively.

The most substantial individual impairments in the 2019 fiscal year in terms of amount involved a further impairment of the Maasvlakte 3 hard-coal power plant in the Netherlands and amounted to €0.4 billion (2018: €0.0 billion). In the context of the update of the measurement assumptions in the fourth quarter of 2019, the impairment charge was necessitated by a changed environment such as 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.

An additional €0.2 billion in impairments was recognized on the Ratcliffe coal-fired power plant in the United Kingdom because of the changed market environment. The value of that power plant had been written up by €0.1 billion in the previous year. The uncertainty as of the December 31, 2019, reporting date surrounding the withdrawal of the United Kingdom from the EU (Brexit) and the subsequent negotiations on a future trade relationship 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.

Another material individual impairment in fiscal 2019 in terms of amount related to the Datteln 4 hard-coal power plant, which is currently being commissioned, and totaled €0.1 billion (2018: €0.4 billion). The impairments recognized in 2019 give due consideration to the emerging changes in the legal environment for coal-fired power generation in Germany. Existing scenarios have been adjusted accordingly. The previous year's impairments of €0.4 billion had been due to an amended estimate concerning the plant's future operation and to an update of assumptions, which, among other things, led to an impairment of capitalized construction-period interest.

In addition, an impairment of roughly €0.2 billion had been charged to the French Provence 4 power plant unit in the 2018 fiscal year.

Additional impairment charges were recognized in the 2019 fiscal year on two power plants, of which one is in the United Kingdom and one in Germany, in the amount of €0.1 billion and on gas-storage infrastructure in Germany in the amount of €0.1 billion (2018: €0.1 billion). These impairments were similarly caused by the changed market conditions previously described.

Reversals of impairments recognized in previous years amounted to €0.2 billion in fiscal 2019 (2018: €0.2 billion). The most substantial reversal in terms of amount related to gas-storage infrastructure and gas-fired power plants in Germany, which in the previous year had been written down by €0.1 billion. The previous year's most substantial reversal in terms of amount had been recognized on a power plant in the United Kingdom – due to changed expectations about future prices – and amounted to €0.1 billion.

Assets in the European Generation segment for which an impairment loss was recognized or reversed during the 2019 fiscal year have a total recoverable amount of more than €2.2 billion, with two power plants written down to a carrying amount of zero. The total recoverable amount of assets in the International 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.

In the 2019 fiscal year, impairment losses of €6 million were recognized on companies accounted for under the equity method (2018: €0 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, 2019			December 31, 2018		
€ in millions	Uniper Group	Associates	Joint ventures	Uniper Group	Associates	Joint ventures
Equity investments	610	17	5	783	17	13
Non-current securities	100	–	–	83	–	–
Total	**710**	**17**	**5**	**866**	**17**	**13**

The amount shown for non-current securities relates mainly to fixed-income securities.

As of December 31, 2019, impairment losses on other financial assets amounted to €9 million (2018: €4 million). The carrying amount of other financial assets that were impaired during the fiscal year was €14 million (2018: €24 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

€ 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 Coal 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

€ 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. From fiscal 2019 forward, 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 comparative figures have been restated. Further information can be found in Note 3. The cost of raw materials, finished products and goods purchased for resale is determined based on the average cost method. Valuation allowances are recognized as necessary.

Inventories

€ in millions	December 31 2019	2018
Raw materials and supplies	563	508
Goods purchased for resale[1]	908	1,147
Work in progress and finished products	37	28
Total	**1,508**	**1,683**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

Raw materials and supplies include, in particular, coal, uranium and nuclear fuel rods, as well as other raw materials and supplies. The change in raw materials and supplies resulted largely from the optimization of gas-storage facilities. The major components of goods purchased for resale are gas, oil and coal inventories.

Valuation allowances in 2019 amounted to €58 million (2018: €65 million) and related primarily to gas inventories. Reversals of allowances totaled €7 million in 2019 (2018: €0 million).

As in the previous year, no inventories were transferred as collateral in 2019.

(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. From fiscal 2019 forward, 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. The comparative figures have been restated. Further information can be found in Note 3. 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

€ in millions	December 31, 2019		December 31, 2018[1]	
	Current	Non-current	Current	Non-current
Receivables from finance leases	15	194	21	188
Other financial receivables and financial assets	617	3,619	1,370	3,430
Financial receivables and other financial assets	**633**	**3,813**	**1,391**	**3,618**
Trade receivables	7,090	–	8,354	–
Receivables from derivative financial instruments	8,601	4,787	12,214	4,691
Other operating assets and contract assets	1,287	159	1,118	223
Trade receivables and other operating assets	**16,978**	**4,946**	**21,686**	**4,914**
Total	**17,611**	**8,759**	**23,077**	**8,532**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

Note 31 contains detailed disclosures about leases.

The reimbursement right from KAF is included within other financial assets in the amount of €2,320 million (2018: €2,271 million). Of this total, €154 million (2018: €132 million) is reported under current financial assets and €2,165 million (2018: €2,139 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 €318 million (2018: €698 million) and shareholder loans amounting to €3 million (2018: €357 million), while non-current financial receivables include shareholder loans in the amount of €568 million (2018: €548 million).

Other financial receivables included restricted cash of €66 million (2018: €63 million) deposited in the context of over-the-counter transactions.

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

€ in millions	December 31	
	2019	2018
Current securities with an original maturity greater than 3 months	46	240
Restricted cash and cash equivalents	18	22
Cash and cash equivalents	825	1,138
Total	**889**	**1,400**

Cash and cash equivalents include €825 million (2018: €1,118 million) in cash on hand and bank balances with an original maturity of less than three months.

As of the balance sheet date, there existed €18 million in restricted cash (2018: €22 million) with a maturity of less than three months. This restricted cash resulted, in particular, from collateral deposited with counterparties for currency hedging in selected over-the-counter trades.

(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, 2019, 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	**2019**	**2018**
Statutory reserves	–	–
Other retained earnings[1]	3,145	3,088
Total[1]	**3,145**	**3,088**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

As of December 31, 2019, retained earnings amounted to €3,145 million (2018: €3,088 million). Of this amount, €33.2 million (2018: €21.9 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 20, 2020, 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 €1.15 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	2019	2018
Balance as of December 31 (before taxes)	**-151**	**-152**
Taxes	3	3
Balance as of December 31 (after taxes)	**-148**	**-149**

Accumulated OCI further includes gains and losses amounting to €84 million (2018: €99 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	2019	2018
European Generation	321	307
Global Commodities	-22	-6
International Power Generation	257	196
Administration/Consolidation	–	–
Total	**556**	**497**

The increase of €59 million in non-controlling interests resulted primarily from current earnings and from the currency effects in the International Power Generation segment. In 2018, the €145 million reduction in non-controlling interests had resulted primarily from current earnings of companies with non-controlling interests in the European Generation segment and from the currency translation effects in the International 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, 2018	**1**	**-503**	**1**	**–**
Changes	–	-68	–	–
Balance as of December 31, 2018	**1**	**-571**	**1**	**0**
Changes	-1	59	-2	–
Balance as of December 31, 2019	**0**	**-512**	**-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 35).

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	**2019**	**2018**	**2019**	**2018**
Non-controlling interests in equity	257	196	53	53
Non-controlling interests in equity (in %)	16.3	16.3	45.5	45.5
Dividends paid out to non-controlling interests	31	31	–	–
Operating cash flow	318	353	81	52
Non-current assets	3,209	2,786	2,160	2,140
Current assets	192	187	227	265
Non-current liabilities	265	259	1,797	2,109
Current liabilities	141	97	473	180

Subsidiaries with Material Non-Controlling Interests – Earnings Data

	PAO Unipro		OKG AB	
€ in millions	**2019**	**2018**	**2019**	**2018**
Share of earnings attributable to non-controlling interests	34	37	2	-37
Sales	1,106	1,050	274	260
Net income	212	226	3	-82
Total comprehensive income	571	-159	1	-91

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 restricted in certain cases.

Information on Stockholders of Uniper SE

The following ownership interests pursuant to Section 160 (1), no. 8, of the German Stock Corporation Act existing as of the reporting date have been communicated to the Company as the thresholds specified in Section 33 of the German Securities Trading Act were crossed:

Information on Stockholders of Uniper SE (as of Dec. 31, 2019)

				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	Oct. 9, 2019	50 %	Oct. 8, 2019	Indirect	49.99 %	182,946,999	23.41 %
Paul E. Singer	Jan. 7, 2019	15 %	Nov. 19, 2019	Indirect	6.39 %	23,392,000	11.45 %
Eric Knight	Dec. 22, 2017	5 %	Dec. 21, 2017	Indirect	5.02 %	18,374,165	–
BlackRock Inc., Wilmington, USA	Jun. 24, 2019	3 %	Jun. 18, 2019	Indirect	3.07 %	11,232,844	0.15 %

(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, 2019, 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 71% (2018: 73%) and break down as shown in the following table:

Provisions for Pensions and Similar Obligations

€ in millions	December 31 2019	2018
Present value of all defined benefit obligations		
Germany	2,927	2,477
United Kingdom	626	487
Other countries	10	8
Total	**3,563**	**2,972**
Fair value of plan assets		
Germany	1,950	1,682
United Kingdom	582	485
Other countries	0	1
Total	**2,532**	**2,168**
Net defined benefit liability (+) / asset (-)		
Germany	977	795
United Kingdom	44	2
Other countries	10	7
Total	**1,031**	**804**
Presented as provisions for pensions and similar obligations	1,031	804

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, or 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.

The benefit expense for all the defined contribution 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.

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 earn 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 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, with regard to the funding of pension commitments that in previous years had been covered by Versorgungskasse Energie in Liquidation ("VKE i.L."), 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. The assets contributed to the pension fund thus provide the funding for the obligations transferred to the pension fund that had previously been covered through VKE i.L.

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 three existing pension plans comprising a pure defined contribution plan, a final salary plan and 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 are closed to new hires. New employees are offered solely the pure 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").

Plan assets in the United Kingdom covering the benefit obligations under the final salary and retirement balance plans (excluding those of the defined contribution plan, which is established by contract) 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 the company Uniper UK Limited. In their capacity as such, the trustees are wholly responsible for the investment and composition 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 trustees of Uniper UK Pension Trustees Limited and Uniper UK Limited. They include presumed life expectancy, wage and salary growth rates, investment returns, inflationary assumptions and interest rate levels. The initial valuation of the Uniper Group of the ESPS as of March 31, 2016, resulted in a technical funding deficit of £43 million. The agreed deficit repair plan provides for a one-off repair payment of £10 million in 2017 and further annual payments of £3.2 million to the Uniper Group of the ESPS from 2020 through 2025. The results from the valuation were communicated to members in September 2017. The next valuation has a March 31, 2019, effective date. The result of that valuation is expected in the second half of 2020.

Other Countries

The remaining pension commitments are attributable to various international activities of the Uniper Group.

The defined benefit and defined contribution plans in Belgium, the Netherlands, Russia, Sweden, Hungary, the Czech Republic, 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, 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.

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, 2018	**2,892**	**-2,216**	**676**
Domestic			
January 1, 2018	**2,228**	**-1,724**	**504**
Current employer service cost	47	–	47
Interest expense (+) / income (-) on the net defined benefit liability/asset	58	-46	12
Remeasurements	182	111	293
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	*17*	–	*17*
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	*137*	–	*137*
Actuarial gains (-) / losses (+) arising from experience adjustments	*28*	–	*28*
Return on plan assets recognized in equity, not including amounts contained in the interest income on plan assets	–	*111*	*111*
Benefit payments	-44	43	-1
from plan assets	*-43*	*43*	*0*
from the company	*-1*	–	*-1*
Employer contributions	–	-66	-66
Changes in scope of consolidation	6	–	6
December 31, 2018	**2,477**	**-1,682**	**795**
Foreign			
January 1, 2018	**664**	**-492**	**172**
Current employer service cost	30	–	30
Past service cost	2	–	2
Interest expense (+) / income (-) on the net defined benefit liability/asset	18	-13	5
Remeasurements	-69	30	-39
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	*-5*	–	*-5*
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	*-55*	–	*-55*
Actuarial gains (-) / losses (+) arising from experience adjustments	*-9*	–	*-9*
Return on plan assets recognized in equity, not including amounts contained in the interest income on plan assets	–	*30*	*30*
Benefit payments	-14	9	-5
from plan assets	*-9*	*9*	*0*
from the company	*-5*	–	*-5*
Employer contributions	–	-24	-24
Changes in scope of consolidation[1]	-131	–	-131
Exchange rate differences	-5	4	-1
December 31, 2018	**495**	**-486**	**9**
Uniper Group December 31, 2018	**2,972**	**-2,168**	**804**

[1]Changes in the scope of consolidation primarily include the reclassification of Uniper activities in France into the disposal group.

The present value of the defined benefit obligations outside Germany is attributable at €626 million (2018: €487 million) to the United Kingdom and at €10 million (2018: €8 million) to Russia. The fair value of plan assets outside Germany is attributable at €582 million (2018: €485 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 €1.6 billion (2018: €1.4 billion), to retirees and surviving dependents in the amount of roughly €1.0 billion (2018: €0.8 billion) and to former employees with vested entitlements in the amount of roughly €1.0 billion (2018: €0.8 billion).

The net actuarial losses generated in 2019 resulted mostly from the reduction in the discount rates used within the Uniper Group.

The net actuarial losses generated in 2018 included, in addition to the net losses from the change in the discount rates used by the Uniper Group, further actuarial losses resulting from the first-time application in Germany of the new 2018 G versions of the K. Heubeck biometric tables issued in 2018. The transition to the new biometric tables resulted in an actuarial loss of €17 million.

In 2018, an additional actuarial loss of €37 million resulted from a change of valuation technique in Germany, brought about by the change made to the interest rate assumptions for the "BAS Plan" and the "Zukunftssicherung" plan as of January 1, 2019. Here the so-called "pro rata" method was replaced by the present value of the accrued pension entitlements (in the amount of the accumulated pension unit totals).

The actual return on plan assets in 2019 was a gain of €331 million (2018: €82 million loss).

In addition to the total net periodic pension cost of €76 million (2018: €96 million) for defined benefit plans, contribution expenses of €25 million were recognized for occupational retirement benefit plans in 2019 (2018: €24 million).

Contributions to state plans totaled €0.1 billion (2018: €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	**2019**	**2018**	**2018**
Discount rate			
Domestic	1.50	2.30	2.60
Foreign	2.17	3.08	2.67
United Kingdom	*2.10*	*3.00*	*2.60*
Wage and salary growth rate			
Domestic	2.25	2.25	2.25
Foreign	3.14	3.23	3.15
United Kingdom	*3.10*	*3.20*	*3.30*
Pension increase rate			
Domestic[1]	1.75	1.75	1.75
Foreign	2.95	3.05	2.84
United Kingdom	*3.00*	*3.10*	*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 duration of the defined benefit obligations measured within the Uniper Group as of December 31, 2019, is 22.9 years (2018: 23.2 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	2019: 2018 G versions of the Klaus Heubeck biometric tables (2018) 2018: 2018 G versions of the Klaus Heubeck biometric tables (2018)
United Kingdom	2019: 'S3' series base mortality tables, taking into account future changes in mortality (CMI 2018 projection table) 2018: 'S2' series base mortality tables, taking into account future changes in mortality (CMI 2017 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, 2019		**December 31, 2018**	
Change in the discount rate by (basis points)	+50	-50	+50	-50
Change in percent	*-9.50*	*11.06*	*-9.37*	*10.77*
Change in wage and salary growth rate by (basis points)	+25	-25	+25	-25
Change in percent	*0.52*	*-0.51*	*0.65*	*-0.63*
Change in the pension increase rate by (basis points)	+25	-25	+25	-25
Change in percent	*1.29*	*-1.20*	*1.24*	*-1.19*
Change in mortality by (percent)	+10	-10	+10	-10
Change in percent	*-2.70*	*3.03*	*-2.54*	*2.83*

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 2019 and 2018, 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

Percentages	December 31, 2019			December 31, 2018		
	Total	Domestic	Foreign[1]	Total	Domestic	Foreign[1]
Plan assets listed in an active market						
Equity securities (stocks)	26	34	0	24	31	0
Debt securities	39	51	0	44	56	0
Government bonds	*21*	*28*	*0*	*26*	*33*	*0*
Corporate bonds	*18*	*23*	*0*	*18*	*23*	*0*
Other investment funds	1	1	0	0	–	0
Total listed plan assets	**66**	**86**	**0**	**68**	**87**	**0**
Plan assets not listed in an active market						
Equity securities not traded on an exchange	4	–	16	6	–	28
Debt securities	3	–	13	2	–	7
Real estate	8	9	3	8	10	3
Cash and cash equivalents	6	5	10	3	3	4
Other[2]	13	–	58	13	–	58
Total unlisted plan assets	**34**	**14**	**100**	**32**	**13**	**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 (for example, 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 Benefit Payments

For the 2020 fiscal year, it is expected that employer contributions to plan assets for the Uniper Group will amount to a total of €54 million and primarily involve the funding of new and existing benefit obligations, with an amount of €23 million attributable to foreign companies. Prospective benefit payments under the defined benefit plans existing as of December 31, 2019, for the next ten years are shown in the following table:

Prospective Benefit Payments

€ in millions	Total	Domestic	Foreign
2020	62	54	8
2021	71	61	10
2022	73	62	11
2023	79	66	13
2024	85	70	15
2025–2029	531	432	99
Total	**901**	**745**	**156**

(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 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, 2019, the long-term real discount rate used in the nuclear power sector in Sweden was 2.0% (2018: 2.2%). A change of 0.1 percentage points in the applied real interest rate leads to a change in the provision of approximately €35 million (2018: €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 CO2 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 1.33%, depending on the term (2018: 0% to 1.83%).

The following table lists the miscellaneous provisions as of the dates indicated:

Miscellaneous Provisions

	December 31, 2019		December 31, 2018	
€ in millions	**Current**	**Non-current**	**Current**	**Non-current**
Nuclear waste management obligations	159	2,398	141	2,335
Personnel-related obligations	64	182	92	215
Other asset retirement obligations	27	727	34	709
Supplier-related obligations	115	677	336	842
Generation-related obligations[1]	397	610	562	574
Distribution-related obligations	77	343	104	317
Customer-related obligations	39	7	98	9
Environmental remediation and similar obligations	28	181	21	180
Other	211	298	305	272
Total[1]	**1,115**	**5,422**	**1,694**	**5,455**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

The changes in miscellaneous provisions are shown in the table below:

Changes in Miscellaneous Provisions

€ in millions	January 1, 2019	Exchange rate differences	Changes in scope of consolidation	Accretion	Additions	Utilization	Reclassifications	Reversals	Changes in estimates	December 31, 2019
Nuclear waste management obligations	2,476	-44	–	51	40	-112	–	–	146	2,557
Personnel obligations	307	–	5	8	56	-106	-4	-20	–	247
Other asset retirement obligations	743	7	3	13	4	-13	–	–	-2	754
Supplier-related obligations	1,178	–	-1	28	99	-253	6	-266	–	792
Generation-related obligations	1,136	6	25	1	509	-659	–	-12	–	1,006
Distribution-related obligations	421	–	–	2	101	-94	–	-9	–	420
Customer-related obligations	107	–	-6	–	17	-4	-1	-69	–	45
Environmental remediation and similar obligations	201	–	–	–	23	-16	–	–	–	209
Other	578	-2	1	7	133	-83	3	-129	–	508
Total[1]	**7,148**	**-32**	**28**	**110**	**982**	**-1,342**	**4**	**-505**	**144**	**6,538**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

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, 2019, the provision based on the requirements of Swedish nuclear energy law amounted to €2.6 billion (2018: €2.5 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.

Changes in estimates affecting provisions for the Swedish operations were recognized in the amount of €146 million (2018: €207 million). The changes in estimates are primarily attributable to the increase in costs and to the discount rate adjustment, which is made in line with industry-specific developments in Sweden. Provisions were utilized in the amount of €112 million (2018: €109 million), of which €42 million (2018: €38 million) is attributable 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	**2019**	**2018**
Decommissioning	820	866
Disposal of nuclear fuel rods and operational waste	1,737	1,610
Total	**2,557**	**2,476**
Uniper's recognized interest in the Swedish Nuclear Waste Fund (see also Note 20)	**2,320**	**2,271**
Uniper's share of the fair value of the net assets of the Swedish Nuclear Waste Fund	2,611	2,619
Receivables from the Swedish Nuclear Waste Fund ineligible for capitalization	291	348

As provided for by IFRIC 5, a reimbursement right of €2,320 million in total (2018: €2,271 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 €291 million against the KAF (2018: €348 million). The actual claim against the KAF in the amount of €2,611 million (2018: €2,619 million) is offset by provisions amounting to €2,523 million (2018: €2,476 million), which represents an economic surplus of funding over the obligations. No reimbursement right from the KAF exists for provisions amounting to €34 million (2018: €0 million).

Personnel-Related Obligations

Provisions for personnel costs primarily cover provisions for early retirement benefits, performance-based compensation components, in-kind obligations, restructuring and other deferred personnel costs.

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.

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 €0.6 billion (2018: €1.0 billion). These provisions relate to infrastructure used by Uniper in the gas-storage business on the basis of long-term contracts. Where reclassifications are reported, they relate to matters that have become more concrete and are therefore required to be recognized as liabilities.

Generation-Related Obligations

Generation-related provisions consist mainly of provisions from the hydroelectric power business segment and of provisions for emission rights.

Distribution-Related Obligations

Distribution-related provisions consist principally of provisions for gas transportation and for regasification.

Customer-Related Obligations

Provisions for customer-related obligations consist largely of potential losses on rebates and open sales contracts.

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.

Other

Aside from a large number of individual items, other provisions also include provisions for potential obligations arising from taxes other than income taxes.

(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, 2019 Current	December 31, 2019 Non-current	December 31, 2019 Total	December 31, 2018[1] Current	December 31, 2018[1] Non-current	December 31, 2018[1] Total
Financial liabilities and liabilities from leases	**815**	**1,119**	**1,935**	**1,752**	**1,187**	**2,939**
Trade payables	7,308	–	7,308	8,256	–	8,256
Liabilities from derivatives	8,238	4,277	12,515	12,546	4,327	16,873
Other operating liabilities and contract liabilities	1,322	694	2,016	1,667	529	2,196
Trade payables, other operating liabilities and contract liabilities	**16,868**	**4,971**	**21,839**	**22,470**	**4,856**	**27,325**
Total	**17,683**	**6,091**	**23,774**	**24,222**	**6,043**	**30,264**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

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 Program enables the issuance of short-term debt. In the previous year, Uniper had increased the Euro Commercial Paper Program to an amount of €1.8 billion when refinancing its syndicated revolving credit facility. As of the end of fiscal 2019, no commercial paper was outstanding under this program (2018: €493 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 2019.

€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. In September 2019, Uniper exercised the first option to extend the tenor by one year, and accordingly all 15 syndicate banks have extended their loan commitment through 2024. As in the previous year, the revolving credit facility was not utilized as of year-end 2019. 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 in particular by a comfortable investment grade rating and a corresponding debt factor. This is defined as the ratio of current economic net debt to adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA). Uniper seeks to achieve a debt factor within a target range of 1.8 to 2.0, based on the definition of economic net debt as adjusted in 2019. This span may be temporarily exceeded as long as Uniper's objective of maintaining a comfortable investment-grade rating of BBB is not compromised. Based on adjusted EBITDA in fiscal 2019 of €1,561 million (2018: €1,543 million) and economic net debt of €2,650 million as of the balance sheet date (2018: €2,509 million), the debt factor was 1.7 (2018: 1.6).

Financial Liabilities by Segment

The following table breaks down the financial liabilities by segment:

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
International Power Generation	–	–	9	–	9
Administration/Consolidation	–	70	3	51	124
Uniper Group	–	120	817	997	1,935

Financial Liabilities by Segment as of December 31, 2018

€ in millions	Commercial paper	Bank loans / Liabilities to banks	Liabilities from leases	Other financial liabilities	Financial liabilities
European Generation	–	73	130	497	700
Global Commodities	–	–	674	882	1,556
International Power Generation	–	–	9	–	9
Administration/Consolidation	493	35	–	146	674
Uniper Group	493	108	813	1,525	2,939

Other financial liabilities as of December 31, 2019, comprise financial liabilities to Fortum amounting to €222 million (2018: €252 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 €164 million (2018: €176 million) and to companies in which Uniper holds an equity interest in the amount of €112 million (2018: €121 million).

Margin payments in connection with exchange-traded futures transactions amounting to €499 million (2018: €976 million) are also reported under other financial liabilities.

Trade Payables, Other Operating Liabilities and Contract Liabilities

Trade payables amounted to €7,308 million as of December 31, 2019 (2018: €8,256 million. The comparative prior-year figure has been restated. Further information can be found in Note 3).

Other operating liabilities and contract liabilities principally comprised contract liabilities totaling €777 million (2018: €1,218 million) and liabilities for taxes in the amount of €152 million (2018: €201 million). Also included are non-controlling interests in fully consolidated partnerships with legal structures that give their investors a statutory right of withdrawal combined with a compensation claim amounting to €96 million (2018: €97 million).

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 had previously been issued by E.ON Sverige AB, which is not part of the Uniper Group. The Uniper Group had in turn released E.ON from the obligations arising from these guarantees by means of an indemnification agreement. Following the approval of the Swedish National Debt Office ("Riksgälden"), the competent authority for such matters, on March 13, 2019, the guarantees were transferred from E.ON Sverige AB to Sydkraft Nuclear Power AB, which is 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, 2019. 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, 2019, is henceforth limited to SEK 12,888 million (December 31, 2018: SEK 3,743 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 of December 31, 2019, there were no contingent assets (2018: €33 million). The total settlement amount of the Uniper Group's contingent liabilities arising from existing contingencies was €29 million as of December 31, 2019 (2018: €9 million). This amount primarily includes 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.

The Uniper Group does not currently have any significant reimbursement rights relating to these contingent liabilities.

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, 2019, purchase commitments for investments in intangible assets and in property, plant and equipment amounted to €0.6 billion (2018: €0.4 billion). This item mainly includes financial obligations totaling €0.3 billion (2018: €0.3 billion) for as yet outstanding investments in connection with the expansion and modernization of existing generation assets, particularly in the International Power Generation segment. Of the total purchase commitments mentioned above, an amount of €0.1 billion (2018: €0.3 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 €112.8 billion on December 31, 2019 (due within one year: €4.6 billion) and to approximately €114.8 billion on December 31, 2018 (due within one year: €4.4 billion).

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 2019 fiscal year compared with the previous year. The principal reason for this was a price-related reduction in the minimum purchase obligation for gas procurement.

Contractual obligations for the purchase of electricity amounted to approximately €0.2 billion as of December 31, 2019 (due within one year: €0.1 billion) and to approximately €0.3 billion as of December 31, 2018 (due within one year: €0.2 billion), and 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 €4.8 billion as of December 31, 2019 (due within one year: €0.5 billion) and to approximately €4.2 billion as of December 31, 2018 (due within one year: €0.2 billion). A significant portion of the obligations arises especially from booked transportation, storage and regasification capacities in the Global Commodities segment.

There were additional financial obligations of approximately €1.1 billion as of December 31, 2019 (due within one year: €0.3 billion) and approximately €1 billion as of December 31, 2018 (due within one year: €0.3 billion). Among other items, they include financial obligations for future purchases of services.

(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 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, on contract amendments and price adjustments in long-term supply contracts and procurement options for electricity and gas, as well as long-term bookings of line capacity and 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 and of the contracts in their entirety is being challenged; in others, the effectiveness of contract terminations 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 obligation to pay statutory energy-sector levies and 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.

Supplemental Cash Flow Disclosures

€ in millions	2019	2018
Non-cash investing and financing activities	**113**	**119**

Cash provided by operating activities (operating cash flow) fell by €309 million in 2019 to €932 million (2018: €1,241 million). A significant decline in operating income and operating cash flow in the first nine months of the year was followed by strong fourth-quarter earnings, which led to a substantial increase in operating cash flow. Compared with the previous year, however, the market-related lower withdrawals in the first quarter of 2019 and prevailing price levels during the year led to a build-up of working capital, which proved detrimental to operating cash flow. The non-recurrence of the long-term incentive ("LTI") compensation payments from the previous year mitigated the overall decline in operating cash flow.

Cash provided by investing activities rose from -€1,263 million in the previous year by €1,482 million to €220 million in the 2019 fiscal year. This was mainly due to the change in margin deposits for futures transactions (margining receivables), which resulted in a cash inflow of €383 million (2018: cash outflow of €279 million). In addition, cash flow from investing activities increased by €407 million year over year due to proceeds of €204 million from the sale of securities (2018: cash outflow of €203 million for the purchase of securities). The increase in proceeds from disposals to €339 million (2018: €130 million) also had a positive effect. Cash outflows of €657 million for investments in intangible assets and in property, plant and equipment were slightly higher year over year (2018: €642 million).

Cash provided by financing activities amounted to -€1,477 million in 2019 (2018: €319 million). The dividend distributed to shareholders of Uniper SE led to a cash outflow of €329 million (2018: cash outflow of €271 million). The commercial paper program was used for short-term financing in the 2018 fiscal year. Commercial paper outstanding in the amount of €493 million was redeemed in full as of year-end 2019, which reduced cash flow from financing activities by a corresponding amount (2018: cash inflow of €493 million). The decrease of €479 million in margin receipts from futures and forward transactions – predominantly for carbon allowances – reduced margining liabilities, which led to a corresponding cash outflow (2018: cash inflow of €679 million).

The following table presents the reconciliation of financial liabilities:

Reconciliation of Financial Liabilities

€ in millions	2019	2018
Balance as of January 1	**2,939**	**2,247**
Cash proceeds from financial liabilities	55	1,228
Cash repayments of financial liabilities	-1,173	-621
Change in scope of consolidation	1	6
Foreign currency translation	–	52
Other	113	27
Balance as of December 31	**1,935**	**2,939**

(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 derivative financial instruments. The counterparty risks thus 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.

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 Company 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). 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 €73 million (2018: €126 million), or increase of €73 million (2018: €126 million), respectively.

At the beginning of 2019, a gain of €279 million (2018: €202 million gain) on the initial measurement of derivatives, which increased by an initial-measurement effect of €148 million, was deferred. The realization of gains and losses during fiscal 2019 generated an additional loss of €1 million and an additional gain of €4 million (2018: €18 million loss and €7 million gain). This resulted in a net deferred gain of €430 million at year-end 2019 (2018: €279 million gain), which will be realized as the contract terms end.

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, 2019

€ in millions	Carrying amounts	Total carrying amounts within the scope of IFRS 7	IFRS 9 measurement 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 OCI; 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 the fair value attributed to the old IAS 39 measurement categories listed.

[2]Liabilities from put options include non-controlling interests in fully consolidated partnerships.

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS 7 as of December 31, 2018

€ in millions	Carrying amounts	Total carrying amounts within the scope of IFRS 7	IFRS 9 measurement category[1]	Fair value	Determined using market prices	Derived from active market prices
Other equity investments	675	675	FVOCI	675	78	21
Financial receivables and other financial assets	4,306	4,252		4,717	–	–
Receivables from finance leases	*209*	*209*	*N/A*	*209*	–	–
Financial reimbursement rights relating to asset retirement obligations	*2,271*	*2,271*	*N/A*	*2,619*	–	–
Other financial receivables and financial assets	*1,826*	*1,772*	*AmC*	*1,889*	–	–
Trade receivables and other operating assets	25,554	25,428		25,428	5,332	11,174
Trade receivables	*8,354*	*8,354*	*AmC*	*8,354*	–	–
Derivatives	*16,905*	*16,905*	*FVTPL*	*16,905*	*5,332*	*11,045*
Other operating assets: loans and receivables	*166*	*40*	*AmC*	*40*	–	–
Other operating assets measured at fair value through profit or loss	*129*	*129*	*FVTPL*	*129*	–	*129*
Securities and fixed-term deposits	41	41	FVTPL	41	41	–
Securities and fixed-term deposits measured at fair value through profit or loss	282	282	FVTPL	282	83	199
Cash and cash equivalents: loans and receivables	1,138	1,138	AmC	1,138	–	–
Restricted cash	22	22	AmC	22	–	–
Assets held for sale: loans and receivables intended for sale	124	124	N/A	124	–	–
Total assets	**32,142**	**31,962**		**32,427**	**5,534**	**11,394**
Financial liabilities	2,939	1,963		1,963	–	–
Commercial paper	*493*	*493*	*AmC*	*493*	–	–
Bank loans / Liabilities to banks	*108*	*108*	*AmC*	*108*	–	–
Lease liabilities	*813*	*813*	*N/A*	*813*	–	–
Other financial liabilities	*1,525*	*549*	*AmC*	*549*	–	–
Trade payables and other operating liabilities	25,829	25,810		25,810	5,085	11,828
Trade payables	*8,256*	*8,256*	*AmC*	*8,256*	–	–
Derivatives	*16,873*	*16,873*	*FVTPL*	*16,873*	*5,085*	*11,731*
Put-option liabilities pursuant to IAS 32[2]	*97*	*97*	*AmC*	*97*	–	*97*
Other liabilities intended for sale	*81*	*81*	*N/A*	*81*	–	–
Other operating liabilities	*522*	*503*	*AmC*	*503*	–	–
Total liabilities	**28,768**	**27,773**		**27,773**	**5,085**	**11,828**

[1]AmC: amortized cost; FVOCI: fair value through OCI; 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 the fair value attributed to the old IAS 39 measurement categories listed.

[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 2019 fiscal year. At the end of each reporting period, Uniper assesses whether there might be grounds for reclassification between hierarchy levels.

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 reclassified into Level 3 during fiscal 2019, 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, 2018	Purchases (including additions)	Sales (including disposals)	Settle-ments	Gains/ Losses in income statement	Transfers into Level 3	Transfers out of Level 3	Gains/ Losses in OCI	December 31, 2019
Equity investments	576	–	–	–	–	–	–	-97	479
Derivative financial instruments	471	43	–	–	-160	–	–		354
Total	**1,047**	**43**	**0**	**0**	**-160**	**0**	**0**	**-97**	**834**

The extent to which the offsetting of financial assets is covered by netting agreements is presented in the following table:

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**

Netting Agreements for Financial Assets and Liabilities as of December 31, 2018

€ in millions	Gross amount	Conditional netting amount (netting agreements)	Financial collateral received/pledged	Net value
Financial assets				
Trade receivables	*8,353*	*4,414*	*–*	*3,939*
Interest-rate and currency derivatives	*82*	*–*	*–*	*82*
Commodity derivatives	*16,823*	*8,686*	*873*	*7,264*
Total	**25,258**	**13,100**	**873**	**11,285**
Financial liabilities				
Interest-rate and currency derivatives	*94*	*–*	*–*	*94*
Commodity derivatives	*16,779*	*8,686*	*705*	*7,388*
Trade payables and other operating liabilities	*8,106*	*4,414*	*–*	*3,692*
Total	**24,979**	**13,100**	**705**	**11,174**

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, 2019, other financial assets amounting to €317 million (2018: €705 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	2019	2018
Measured at amortized cost	29	57
Measured at fair value through profit or loss[1]	1,237	-80
Measured at fair value through other comprehensive income	-72	102
Total	**1,194**	**79**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

The net gains and losses in the “amortized cost” category are mainly due to interest and 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.

The 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, and that 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 is further composed of 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. 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, 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 pursuant to IAS 32	18	–	–	78
Other operating liabilities	559	–	–	–
Cash outflows for trade payables and other operating liabilities	**39,250**	**9,846**	**7,085**	**85**
Cash outflows for liabilities within the scope of IFRS 7	**39,587**	**9,964**	**7,292**	**1,438**

Cash Flow Analysis as of December 31, 2018

€ in millions	Cash outflows 2019	Cash outflows 2020	Cash outflows 2021–2023	Cash outflows from 2024
Commercial paper	493	–	–	–
Bank loans / Liabilities to banks	56	47	5	–
Lease liabilities	115	77	179	1,044
Other financial liabilities	108	7	35	427
Cash outflows for financial liabilities	**772**	**131**	**219**	**1,471**
Trade payables	8,256	–	–	–
Derivatives	16,890	9	7	19
Put option liabilities under IAS 32	16	–	–	81
Other operating liabilities	522	–	–	–
Other operating liabilities intended for sale	81	–	–	–
Cash outflows for trade payables and other operating liabilities	**25,765**	**9**	**7**	**100**
Cash outflows for liabilities within the scope of IFRS 7	**26,537**	**140**	**226**	**1,571**

As in the previous year, no financial guarantees were issued in the 2019 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 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 respective debt factor and the enterprise value denominated in the foreign currency are the principal criteria governing the level of hedging.

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, 2019, cash flow hedges of existing foreign-currency transactions had terms of up to 5 years (2018: up to 5 years). In the 2019 and 2018 fiscal years, no material ineffectiveness resulted from these hedging relationships. €1 million (2018: €5 million) will be reclassified from OCI to the income statement in subsequent periods. A small amount of this total is attributable to each of the 2020 and 2021 fiscal years, 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, such as from external financing in different foreign currencies and from foreign-currency shareholder loans within the Uniper Group.

As of December 31, 2019, the one-day value-at-risk (99% confidence) from the translation of deposits and borrowings denominated in foreign currency, plus foreign-exchange derivatives, was €17.8 million (2018: €23.6 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 incurred within the caps 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 tradable time horizon, with market liquidity taken into account. At the same time, these risks are also limited in line with accounting policies 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 caps 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, 2019, the calendar-year-based, weighted value-at-risk, which takes market liquidities into account and ignores correlations between the years, was €366.3 million for financial and physical commodity positions covering a planning horizon of three years (2018: €423.3 million).

Commodity risk management as presented above reflects the Uniper Group's internal management reporting and also covers the financial instruments within the scope of IFRS 7.

3. Credit Risks

Uniper is exposed to credit risk in its operating activities and through 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, which in certain business operations where most of the risks are incurred are supplemented by specific internal control processes.

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 €3,989 million (2018: €3,810 million) has been accepted in the context of risk management.

To reduce credit risk, bilateral margining agreements are entered into with selected counterparties. Margining involves paying cash into a margin account to cover the other party's credit risk exposure (covering settlement risk and replacement risk) stemming from contracts entered into on a margin basis. 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 2019 loss allowances in line with the classifications defined in IFRS 9:

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).

Reconciliation of Loss Allowances by Asset Class 2018

€ in millions	Accumulated loss allowances as of Jan. 1, 2018	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, 2018
Trade receivables and contract assets	-78	–	–	-6	-6	-90
Other financial assets	-1	-1	–	–	-58	-60
Other provisions	-1	1	–	–	–	0
Total	**-80**	**–**	**–**	**-6**	**-64**	**-150**

[1]Expected credit loss (ECL).

There were no significant individual valuation allowances in the 2019 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	2019 Stage 2	2019 Stage 3	2018 Stage 2	2018 Stage 3
Impairment allowances as of January 1 (IAS 39)	**N/A**	**N/A**	**0**	**-72**
IFRS 9 adjustments	N/A	N/A	-10	4
Loss allowances as of January 1 (IFRS 9)	**-16**	**-74**	**-10**	**-68**
Change in scope of consolidation[1]	0	2	2	2
Impairments on currently existing receivables	-14	-3	-20	-17
Reversals / Repaid or derecognized receivables	6	0	12	2
Other[2]	0	-7	0	7
Loss allowances as of December 31	**-24**	**-82**	**-16**	**-74**

[1]The change in the scope of consolidation in fiscal 2018 includes primarily the reclassification into the disposal groups.

[2]"Other" includes currency translation differences.

The increase in accumulated "stage 2" loss allowances is primarily attributable to elevated probabilities of default per rating class in comparison with the beginning of the year.

As in the previous year, no financial assets or liabilities were modified in the 2019 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 2019

€ in millions	2019 Stage 1	2019 Stage 2	2019 Stage 3	Loss allowance
Trade receivables and contract assets	–	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*	*–*	*–*	*–*
Other provisions	*0*	*0*	*0*	*0*
Investment-grade or comparable rating	*–*	*–*	*–*	*–*
Non-investment-grade or comparable rating	*–*	*–*	*–*	*–*
Total	**1,829**	**7,114**	**82**	**111**

Gross Carrying Amounts by Rating Class 2018

€ in millions	Stage 1	Stage 2	2018 Stage 3	Loss allowance
Trade receivables and contract assets	0	8,378	71	90
Investment-grade or comparable rating	*N/A*	*5,936*	*16*	*23*
Non-investment-grade or comparable rating	*N/A*	*2,442*	*55*	*67*
Other financial assets	1,674	0	412	60
Investment-grade or comparable rating	*1,608*	–	–	*1*
Non-investment-grade or comparable rating	*66*	–	*412*	*59*
Other provisions	0	0	0	0
Investment-grade or comparable rating	–	–	–	–
Non-investment-grade or comparable rating	–	–	–	–
Total	**1,674**	**8,378**	**483**	**150**

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, 2019, holdings of cash and cash equivalents had a carrying amount of €843 million (2018: €1,149 million). 98% (2018: 97%) 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

Financial Liabilities

The following table breaks down financial liabilities by the main sources of financing as of December 31, 2019, and December 31, 2018, respectively:

Financial Liabilities and Liabilities from Leases

€ in millions	Dec. 31, 2019	Dec. 31, 2018
Commercial paper	–	493
Liabilities to banks	120	108
Other financial liabilities (including liabilities to affiliated companies)	1,815	2,338
Lease liabilities	*817*	*813*
Margining liabilities	*499*	*976*
Liabilities to co-shareholders from shareholder loans	*396*	*425*
Other financing	*102*	*124*
Total	**1,935**	**2,939**

In fiscal year 2019, financial liabilities and liabilities from leases decreased by €1,004 million to €1,935 million (2018: increase by €1,016 million to €2,939 million). The decline is equally attributable to the redemption of commercial paper outstanding to the amount of €493 million (2018: increase by €493 million) and a reduction by returned margin deposits for futures and forward transactions of €477 million (2018: increase of €679 million). Liabilities to banks increased by €12 million (2018: increase of €11 million), while other financing was reduced by €22 million (2018: reduction of €15 million).

Economic Net Debt

Up to and including December 31, 2018, Uniper's reported indicator for economic net debt was asymmetrically affected by changes in collateral for futures and forward transactions ("margining"). Market price changes lead to margin deposits or receipts, of which only margining liabilities stemming from margin receipts were part of Uniper's economic net debt (specifically, within its net financial position). The indicator did not include margin deposits resulting from collateral paid, which led to a build-up of margining receivables and a corresponding cash outflow. Margining receivables had already been stated for informational purposes as of December 31, 2018. From the 2019 fiscal year onwards, margining receivables are included in the definition of Uniper's net financial position and are also reported for the previous reporting date for consistency. Including both paid and received collateral renders margining effects from market price changes neutral regarding Uniper's net financial position. Margin deposits and receipts continue to be actively managed within the liquidity management system and not as debt components of the Group's capital structure.

Economic Net Debt

€ in millions	Dec. 31, 2019	Dec. 31, 2018[1]
Liquid funds	889	1,400
Non-current securities	100	83
Margining receivables[1]	318	698
Financial liabilities and liabilities from leases	1,935	2,939
Lease liabilities	*817*	*813*
Margining liabilities	*499*	*976*
Other financial liabilities	*618*	*1,150*
Net financial position	**628**	**757**
Provisions for pensions and similar obligations	1,031	804
Provisions for asset retirement obligations[2]	991	948
Other asset retirement obligations	*754*	*743*
Asset retirement obligations for Swedish nuclear power plants[3]	*2,557*	*2,476*
Receivables from the Swedish Nuclear Waste Fund recognized on the balance sheet[3]	*2,320*	*2,271*
Economic net debt	**2,650**	**2,509**
For informational purposes: Receivables from the Swedish Nuclear Waste Fund (KAF) ineligible for capitalization[3]	291	348
For informational purposes: Fundamental economic net debt	**2,359**	**2,162**

[1]Since 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 restated for consistency.
[2]Reduced by receivables from the Swedish Nuclear Waste Fund.
[3]Due to IFRS valuation rules (IFRIC 5), €291 million (December 31, 2018: €348 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, 2018, and based on Uniper's adjusted definition, economic net debt increased as of December 31, 2019, by €141 million to €2,650 million (adjusted economic net debt as of December 31, 2018: €2,509 million). Along with operating cash flow (€932 million) and investment spending (-€657 million), Uniper SE's dividend distribution of -€329 million affected liquid funds in the 2019 fiscal year. Proceeds from disposals of equity investments, on the other hand, increased the net financial position by €327 million. Within the net financial position, liquid funds were reduced by -€493 million in fiscal 2019 to redeem commercial paper outstanding as of December 31, 2018. The net change in margining receivables and margin liabilities respectively from returned and received margin deposits for futures and forward transactions reduced liquid funds by in sum -€97 million.

In addition, provisions for pensions and similar obligations increased by €227 million to €1,031 million (December 31, 2018: €804 million), particularly as a result of further reduced interest rates as of December 31, 2019 compared with those at year-end 2018. Provisions for asset retirement obligations rose to €991 million as of December 31, 2019 (December 31, 2018: €948 million), resulting especially from a cost-driven and interest-rate-related increase of €81 million in asset retirement obligations for Swedish nuclear power plants (see also Note 24) mitigated by an offsetting increase of €49 million in receivables from the KAF, and from an increase of €11 million in other asset retirement obligations.

(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 included related entities of the Fortum Group and the Uniper Group.

Uniper is an associated company of Fortum Oyj and includes it and its subsidiaries and joint ventures as related parties in its 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.

Because of E.ON SE's significant influence over Uniper in the first half of 2018 until the completion of the takeover offer, income and expenses involving E.ON SE and its subsidiaries and joint ventures were still presented in the comparative period of 2018 as transactions involving entities with significant influence over Uniper. Receivables from and liabilities to Fortum Oyj and its subsidiaries and joint ventures are presented as related-party transactions in the 2019 and 2018 fiscal years.

There have been no material business transactions with the Republic of Finland, or with material entities controlled by it, in the 2019 fiscal year.

Related-Party Transactions – Income Statement

€ in millions	2019	2018
Income	**1,084**	**2,724**
Entities with significant influence over Uniper from June 26, 2018 (Fortum Group)	*131*	*64*
Entities with significant influence over Uniper through June 25, 2018 (E.ON Group)	*–*	*2,224*
Associated companies	*885*	*383*
Joint ventures	*47*	*21*
Other related parties	*21*	*32*
Expenses	**794**	**1,745**
Entities with significant influence over Uniper from June 26, 2018 (Fortum Group)	*12*	*2*
Entities with significant influence over Uniper through June 25, 2018 (E.ON Group)	*–*	*1,090*
Associated companies	*704*	*470*
Joint ventures	*35*	*111*
Other related parties	*43*	*72*

Related-Party Transactions – Balance Sheet

€ in millions	Dec. 31, 2019	Dec. 31, 2018
Receivables	**488**	**943**
Entities with significant influence over Uniper (Fortum)	*1*	*4*
Associated companies	*453*	*509*
Joint ventures	*11*	*363*
Other related parties	*23*	*67*
Liabilities	**720**	**574**
Entities with significant influence over Uniper (Fortum)	*225*	*252*
Associated companies	*324*	*138*
Joint ventures	*42*	*49*
Other related parties	*129*	*135*

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 2019 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 €357 million (2018: €304 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 €314 million (2018: €417 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.

Receivables from and liabilities to related entities of the Uniper Group result primarily from electricity and gas transactions; these transactions generated receivables of €12 million (2018: €66 million) and liabilities of €332 million (2018: €47 million).

The income generated from transactions with Fortum Oyj and Fortum Group companies included especially revenues from electricity deliveries amounting to €130 million (2018: €63 million). The corresponding expenses from transactions with Fortum Oyj and Fortum Group companies consisted especially of material costs for electricity procurement amounting to €9 million (2018: €1 million).

As of December 31, 2019, receivables from and liabilities to Fortum Oyj and Fortum Group companies exist in the amount of €1 million (December 31, 2018: €4 million) and €225 million (December 31, 2018: €252 million), respectively. Included in the liabilities are financial liabilities of €222 million (2018: €252 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.

Income from transactions with E.ON SE and E.ON Group companies in the first half of 2018 had included especially revenues from deliveries of electricity and gas in the amount of €1,865 million. Expenses from transactions with E.ON SE and E.ON Group companies in this period principally related to material costs associated with electricity and gas procurement in the amount of €789 million.

Other financial obligations to related entities amounted to €1,680 million as of December 31, 2019 (December 31, 2018: €1,759 million). They are also included in the total of other financial 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 €38 million in the 2019 fiscal year (2018: €2 million); corresponding losses amounted to €12 million (2018: €82 million). Derivative receivables relating to the marking to market of commodity forward transactions were recognized in the amount of €8 million (December 31, 2018: €17 million); corresponding derivative liabilities relating to the marking to market of commodity forward transactions were recognized in the amount of €15 million (December 31, 2018: €48 million).

There were no effects on earnings from the marking to market of commodity forward transactions with Fortum companies.

Transactions with Associated Companies

In the 2019 fiscal year, no loss allowances were recognized on receivables from related entities. In fiscal 2018, expenses from transactions with related entities had included the expense from a loss allowance recognized on a receivable in the amount of €58 million.

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 2019 fiscal year for members of the Uniper Management Board amounted to €8.0 million (2018: €5.9 million) in short-term benefits, €11.0 million (2018: €0.0 million) in termination benefits and €1.6 million (2018: €1.0 million) in post-employment benefits. Approximately €4.6 million of the expense for termination benefits is classified as advances. The expense for the share-based payment tranches in existence in 2019 was €2.9 million (2018: €12.0 million).

Accordingly, the total expense recognized was €23,5 million (2018: €18.9 million). Other provisions have been recognized in the amount of €3.8 million (2018: €2.8 million).

Additionally taken into account in the reporting year were actuarial gains totaling €864 thousand (2018: gains of €75 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 approximately €12.3 million as of December 31, 2019 (2018: €11.6 million).

A provision for variable compensation of €0.7 million was recognized to cover Uniper SE Supervisory Board compensation for 2019 (2018: €0.4 million). Reimbursements paid by Uniper SE to Supervisory Board members for outlays totaled roughly €83 thousand for the 2019 fiscal year (2018: €70 thousand).

The expense for short-term compensation of members of the Supervisory Board amounted to €1.1 million for the 2019 fiscal year (2018: €1.1 million). The expense for variable compensation amounted to €0.3 million (2018: €0.2 million). Employee representatives on the Supervisory Board were awarded compensation under existing employment contracts with Uniper SE and its subsidiaries totaling €0.5 million (2018: €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 generally takes place in equity, with 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	**2019**	**2018**
Owned property, plant and equipment	9,603	10,055
Right-of-use assets	598	557
Property, plant and equipment	**10,201**	**10,612**

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, 2019:

Right-of-Use Assets

€ in millions	December 31 2019	2018
Real estate and leasehold rights	43	46
Buildings	94	72
Technical equipment, plant and machinery	452	430
Other equipment, fixtures, furniture and office equipment	8	9
Total	**598**	**557**

Additions to right-of-use assets within property, plant and equipment amounted to €113 million in 2019 (2018: €119 million). This amount consists primarily of €66 million (2018: €73 million) in additions of technical equipment and machinery and of €42 million (2018: €38 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 €229 million (2018: €192 million) were not included in the measurement of lease liabilities in the 2019 fiscal year.

The corresponding lease payment obligations are presented in the Cash Flow Analysis table in Note 29.

Future lease commitments relating to leases that have not yet commenced as of December 31, 2019, amount to a total of €5 million (2018: €42 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	2019	2018
Depreciation of right-of-use assets	-103	-72
Impairment charges on right-of-use assets	-4	-83
Reversals of impairments on right-of-use assets	36	1
Interest expense on lease liabilities	-43	-42
Expense relating to short-term leases	-216	-180
Expense relating to leases of low-value assets, not including short-term leases	-3	-3
Income from subleasing right-of-use assets	67	37
Total	**-267**	**-342**

The depreciation expense for right-of-use assets related principally to technical equipment and machinery (€76 million; 2018: €49 million) and to buildings (€20 million; 2018: €15 million).

Amounts Recognized in the Cash Flow Statement

€ in millions	2019	2018
Cash outflow for leases	368	366

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 (€112 million; 2018: €81 million) are reported within financing cash flow, and those for the interest portion (€43 million; 2018: €42 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	2019	2018
Due within 1 year	29	29
Due in 1 to 2 years	28	28
Due in 2 to 3 years	28	27
Due in 3 to 4 years	27	27
Due in 4 to 5 years	26	26
Due in more than 5 years	187	201
Total undiscounted lease payments	**325**	**338**
Interest component	115	129
Lease receivables	**210**	**209**
(Current)	15	21
(Non-current)	194	188

Interest income from finance leases was recognized in the amount of €17 million in the 2019 fiscal year (2018: €17 million).

(32) Reconciliation of Income/Loss before Financial Results and Taxes and of Operating Cash Flow to Adjusted FFO

The following information for the 2019 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 the key measure at Uniper for purposes of internal management control and as the most important indicator of a business's operating performance. This information is used at the same time 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.

In order to increase its meaningfulness as an indicator of the operating performance of Uniper's business, EBIT is adjusted for certain non-operating effects to produce a reliable adjusted EBIT measure, which is used for internal management control purposes.

In line with standard practice within the energy industry, Uniper previously accounted for contracts for the forward purchase or sale of non-financial items that must be accounted for under IFRS 9 (failed own-use contracts) with reference to the contractual rights and obligations under those contracts. As a result, the contracts were reported (recognition of revenue and cost of materials) and accounted for (measurement of inventories and emission rights) at the contract price on delivery of the non-financial item, thus matching the cash flows. At its meeting in March 2019, the IFRS IC determined in an agenda decision that the above-mentioned contracts are to be realized at the market price applicable at the time of physical settlement. The IFRS IC has thus determined that these contracts shall be presented as physical spot contracts with a financial hedge. In the context of IFRS accounting, this means that the economic hedging of the operating business can no longer be adequately reflected, since revenue and cost of materials are no longer measured at the contractually hedged prices in earnings before interest and taxes as determined according to IFRS. At the same time, the clarification of IFRS accounting provides that the hedged margin be realized in earnings before interest and taxes before physical settlement. Uniper has responded to the retroactive change in the measurement of inventories and emission rights resulting from this decision by adjusting its management indicator, eliminating these effects in the reconciliation to adjusted EBIT in order to maintain the indicator's meaningfulness. This adjustment has already been taken into account in the following explanations. It was carried out retroactively for the prior-year period; more detailed information is provided in Note 3.

The non-operating effects on earnings for which EBIT is adjusted include gains and losses from the fair value measurement of derivative financial instruments used in hedges, as well as certain effects resulting from the measurement of physically settled contracts within the scope of IFRS 9. Where material, book gains/losses, expenses for (and income from) restructuring and cost-management programs initiated prior to the spin-off and impairment charges/reversals on non-current assets, on companies accounted for under the equity method and other long-term financial assets and on goodwill in the context of impairment tests, as well as other contributions to non-operating earnings, are eliminated.

Net book gains are equal to the sum of book gains and losses from disposals, which are included in other operating income and other operating expenses. Effects from the fair value measurement of derivatives are also included in other operating expenses and income. These hedges entered into as part of the energy trading business, however, have no impact on adjusted EBIT until maturity. In addition, for physically settled derivative financial instruments within the scope of IFRS 9, further non-operating adjustments of revenues, cost of materials, other operating income and other operating expenses are also made to adjust for 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. Since unadjusted EBIT is derived from the revenue and cost of materials (i.e., inventories and emission rights, including their subsequent measurement) measured for these transactions at the IFRS-relevant spot price when they are settled, the difference between such measurement and one based on the economically hedged contract price is adjusted accordingly to determine adjusted EBIT.

Expenses for (and income from) restructuring and cost-management programs initiated prior to the spin-off represent additional expenses and income that are not directly attributable to the operating business. Other non-operating earnings encompass other non-operating income and expenses that are unique or rare in nature. Depending on the particular case, such income and expenses may affect different line items in the income statement.

The table below presents the reconciliation of the Group's earnings under IFRS to adjusted earnings before interest and taxes:

Reconciliation of Income/Loss before Financial Results and Taxes

€ in millions	2019	2018
Income/Loss before financial results and taxes[1]	**922**	**-88**
Net income/loss from equity investments	-8	9
EBIT[1]	**915**	**-78**
Non-operating adjustments	-52	943
Net book gains (-) / losses (+)	*-7*	*31*
Impact of derivative financial instruments[1]	*-1,228*	*-402*
Adjustments of revenue and cost of materials from physically settled commodity derivatives to the contract price	*448*	*671*
Restructuring / Cost-management expenses (+) / income (-)[2 3]	*-50*	*-73*
Non-operating impairment charges (+) / reversals (-)[4]	*874*	*681*
Miscellaneous other non-operating earnings	*-90*	*35*
Adjusted EBIT	**863**	**865**
For informational purposes: Economic depreciation and amortization/reversals	*698*	*678*
For informational purposes: Adjusted EBITDA	*1,561*	*1,543*

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated 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]Not included in restructuring and cost-management expenses/income are expenses incurred for the current restructuring program and its related subprojects.

[4]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.

An immaterial net book gain in the reporting period resulted from gains realized on the disposal of the activities in France and on the disposal of the shareholding in OLT Offshore LNG Toscana S.p.A. and from an offsetting loss realized in connection with the disposal of the remaining ownership interest in ENEVA S.A. In the 2018 fiscal year, a book loss of €31 million had resulted from the sale of the investment in the joint venture Pecém II Participações S.A. That loss had resulted primarily from the reclassification to the income statement of currency translation differences recognized in other comprehensive income in preceding periods.

The fair value measurement of derivatives used to hedge the operating business against price fluctuations resulted in a net gain of €1,228 million in the 2019 fiscal year, due to changed market values in connection with decreased commodity prices in the forward markets (2018: net gain of €402 million).

Revenues and cost of materials for physically settled commodity derivatives (contracts that are accounted for under IFRS 9 (failed own-use contracts)) have been adjusted for the difference between the spot prices relevant pursuant to IFRS and the contract prices relevant from the management perspective by €448 million net (2018: €671 million).

In 2019, restructuring and cost-management expenses/income changed by -€23 million year over year. The income in the 2019 fiscal year amounted to €50 million (2018: income of €73 million) and resulted primarily from the partial reversal of provisions that were recognized in the course of the spin-off and adjusted on a non-operating basis.

Non-operating impairment charges were recognized in the reporting period in the amount of €874 million. The impairments were primarily attributable to the Maasvlakte 3 hard-coal power plant in the amount of roughly €0.4 billion and to the British power plants in the amount of some €0.3 billion. Uniper additionally recognized impairments totaling roughly €0.1 billion on the Datteln 4 hard-coal power plant, which is currently being commissioned. Impairments of roughly €0.1 billion were attributable to power plants in the International Power Generation segment.

In the previous year, the expense from non-operating impairments had amounted to €681 million. It had related to the Datteln 4 hard-coal power plant, which is currently being commissioned, (roughly €0.4 billion) and the Provence 4 biomass power plant (€0.2 billion), both in the European Generation segment, and to gas storage infrastructure in Germany in the amount of roughly €0.1 billion in the Global Commodities segment.

Reversals of impairments recognized in previous years amounted to €0.2 billion in fiscal 2019 and related especially to gas storage infrastructure in Germany in the Global Commodities segment and to gas-fired power plants in Germany in the European Generation segment; the corresponding reversals in the previous year (€0.2 billion) had been recognized predominantly for power plants in the United Kingdom. Further details on impairment charges and reversals can be found in Note 17.

Income of €90 million was classified as miscellaneous other non-operating earnings in the 2019 fiscal year (2018: €35 million expense). The change resulted primarily from adjustments of provisions recognized for non-operating effects in the Global Commodities segment. Here the reversal of provisions for contracted gas storage capacities and the addition to provisions for onerous contracts in the LNG business had an offsetting effect. In the previous year, an additional non-operating expense had been recognized as part of the revaluation and settlement of prematurely vested long-term incentive ("LTI") allocations for the years 2015, 2016 and 2017. Due to the occurrence of the change-of-control event, these allocations became due upon completion of the takeover offer by Fortum Deutschland SE.

Adjusted FFO

Adjusted funds from operations ("adjusted FFO") is a management indicator used by the Uniper Group for the full year only as a measure for, among other things, determining indirectly the residual cash flow available for distribution to shareholders and the variable compensation of the Management Board. This information is used solely for the management of the Group as a whole and was used for the last time for 2019.

Adjusted FFO for the 2019 fiscal year amounted to €923 million, a year-over-year increase of €167 million (2018: €756 million).

The basis of unadjusted funds from operations is cash provided by operating activities (i.e., operating cash flow). In a first step, this cash flow is adjusted for changes in operating and tax assets and liabilities during the reporting period, which eliminates timing differences caused by unforeseeable inflows and outflows of cash. Reported as changes in operating assets and liabilities are, among other things, changes from the fair value measurement of derivatives entered into for hedging purposes.

In line with standard practice within the energy industry, Uniper previously accounted for contracts for the forward purchase or sale of non-financial items that must be accounted for under IFRS 9 (failed own-use contracts) with reference to the contractual rights and obligations under those contracts. As a result, the contracts were accounted for (measurement of inventories and emission rights) at the contract price on delivery of the non-financial item, thus matching the cash flows. At its meeting in March 2019, the IFRS IC determined in an agenda decision that the above-mentioned contracts are to be realized at the market price applicable at the time of physical settlement. The IFRS IC has thus determined that these contracts shall be presented as physical spot contracts with a financial hedge. Uniper has responded to the retroactive change in the measurement of inventories and emission rights resulting from this decision by adjusting its management indicator, eliminating these effects in the reconciliation to adjusted FFO in order to maintain the indicator's meaningfulness. This adjustment has already been taken into account in the following explanations. It was carried out retroactively for the prior-year period; more detailed information is provided in Note 3.

To correct for the aforementioned change in the measurement of inventories and emission rights, changes in inventory measurement and in the measurement of emission rights that result from differences between the economically hedged contract price and the spot price recorded for incoming inventory and emission rights from physically settled commodity derivatives are eliminated. These changes are eliminated because they do not affect cash flows. Finally, for the same reason, gains and losses on foreign-currency translation of operating receivables and payables are also corrected for. Adjustments for inflows and outflows of cash arising from subsequent purchase price adjustments from acquisition and disposal transactions are also eliminated, because they originate from investing activities.

To calculate adjusted FFO, current employer service cost and past service cost affecting future cash flows are subtracted from FFO. Payments to the Swedish Nuclear Waste Fund ("Kärnavfallsfonden" or "KAF") are also subtracted from FFO. Conversely, corresponding reimbursements from the fund are added to FFO, even though they are reported as cash flow from investing activities, because they result directly from operations. Dividends declared for or distributed to minority shareholders of subsidiaries are also not available to shareholders of the Company and are eliminated accordingly.

Reconciliation of Cash Flow from Operating Activities to Adjusted FFO

€ in millions	2019	2018
Cash flow from operating activities	**932**	**1,241**
Reconciliation items		
Elimination of changes in operating and tax assets and liabilities	*36*	*-333*
Dividends declared and distributed to minority shareholders	*-32*	*-31*
Miscellaneous adjustments	*-13*	*-120*
Adjusted funds from operations	**923**	**756**

The elimination of changes in operating and tax assets and liabilities includes the correction of changes in operating and tax assets and liabilities and in income taxes totaling €612 million (2018: -€204 million; see also the Uniper Consolidated Statement of Cash Flows). It further includes the changes in derivatives entered into for hedging purposes in the amount of -€795 million (2018: €162 million), with the result that realized, cash-effective hedging derivatives are included in adjusted FFO. Additionally recognized here is the elimination of changes in incoming inventory and emission rights from physically settled commodity derivatives in the amount of €235 million (2018: -€289 million). These changes are caused by differences between the agreed contract price paid and the spot price relevant pursuant to IFRS at which such incoming inventory and emission rights are measured on recognition.

Reported dividends declared for or distributed to minority shareholders amounted to €32 million in 2019 (2018: €31 million).

The miscellaneous adjustments consist of current employer service cost and past service cost relating to Uniper's pension programs, which reduce adjusted FFO because they affect future cash flows. A net reimbursement from the Swedish Nuclear Waste Fund, which slightly increased adjusted FFO, has the opposite effect. In the previous year, the adjustments had additionally included the correction for the non-operating expense recognized as part of the revaluation and settlement of allocations that vested prematurely under the long-term incentive ("LTI") packages for the years 2015, 2016 and 2017. Due to the occurrence of the change-of-control event, these allocations became due upon completion of the takeover offer by Fortum Deutschland SE.

(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 sold activities in France were also 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.

International Power Generation

The International 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. Until its disposal in early April 2019, Uniper additionally held a

6.1% financial investment in the energy utility ENEVA S.A. and its operating business. Following the sale, Uniper no longer has any business operations in Brazil.

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.

Financial Information by Segment

€ in millions	European Generation		Global Commodities[3]		International Power Generation		Administration/ Consolidation		Uniper Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
External sales[1]	2,609	3,281	62,086	87,470	1,106	1,060	3	2	65,804	91,813
Intersegment sales[1]	8,475	10,743	8,215	10,532	–	–	-16,691	-21,275	–	–
Sales[1]	**11,085**	**14,024**	**70,301**	**98,001**	**1,106**	**1,060**	**-16,688**	**-21,272**	**65,804**	**91,813**
Adjusted EBIT (segment result)	**424**	**386**	**287**	**318**	**308**	**278**	**-156**	**-117**	**863**	**865**
Equity-method earnings[2]	–	-1	58	61	–	–	–	1	58	61
Operating cash flow before interest and taxes	**409**	**646**	**308**	**333**	**381**	**354**	**-87**	**-144**	**1,011**	**1,189**
Investments	**409**	**397**	**27**	**32**	**196**	**190**	**26**	**23**	**657**	**642**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.
[2]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.
[3]Regarding the change in sales in the Global Commodities segment, see also Notes 3 and 5 to the 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	2019	2018	+/-
Operating cash flow	**932**	**1,241**	**-309**
Interest payments	32	15	17
Income tax payments (+) / refunds (-)	47	-67	115
Operating cash flow before interest and taxes	**1,011**	**1,189**	**-178**

Additional Entity-Level Disclosures

External sales by product break down as follows:

Sales by Segment and Product

€ in millions	European Generation		Global Commodities		International Power Generation		Administration/ Consolidation		Uniper Group	
	2019	2018[1]	2019	2018[1]	2019	2018	2019	2018[1]	2019	2018[1]
Electricity	7,912	11,086	28,908	39,838	1,080	1,025	-12,962	-17,460	24,939	34,490
Gas	2,336	2,167	34,633	50,348	–	–	-2,903	-3,054	34,065	49,461
Other	837	771	6,760	7,815	26	35	-823	-758	6,800	7,862
Total	**11,085**	**14,024**	**70,301**	**98,001**	**1,106**	**1,060**	**-16,688**	**-21,271**	**65,804**	**91,813**

[1]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

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, 2019, and for the 2019 Fiscal Year

€ in millions	Germany	United Kingdom	Sweden	Netherlands	Europe (other)	Other regions	Total
External sales by location of customer	22,401	11,094	1,202	20,768	8,535	1,805	65,804
External sales by location of seller	61,962	312	154	301	1,818	1,257	65,804
Intangible assets	676	2	55	4	6	1	742
Property, plant and equipment	3,674	847	2,646	354	2,607	72	10,201
Companies accounted for under the equity method	306	58	47	29	–	5	446

Geographic Segment Information as of December 31, 2018, and for the 2018 Fiscal Year

€ in millions	Germany	United Kingdom	Sweden	Netherlands	Europe (other)[1]	Other regions	Total
External sales by location of customer[2]	30,169	19,863	1,308	26,526	12,844	1,103	91,813
External sales by location of seller[2]	88,248	167	151	436	2,374	437	91,813
Intangible assets	696	1	57	5	6	3	768
Property, plant and equipment	3,634	1,186	2,692	744	2,254	102	10,612
Companies accounted for under the equity method	302	45	48	34	–	11	440

[1]In the 2018 fiscal year, sales by customer location in Russia have been reported under "Europe (other)". In the previous year, Russian sales had been reported under "Other regions."

[2]The comparative figures shown have been restated. Further information can be found in Note 3 to the Consolidated Financial Statements.

The Group's customer structure did not result 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 January 29, 2020, the German government approved draft legislation to phase out coal-fired power generation. The proposed law essentially defines three milestones for coal-fired power generation in Germany. The first is to reduce coal-fired generation capacity in Germany to 15 GW for lignite and 15 GW for hard coal by the end of 2022. This is to be followed by the decommissioning of an additional 6 GW of lignite capacity and 7 GW of hard-coal capacity by the target date of April 1, 2030. Coal-fired power generation will be definitively discontinued by December 31, 2038. The draft law additionally provides for a series of reviews in 2026, 2029 and 2032 to determine whether the phase-out of coal-fired power generation might be brought forward to the end of 2035. New coal-fired power plants may only be commissioned if they have already received a permit under the Federal Immission Control Act when the proposed legislation takes effect. The draft legislation will then be debated in the Bundestag. Final passage of the law is expected by the summer of 2020. In connection with the draft legislation to phase out coal-fired power generation in Germany, Uniper announced on January 30, 2020, that it wanted to decommission three hard-coal power plant units in Gelsenkirchen Scholven, as well as the Wilhelmshaven power plant, which have a combined total generation output of 1,500 MW, by the end of 2022. Uniper plans to decommission another 1,400 MW at the Staudinger and Heyden sites by the end of 2025 at the latest. On February 21, 2020, Uniper signed an agreement with Saale Energie GmbH ("Saale Energie"), a subsidiary of EPH, 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 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. The possibility of further financial effects that have not already been considered in the impairment testing remains uncertain at this time.

In January 2020, Gazprom Export and Uniper 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 review clauses that – under defined circumstances – enable each side to engage in discussions about the pricing. It is not unusual that those discussions lead to arbitration proceedings. Such proceedings do not prevent the parties from seeking to reach agreement through continued negotiations.

By resolution of the Supervisory Board of Uniper SE dated January 27, 2020, Nicolaas Hendrikus den Hollander was appointed to succeed Mr. Martin as a member of the Management Board of Uniper SE for the period from June 1, 2020, through May 31, 2023.

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, March 2, 2020

The Management Board

Andreas Schierenbeck

Sascha Bibert

David Bryson

Keith Martin

(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, 2019)

Legal name, Registered Office	Percentages
AB Svafo, SE, Nyköping[5]	22.00
AS Latvijas Gāze, LV, Riga[4 8]	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, Essen[3]	59.98
Freya Bunde-Etzel Verwaltungsgesellschaft mbH, DE, Essen[5]	100.00
Gas-Union GmbH, DE, Frankfurt am Main[4]	23.58
Gemeinschaftskraftwerk Irsching GmbH, DE, Vohburg[1]	50.20
Gemeinschaftskraftwerk Kiel Gesellschaft mit beschränkter Haftung, DE, Kiel[5]	50.00
Gemeinschaftskraftwerk Veltheim Gesellschaft mit beschränkter Haftung, DE, Porta Westfalica[1]	66.67
Greanex LLC, US, Wilmington[1]	51.00
Hamburger Hof Versicherungs-Aktiengesellschaft, DE, Düsseldorf[2]	100.00
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

[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

[8]Local-GAAP figures as of December 31, 2018, in EUR

Disclosures Pursuant to Section 313 (2) HGB of Companies in which Equity Investments Are Held (as of December 31, 2019)

Legal name, Registered Office	Percentages
Kraftwerk Schkopau Betriebsgesellschaft mbH, DE, Schkopau[1]	55.60
Kraftwerk Schkopau GbR, DE, Schkopau[1]	58.10
Liqvis France SAS, FR, Colombes[2]	100.00
Liqvis GmbH, DE, Düsseldorf[2 7]	100.00
LNG Terminal Wilhelmshaven GmbH, DE, Wilhelmshaven[2]	100.00
Lubmin-Brandov Gastransport GmbH, DE, Essen[1]	100.00
Maasvlakte CCS Project B.V., NL, Rotterdam[5]	50.00
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 Wasserstraßen GmbH, DE, München[2]	100.00
RMD-Consult GmbH Wasserbau und Energie, 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
Teplárna Tábor, a.s., CZ, Tábor[2]	51.95
Uniper Anlagenservice GmbH, DE, Gelsenkirchen[1]	100.00
Uniper Austria GmbH in liquidation, AT, Wien[2]	100.00
Uniper Belgium N.V., BE, Vilvoorde[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

[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

[8]Local-GAAP figures as of December 31, 2018, in EUR

Disclosures Pursuant to Section 313 (2) HGB of Companies in which Equity Investments Are Held (as of December 31, 2019)

Legal name, Registered Office	Percentages
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 Storage Limited, GB, Birmingham[2]	100.00
Uniper Energy Trading NL Staff Company 2 B.V. (in liquidation), NL, Rotterdam[2]	100.00
Uniper Energy Trading NL Staff Company B.V., NL, Rotterdam[2]	100.00
Uniper Energy Trading Srbija d.o.o., RS, Belgrad[2]	100.00
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[2]	100.00
Uniper Hungary Energetikai Kft., HU, Budapest[1]	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]	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 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 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

[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

[8]Local-GAAP figures as of December 31, 2018, in EUR

Disclosures Pursuant to Section 313 (2) HGB of Companies in which Equity Investments Are Held (as of December 31, 2019)

Legal name, Registered Office	Percentages
Utilities Center Maasvlakte Leftbank B.V., NL, Rotterdam[1]	100.00
Vaultige AB, SE, Stockholm[5]	50.00

[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

[8]Local-GAAP figures as of December 31, 2018, 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	Entry date
Dr. Bernhard Reutersberg (Chairman of the Supervisory Board, Uniper SE)	Chairman of the Supervisory Board		From Dec. 18, 2015
Markus Rauramo (Deputy Chairman of the Supervisory Board, Uniper SE)	Chief Financial Officer, Fortum Oyj	Wärtsilä Oyj Abp Teollisuuden Voima Oyj Mentten Oy Vaka-säätiö sr Fortum Assets Oy, Chairman until 07/2019 Fortum C&H Oy, Chairman until 06/2019 Fortum Finance Ireland DAC until 06/2019 Fortum Heat and Gas Oy, Chairman until 06/2019 Fortum Power and Heat Oy, Chairman PAO Fortum, Chairman Fortum Corporation Fortum Finance B.V. until 06/2019 Fortum Holding B.V. until 06/2019	From July 30, 2018
Harald Seegatz (Deputy Chairman of the Supervisory Board, Uniper SE)	Chairman of the Group Employee Council	Uniper Kraftwerke GmbH	From April 14, 2016
Ingrid Marie Åsander	Project Coordinator		From April 14, 2018
Oliver Biniek	Employee Representative		From April 14, 2016
Jean-François Cirelli	Chairman BlackRock France, Belgium and Luxembourg	Idemia France S.A.S. Sonepar S.A.S. NET BlackRock France, Belgium and Luxemburg	From Jan. 1, 2017
David Charles Davies	Company Director	Ophir Energy Plc until 05/2019 Wienerberger AG, Deputy Chairman	From June 8, 2017
Dr. Marion Helmes	Member of the supervisory board	ProSiebenSat.1 Media SE, Deputy Chairman British American Tobacco Plc. Siemens Healthineers AG Heineken N.V.	From Jan. 1, 2017
Barbara Jagodzinski	Financial Manager		From April, 2016
André Muilwijk	Chairman of the Employee Council		From April 14, 2016
Rebecca Ranich	Independent Board Member	National Fuel Gas Yet Analytics Inc. CARDNO	From Jan. 1, 2017
Immo Schlepper	Head of Regional Department, ver.di	EWE AG	From June 8, 2017

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	Entry date
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	From June 1, 2019
Klaus Schäfer	Chairman of the Management Board, Chief Executive Officer	Uniper Global Commodities SE, Chairman until 05/2019 Uniper Kraftwerke GmbH, Chairman until 05/2019 PAO Unipro, Chairman until 06/2019	From Dec. 30, 2015 until May 31, 2019
Sascha Bibert	Member of the Management Board, Chief Financial Officer		From June 1, 2019
Christopher Delbrück	Member of the Management Board, Chief Financial Officer		From Dec. 30, 2015 until May 31, 2019
Keith Martin	Member of the Management Board, Chief Commercial Officer		From March 1, 2016 until April 30, 2020
Eckhardt Rümmler	Member of the Management Board, Chief Operating Officer	PAO Unipro	From Dec. 31, 2015 until Jan. 31, 2020
David Bryson	Member of the Management Board, Chief Operating Officer	Uniper Benelux Holding B.V., Chairman until 10/2019 Uniper France Uniper UK Limited until 10/2019 PAO Unipro	From Nov. 1, 2019

Further Financial Information

Glossary of Financial Terms

Actuarial gains and losses
The actuarial calculation of provisions for pensions is based on projections of variables (such as trends in wages and pensions). Actuarial gains and losses are recognized when the actual numbers turn out to be different from the projections.

Adjusted EBIT
Adjusted EBIT as applied by Uniper is a measure of earnings before interest and taxes adjusted for non-operating effects (see chapter Management System for a detailed definition).

Adjusted EBITDA
Adjusted EBITDA is a measure of earnings before interest, taxes, depreciation and amortization, including reversals, adjusted for non-operating effects.

Adjusted funds from operations ("adjusted FFO")
Cash flow measure used by Uniper. Adjusted funds from operations ("adjusted FFO"), is an adjusted cash flow from operating activities (see chapter Management System for a detailed definition).

Adjusted net income ("adjusted NI")
Unadjusted net income is earnings after financial results and income taxes. To increase the meaningfulness of this indicator, unadjusted net income is adjusted for certain non-operating effects. The starting point for these further adjustments is adjusted EBIT, which is adjusted for selected non-operating items (see chapter Management System for a detailed definition).

Bond
Debt security in which the right to repayment of the bond's nominal value plus interest is securitized. Issuers include government entities, banks and businesses. They are a form of medium- and long-term debt financing for the issuer.

Capital stock
The share capital of a stock corporation as specified in its articles of association and recorded in the commercial register. It is shown on the liabilities side of the balance sheet.

Commercial paper ("CP")
Short-term, unsecured debt instruments issued by entities such as businesses and banks. CPs are generally issued on a discounted basis. Repayment is then made at the nominal amount.

Consolidation
In the Consolidated Financial Statements, all Group companies are presented together as if they formed a single legal entity. All intragroup expenses and income, all intragroup trade payables and receivables and all other transactions between Group companies are offset against each other and eliminated. Equity investments in Group companies are offset against their capital stock (consolidation of investments) and all intragroup receivables and liabilities are eliminated, since such rights and obligations do not exist with- in a single legal entity. The adding together and consolidation of the remaining items of the annual financial statements produces the Consolidated Balance Sheet and the Consolidated Statement of Income.

Contractual Trust Arrangement ("CTA")

A model for funding pension obligations using a trust. In a CTA, a company with pension obligations transfers assets to a separate, legally independent trustee, which uses the assets to satisfy the company's pension obligations.

Controllable costs

Controllable costs are an indicator for the management of costs, and include those expenses over which operations management can exercise independent influence.

Cost of capital

The cost of capital employed is calculated as the weighted average of the costs of debt and equity financing (weighted-average cost of capital, "WACC"). The cost of equity is the return expected by an investor in a given stock. The cost of debt is geared to market terms for loans and bonds. The interest on corporate debt is tax-deductible (referred to as the tax shield on corporate debt).

Credit default swap ("CDS")

The buyer of a CDS buys protection against risks involving a debtor's failure to make required payments on loans, bonds or other forms of financing, and these risks are assumed by the seller of the CDS in exchange for a premium.

Credit facility

Lines of credit and other financing usually extended contractually by banks to businesses to cover their financing needs.

Debt factor

Ratio of economic net debt to adjusted EBITDA. The debt factor serves as a target value for the capital structure.

Debt Issuance Program ("DIP") / Bond program

Contractual framework for issuing bonds to investors domestically and abroad, as well as promissory notes and private placements.

Discontinued operations

Identifiable business units that are intended for sale or have been sold. They are subject to special disclosure rules.

Economic net debt

Measure that shows total economic debt by taking into account the net financial position and provisions for pensions and similar obligations and provisions for asset retirement obligations. Any assets allocated to these obligations (e.g., receivables from the Swedish Nuclear Waste Fund) are netted.

Equity-method accounting

Method of accounting for shareholdings in associated companies that are not included in the Consolidated Financial Statements on the basis of full consolidation with all assets and liabilities. The book value (carrying amount) recognized for such shareholdings is adjusted for the change in the owned portion of the shareholding's equity. This change is shown in the owning company's consolidated income statement.

Fair value
The amount for which assets, liabilities and derivative financial instruments could be exchanged or settled between knowledgeable, willing and independent parties (arm's-length transaction).

Free cash flow
The free cash flow target is a measure in which the dividend is deducted from the free cash flow of the operating business. Uniper aims to achieve neutral to positive free cash flow from operations after paying out the dividend while simultaneously optimizing the operating, financing and investing components of cash flow.

Forward market
A forward market is the economic venue where supply and demand of forward transactions meet. Forward transactions must be executed by the contracting parties within an agreed fixed period, which extends beyond the spot period on which the market is based.

Free cash flow from operations ("FCFO")
Free cash from operations ("FCFO") is used by Uniper as the basis for calculating dividend payments. FCFO is adjusted FFO less investment spending for maintenance and replacement.

German Corporate Governance Code
The German Corporate Governance Code embodies material statutory provisions for the management and supervision of German listed companies. Its recommendations and suggestions contain internationally and nationally recognized standards of good and responsible corporate governance.

Goodwill
The value of a subsidiary as disclosed in the Consolidated Financial Statements resulting from the consolidation of investments (after elimination of hidden reserves and charges), calculated by offsetting the carrying amount of the parent company's investment in the subsidiary against the parent company's portion of the subsidiary's equity.

Impairment test
Periodic comparison of an asset's carrying amount (book value) with its recoverable amount. If it is determined that an asset's recoverable amount has fallen below its carrying amount, an impairment charge must be recognized on the asset.

International Financial Reporting Standards ("IFRS")
International accounting standards which must, pursuant to the relevant regulation of the European Parliament and of the European Council, be applied by publicly traded companies in the EU.

Investments
Cash-effective investments as reported in the cash flow statement. These investments are divided into growth investments and investments in fixed assets in connection with replacement of existing equipment and maintenance.

Net financial position
Balance of liquid funds, non-current securities and margining receivables, and of financial liabilities to banks, to the capital markets, from leases and from forward exchange transactions (margining liabilities), including financial liabilities to affiliated companies.

Net income/loss
Earnings figure that includes interest, income taxes and income from non-controlling interests, and which has not been adjusted for any extraordinary effects.

Non-operating earnings
Non-operating earnings include non-operating business transactions, mainly book gains and losses from major divestments and the fair value measurement of derivative financial instruments.

Operating cash flow before interest and taxes ("OCFbIT")
Operating cash flow before interest and taxes ("OCFbIT") is a measure of cash flow from operating activities (operating cash flow) net of cash provided by or used for interest and taxes (less refunds).

Rating
Classification by a rating agency of short- and long-term debt issues or of issuers into grades of credit quality or into rating categories. The main function of a rating is to create transparency and thus comparability for investors and creditors with regard to the risk of default of an issuer or a debt instrument.

Spin-off
Spin-off ("Abspaltung") is a legal term in the German law governing the reorganization of corporate entities. A spin-off is a separation process in which a company transfers one or more parts of its assets to existing or newly established companies (target companies) by way of universal succession, while the original entity remains intact. As a rule, the owners of the transferring entity receive shares in the target company in return.

Spot market
A spot market (or cash market) is the economic venue where offers and bids for spot or cash transactions come together. Items traded in the spot market include, in particular, currencies, securities and commodities that are traded under standardized contracts. Spot or cash transactions must be executed by the contracting parties within the spot period underlying the market (usually a few days after conclusion of the transaction). The counterpart to the spot market is the forward market.

Value at risk ("VaR")
Statistical risk measure that indicates the potential loss that a portfolio of investments will not exceed with a certain degree of probability (for example, 99%) over a certain period of time (for example, one day). Holding periods can be specified with market liquidities taken into account. Due to correlations between markets, the risk to a portfolio determined in VaR can be less than the sum of the individual underlying risks within the portfolio.

Financial Calendar

May 7, 2020
Quarterly Statement: January–March 2020

May 20, 2020
2020 Annual Shareholders Meeting (Congress Center, Düsseldorf)

August 11, 2020
Half-Year Interim Report: January–June 2020

November 10, 2020
Quarterly Statement: January–September 2020

Further Information

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