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# About this Report

*GRI 2-1, GRI 2-2, GRI 2-3, GRI 2-4, GRI 2-5, GRI 2-6*

The E.ON Integrated Annual Report 2022 for the first time combines the Company's financial and non-financial reporting. Sustainability is the centerpiece of E.ON's strategy and—in every dimension—the standard for our actions. An integrated report provides our stakeholders with a holistic and transparent view of our financial, environmental, and social performance.

## Standards

This integrated report applies to the E.ON Group as well as E.ON SE. E.ON is therefore fulfilling all requirements of International Financial Reporting Standards ("IFRS"), the German Commercial Code (German abbreviation: "HGB"), and German Accounting Standards (German abbreviation "DRS"). The combined Non-Financial Statement ("NFS") pursuant to Section §§ 315b and 315c in conjunction with Sections §§ 289b to 289e of the HGB is fully integrated into the Combined Group Management Report. The Group Management Report thus contains information on five aspects: the environment, employees, social matters, human rights, as well as anti-corruption and anti-bribery. The NFS also complies with the disclosure requirements of the EU Taxonomy Regulation. The [Non-Financial Statement \("NFS"\) Index](#) indicates where these disclosures can be found in the integrated report. Other parts of the Combined Group Management Report include [Disclosures Regarding Takeovers](#) and the [Corporate Governance Declaration](#). In addition, the [Compensation Report](#) is integrated into the Annual Report.

E.ON's sustainability reporting, which consists of the NFS and other sustainability disclosures, is guided by the findings of its materiality analysis and topics relevant for stakeholders. It has been prepared with reference to the GRI Standards 2021 by the Global Reporting Initiative. The GRI standards covered by the content of a chapter are displayed on the first page of the chapter. The [GRI Index](#) provides an overview. The [Other Information](#) chapter contains E.ON's disclosures regarding the Electric Utilities and Power Generators Standards issued by the Sustainability Accounting Standards Board ("SASB"). E.ON is committed to the ten principles of the United Nations Global Compact ("UNGC") and supports the United Nations Sustainable Development Goals ("SDGs"). We describe our contributions to the SDGs in the [Strategy](#) chapter. Our climate-related reporting, which is based on the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") as well, can be found in the chapter [Other Information](#).

## Scope

This report encompasses all subsidiaries that are fully consolidated in E.ON's Consolidated Financial Statements 2022. Any deviations are marked accordingly. KPI-based thresholds are used to distinguish companies that do not contribute significantly to the report. The next chapter, [Business Model](#), contains more information about the E.ON Group's structure and business segments.

The reporting period is the 2022 calendar year. For most KPIs the corresponding prior-year figure is provided to

improve comparability. Adjustments to prior-year figures of a KPI are explained in footnotes.

Statements on the future development of E.ON and its subsidiaries are estimates based on information available at the time of reporting. Actual results may deviate from these statements.

The report was published on March 15, 2023, and is available in German and English in pdf format. You can download the pdf version of this report at [eon.com](#). The previous Annual Report and previous Sustainability Report were published in March 2022. You can find them and additional reports in the investor relations [archive](#).

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## Language

To improve readability, we generally use the shorter name for companies and organizations (such as "E.ON" rather than "E.ON SE").

## Sustainability Ratings

E.ON's commitment to transparency includes subjecting its sustainability performance to independent, detailed assessments by specialized agencies and capital-market analysts. The findings of these assessments provide important guidance to investors and to E.ON. They help us identify our strengths and weaknesses and further improve our performance. The [Sustainable Finance](#) chapter presents the results of sustainability ratings.

## Assurance

The Combined Group Management Report is generally audited as part of the statutory audit of the financial statements. Content that is not part of the statutory audit of the Consolidated Financial Statements and is therefore excluded from the auditor's report is identified separately, as described below. For the NFS and selected additional sustainability information, a separate assurance engagement ("Sustainability Assurance") was also performed by KPMG AG in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 (Revised) issued by the International Auditing and Assurance Standards Board ("IAASB"). The audit assurance applied to the different contents is clarified in the report by means of various symbols.

Symbols next to **headings [H2]** apply until the next heading of the same level of hierarchy. Sections within the same chapter that were audited with a different assurance may be marked separately. This is done in longer sections by means of symbols next to the **subheadings [H3]** which apply until the next heading of the same level of hierarchy. In addition, individual sections or KPIs that are subject to a different audit assurance may be marked separately.

The corresponding contents are marked as follows:

- Not part of the statutory audit, audited with reasonable assurance as part of the Sustainability Assurance in accordance with ISAE 3000.
- Not part of the statutory audit, audited with limited assurance as part of the Sustainability Assurance in accordance with ISAE 3000; individual text passages are indicated by ► ◀.
- Not part of the statutory audit, unaudited; individual text passages are indicated by ><.

Prior-year figures and quantified changes from the prior year included in sections marked as audited are audited with limited assurance.

The precise scope of the audit is described in the [Other Information](#) section in the Independent Auditor's Report and in the report on the management review of sustainability information.

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## Corporate Profile

### Business Model

E.ON is an investor-owned energy company with approximately 71,600 employees led by Corporate Functions in Essen. The Group's core business is divided into two segments: Energy Networks and Customer Solutions. Corporate functions and equity interests managed directly by E.ON SE are reported under Corporate Functions/Other. Non-strategic operations are reported under Non-Core Business until the end of 2022 and effective 2023 under Corporate Functions/Other.

### Corporate Functions

Corporate Functions' main task is to lead the E.ON Group. This involves charting E.ON's strategic course and managing and funding its existing business portfolio. Corporate Functions' tasks include optimizing E.ON's overall business across countries and markets from a financial, strategic, and risk perspective and conducting stakeholder management.

### Energy Networks

This segment consists of E.ON's power and gas distribution networks and related activities. It is subdivided into three regional markets: Germany, Sweden, and East-Central Europe/Turkey (which consists of the Czech Republic, Hungary, Romania, Poland, Croatia, Slovakia, and the stake in Enerjisa Enerji in Turkey, which is accounted for using the equity method). This segment's main tasks include operating its power and gas networks safely and reliably, carrying out all necessary maintenance and repairs, and expanding its power and gas networks, which frequently involves adding customer connections and the connection of renewable energy generation assets.

### Customer Solutions

This segment serves as the platform for working with E.ON's customers to actively shape Europe's energy transition. This includes supplying customers in Europe (excluding Turkey) with power, gas (conventional and green), and heat and providing them with sustainable solutions that enhance their energy efficiency, energy autonomy, and eMobility. E.ON's activities are tailored to the individual needs of customers across all categories: residential, small and medium-sized enterprises, large commercial and industrial, sales partners, and public entities. The E.ON Group's main presence in this business is in Germany, the United Kingdom, the Netherlands, Nordics (for example, Sweden, Denmark, and Norway), Italy, the Czech Republic, Hungary, Croatia, Romania, Poland, and Slovakia. In addition, Energy Infrastructure Solutions engages in activities aimed at decarbonizing commercial customers, cities, and communities, such as sustainable city solutions and district heating.

### Non-Core Business

This segment consists of the E.ON Group's non-strategic activities. This applies to the operation and dismantling of nuclear power stations in Germany (which is managed by the PreussenElektra unit) and the generation business in Turkey. Effective 2023, Non-Core Business is disclosed under Corporate Functions/Other.

### ESG Materiality and Stakeholder Engagement

#### ESG Materiality

*GRI 3-1, GRI 3-2*

E.ON has conducted an annual materiality analysis since 2006. The purpose is to identify and evaluate the sustainability topics that are most important to the Company and its stakeholders. This report contains information on the topics whose materiality the analysis deemed to be particularly high. It also addresses less material sustainability topics. E.ON thus aims to meet the different

expectations of stakeholders as well as the requirements of environmental, social, and governance ("ESG") rankings and ratings. We provide an overview of the material and other topics in the Non-Financial Statement ("NFS") Index.

### Identification of Material Topics

E.ON conducted its materiality analysis in 2022 in accordance with the requirements of the Non-Financial Reporting Directive ("NFRD"). The requirements of the Corporate Sustainability Reporting Directive ("CSRD") were taken into account, but not applied. We applied the double materiality principle: we considered the financial perspective as well as the impact perspective. The process had four steps, which are described below:

#### Step One: Topic Identification and Collection

E.ON first gathered information and evidence on potentially material topics. We consulted a variety of sources, including regulations, reporting standards as well as statements from customers, competitors, investors, and non-governmental organizations ("NGOs"). We used this to create an overview of possible material topics. These were then compared with our existing material topics, collated, and reduced to a common denominator. The basis for this was an evaluation that correlates a topic's frequency of mention to its importance for the industry. Experts from Sustainability, Group Accounting, and Investor Relations divisions reviewed and finally agreed on a short list of E.ON's potentially material topics.

#### Step Two: Impact Perspective

E.ON analyzed the impact perspective by surveying NGOs, research institutes, suppliers, customers, and other stakeholders. We gave them a questionnaire containing the topics identified in step one and asked them to rate them. The questionnaire's findings were then examined in greater depth in stakeholder interviews. Representatives from the Sustainability, Group Accounting, Investor Relations, and Group Risk functions

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evaluated the survey's findings in a workshop, which concluded the impact analysis.

### Step Three: Financial Perspective

E.ON evaluated the financial perspective by examining the risks and opportunities associated with the ESG topics contained in its Enterprise Risk Management ("ERM") system. Another workshop was then held to assess and validate the financial materiality of the topics identified. Representatives from the aforementioned functions—Sustainability, Investor Relations, Group Accounting, and Group Risk—participated as well.

### Step Four: Materiality Threshold

E.ON finalized the list of topics by defining a common materiality threshold for the impact and financial perspectives. Only topics that exceeded it were considered material. To determine them, we held a third workshop consisting of the above-mentioned participants. The findings were then presented to the Sustainability Council, which approved E.ON's materiality analysis for 2022.

### Material Topics

The findings of the materiality analysis for 2022 are listed below. The highest relevance from a financial and impact perspective was assigned to the following three topics:

- Climate-change mitigation
- Energy affordability
- Reliable energy supply.

The material topic of climate-change mitigation also encompasses customer solutions that mitigate climate change. Since both aspects—general climate-change mitigation and customer solutions that mitigate climate change—are extensive, they are

presented in separate chapters in the Integrated Annual Report 2022.

The chapters of this report provide information on E.ON's approach to managing its material topics and outline the Company's progress in the reporting year. The description of the management approach is based on GRI 3-3, Management of material topics.

### Stakeholder Engagement

*GRI 2-28, GRI 2-29*

E.ON continually seeks dialogue with its various stakeholders. We want to listen to and understand their points of view and also to talk to them openly about the potential short- and long-term impacts of our business activities. This is an important objective of our daily work at the local, national, and European level. A stakeholder is any person who or any group that has an interest in a company. Stakeholder engagement is thus a core process of E.ON's corporate governance. The dialogue formats we choose vary by stakeholder and topic. They range from information campaigns and discussion forums with associations and NGOs to face-to-face discussions and lobbying. For example, E.ON is actively involved in the global investor initiative CDP (Carbon Disclosure Project), works with the United Nations Environment Programme ("UNEP"), and supports the UN Decade on Ecosystem Restoration. Furthermore, since 2021 E.ON has been part of the LEAF Coalition (Lowering Emissions by Accelerating Forest Finance), which is committed to biodiversity and the protection of tropical forests. More information on CDP and the LEAF Coalition can be found in the "Climate Protection" chapter. E.ON is also a member of SolarPower Europe, a European association of energy suppliers and solar companies. The Solar Stewardship Initiative ("SSI") was set up as part of this association. Its aim is to create more transparency for solar-power supply chains and to ensure compliance with human rights.

E.ON actively participates in policy debates on issues that affect the Company. We use a variety of channels for this, including lobbying, media interviews with our executives, and their appearances as public speakers. In addition, policymakers and regulators frequently invite E.ON to provide its technical and energy expertise as part of their decision-making processes. The Company offers its expertise proactively as well. This type of advocacy are important because the energy sector is significantly influenced by policy and regulatory decisions. In 2022 we assisted the German federal government, particularly by supporting its plans for tackling the energy crisis. E.ON CEO Leonhard Birnbaum was a member of the independent Expert Commission Gas and Heat, which was commissioned by the German government to develop proposals that can relieve households and businesses from the sharp rise in gas prices. Furthermore, E.ON takes part in discussions on energy, environmental, and climate policy in a variety of other forums. For example, E.ON CFO Marc Spieker was a member of the European Commission's Platform on Sustainable Finance until the end of October 2022. In addition, Leonhard Birnbaum is part of the European CEO Alliance, an alliance of EU-wide business leaders who discuss ways to provide additional support to the EU Green Deal. Effective November 21, 2022, Leonhard Birnbaum was appointed acting president of Eurelectric, the association of the European electricity industry. Eurelectric is an umbrella organization representing more than 3,500 European companies active in electricity generation, distribution, and supply. Direct members of Eurelectric are the national associations, including the German Association of the Energy and Water Industries (German abbreviation: "BDEW"), Swedenergy, and Energy UK.

> The Climate Advocacy and Associations Report provides an overview of E.ON's lobbying approach as well as the associations and initiatives which the Company is part of and the key positions it holds in conjunction with its efforts to propel the energy transition. All of E.ON's lobbying activities and dialogue formats comply with national and European laws and guidelines on representing corporate interests and responsible lobbying. <

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Below is an overview of E.ON's most important stakeholders, their significance for E.ON, and their expectations of E.ON.

## Stakeholder Groups

### Significance

- Our customers' purchasing decisions determine our success.
- Our employees' performance is crucial to our success.
- Our investors' capital is essential for the successful development of our company.
- We procure the services of numerous suppliers and subcontractors.
- The transformation of Europe's energy system can succeed only if it is actively shaped and supported by people as consumers and citizens.
- Our business activities are strongly influenced by social needs and developments and the political decisions based on them.
- We see universities and social institutions as important partners. Non-governmental organizations provide us with valuable information on public expectations.

### Stakeholder

#### Customers

#### Employees

#### Investors

#### Suppliers and business partners

#### Regions and Communities

#### Policymakers, media, society, and the general public

#### Non-governmental organizations and sustainability experts

### Expectations

- A secure energy supply at reasonable prices
- An active role in propelling the energy transformation in Europe
- Support for energy management and energy efficiency
- A safe, interesting, and inclusive work environment
- Fair pay and equal opportunity
- Transparent information about how E.ON manages chances and risks
- Information about our long-term value growth potential
- Fair and reliable terms and conditions
- Mutually beneficial collaboration
- Transparency about planned measures
- Active participation at the municipal level
- Transparent decision-making oriented toward the common good, fair treatment of customers, and innovative, forward-looking customer solutions
- A reliable, economical and environmentally friendly energy supply
- Compliance with laws and regulations
- Transparency
- Accountability
- Dialogue

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E.ON is a member of numerous industry networks and trade associations in individual countries and at the European level. They enable companies to share information about climate protection, customer needs, and industry trends and to represent shared interests to policymakers and regulators. Examples of these memberships include:

- **German Association of Energy and Water Industries** (German abbreviation: "BDEW"): through the BDEW E.ON is also represented in two European trade associations, Eurelectric and Eurogas.
- **German Industry Initiative for Energy Efficiency** (Deutsche Unternehmensinitiative Energieeffizienz, or "DENEFF"): a multi-industry network of companies and organizations dedicated to enhancing energy efficiency.
- **Bitkom**: through this industry initiative for a digital economy the Company is also represented in the **Federal Association of German Industry** (Bundesverband der Deutschen Industrie) and its European umbrella organization, **BusinessEurope**.
- E.ON executives take part in the **Economic Council of the CDU e.V.** and the **Economic Forum of the SPD e.V.**
- **European Distribution System Operators for Smart Grids** ("EDSO for Smart Grids"): European association promoting smart grids and the digitalization of the energy sector.
- **Energy UK**: a trade association for energy in the United Kingdom.
- **Swedenergy**: a private association of companies involved in electricity production, sale, and trading in Sweden.
- **The Romanian Federation of Associations of Energy Utilities**: a federation of energy suppliers in Romania.

## Non-Core Business: Stakeholder Dialogue on Reliable Operations and Plant Dismantling

E.ON subsidiary PreussenElektra is responsible for the safe and reliable operation and dismantling of its nuclear power plants ("NPPs"). Ongoing dialogue with stakeholders is essential. PreussenElektra communicates with a broad spectrum of stakeholders through press releases and briefings. The company also uses events and forums to speak directly with its stakeholders and benefit from their feedback. The aim of all these measures is to provide transparent information and build trust.

In view of the discussion about the possible continued operation of NPPs, PreussenElektra enhanced its dialogue with local stakeholders at Isar NPP. PreussenElektra also conducted transparent public relations by increasing its online communications and maintaining an active dialogue with national media.

Dialogue will also remain important during NPPs' decommissioning and dismantling. In 2022 E.ON held press events at all its NPPs. Annual power plant talks with key local stakeholders took place in the fall as well. Some plants also have dialogue groups for nearby residents, in which PreussenElektra also participated in 2022. People who live near Brokdorf, Isar, Grohnde, and Grafenrheinfeld NPPs were given the opportunity to visit the plants on selected dates.

## Strategy

### 2022: New Challenges and a Robust Strategy

The turbulence of 2022, triggered by the Russia-Ukraine war, presents the world with major new challenges. High and significantly more volatile commodity prices, rising interest rates, inflation, and additional strains on supply chains already disrupted by the Covid-19 pandemic created uncertainty. As part of a periodic review, the updated strategic course the E.ON Group set in 2021 was critically scrutinized in view of these factors.

Individual countries—and not just their policymakers—want energy

security and energy autonomy based primarily on decentralized and renewable power generation and distribution. This will require resilient and digital energy infrastructure; and that is exactly what E.ON's power and gas networks represent. Supply security will be at the forefront. The new growth strategy E.ON formulated in 2021—founded on sustainability, growth, and digitalization—is part of this future. E.ON's strategy has proven itself to be robust, even amid disruptive events.

In the Energy Networks segment, E.ON is systematically implementing its strategy in the context of current developments. Investments in the 2022 financial year went mainly toward network expansion and modernization in line with the needs of the energy transition. A significant part of Europe's renewables capacity is connected to the E.ON Group's networks. These networks are the backbone of the energy transition, which can only succeed if they grow at the same rate as the demand for connections.

The Customer Solutions segment—considering the significant demand for smart solutions and products to decarbonize households and industry—is proving to be solid. This demonstrates that many people want to take their energy supply into their own hands. Prosumers are becoming a reality faster than many expected. E.ON is Europe's largest provider of energy solutions for decarbonizing households.

► E.ON's broad range of products and services enables its customers and partners to displace more than 100 million metric tons of CO<sub>2</sub>e annually. ◀

Alongside the increase in residential demand we also saw greater demand for decarbonizing entire city districts as part of district heating and cooling projects. Energy Infrastructure Solutions ("EIS") significantly increased its earnings and investments compared with the prior year. It also developed and acquired future-oriented projects.

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The sustainable transformation of the energy system is a long-term task. The current crisis highlights and reinforces the importance and necessity of change; it must be further accelerated. After many disputes about the right course, a consensus is emerging between policymakers, companies, and society—both in Germany and in Europe. The European Commission's revised targets for speeding up renewables expansion will further increase the demand to connect these facilities to networks and thus also the need to expand network capacity. The anticipated increase in demand for hydrogen to replace coal, gas, and oil in industry is ambitious and will also require massive investment in energy infrastructure. All this will offer us new opportunities and confirms E.ON's strategic course.

## Connecting Everyone to Good Energy

Europe's energy transition is irreversible and gaining pace, even amid the current market situation. This poses new challenges for the energy industry but also creates tremendous opportunities. E.ON is a leading network operator, and its Customer Solutions segments supplies roughly 48 million customers (including customers in Turkey and of ZSE in Slovakia) with energy. This positions us better than any other energy company in Europe to profoundly shape the new era of green energy and to play a leading role in the distributed, zero-carbon energy world of the future. Our strategy has three key components—sustainability, digitalization, and growth—on which we will focus our human and financial resources in the years ahead. Sustainability is the core of E.ON's strategy and—in all dimensions—will be the guiding principle for our future actions. E.ON intends to become climate-neutral itself, and helping our customers reach their climate targets will be a key growth driver.

## Sustainability

E.ON's strategy fits seamlessly with the European Union's decarbonization agenda. Europe's distribution networks—E.ON's biggest business—are where the energy transition is happening. The investments necessary to upgrade, expand, and digitalize

these networks in the decade ahead are estimated at over €425 billion. This amount of investment is roughly equal to the size of Belgium's entire economy. The European Commission's desire to accelerate this expansion will be an additional driver.

› E.ON's strategy fits with two of the EU Green Deal's programs: the Horizon Europe program (which will provide about €15 billion of funding through 2027 for climate, energy, and mobility projects) and the Innovation Fund (which will mobilize about €10 billion through 2030 to help low-carbon technologies become market-ready). ◀

Many of these projects and technologies are relevant for E.ON's customer solutions business. To seize the growth opportunities in its core business, E.ON plans to invest a total of roughly €33 billion from 2023 to 2027, of which around €26 billion will go toward energy networks and €7 billion toward customer solutions.

► This investment program aims to be fully aligned with the EU Taxonomy; 82 percent of E.ON's investments in its core business in 2022 fell within the taxonomy's scope; 98 percent of these investments are green. ◀

More than half of the funding for these investments will be raised through the issuance of green bonds. E.ON's updated strategy thus also caters to capital markets' increasing interest in sustainable investments. More information about E.ON's disclosures in line with the EU taxonomy for the 2022 financial year can be found in the "EU Taxonomy" chapter; the "Sustainable Finance" chapter contains more information about green bonds.

Climate protection will be a key driver of E.ON's future growth. The Science Based Targets initiative ("SBTi") validated E.ON's climate targets in May 2022. They are consistent with keeping global warming to 1.5° C above preindustrial levels. In addition, E.ON pledges for its Scope 1 and 2 emissions to achieve climate neutrality by 2040 (and to cut Scope 1 and 2 emissions by roughly 75 percent by 2030). E.ON intends for its Scope 3 emissions to be

climate-neutral by 2050 (and to reduce them by about 50 percent by 2030). All reductions are relative to 2019. These objectives set a course that is both ambitious and viable: a reduction path consistently aligned with the new energy world in keeping with E.ON's strategy. In addition, in 2022 E.ON began to voluntarily offset emissions it is currently unable to avoid. Offsets help fund measures that reduce or prevent carbon emissions outside E.ON's value chain. E.ON's flagship offsetting program is its partnership, begun in 2021, with the LEAF Coalition, which stands for Lowering Emissions by Accelerating Forest Finance. LEAF offsets help protect tropical forests and manage them sustainably. E.ON's LEAF program will initially run through year-end 2027.

ESG aspects are systematically embedded into E.ON's central control and management processes. In addition, each business unit's management team is responsible for taking action to enhance sustainability and to meet the unit's sustainability targets. This decentralized approach enables the units to contribute to E.ON's Group-wide targets for issues like climate protection and corporate governance, while also tailoring their actions to their specific needs. Each unit has sustainability staff who reinforce awareness, coordinate projects and initiatives, and monitor progress toward targets. They share information at regular intervals with our Sustainability Council and the E.ON Group's Sustainability team.

## Digitalization

Digitalization will be a cornerstone of the energy landscape of the future. The transition toward a distributed, volatile, and networked energy world will be accompanied by increasing complexity that can only be managed through comprehensive digitalization. Digitalization is thus an important lever in E.ON's growth strategy and the basis for generating additional value in its core business over the long term. E.ON's objective is to become a fully digital energy company and to fundamentally transform its products, processes, and services into data-driven and highly networked solutions. Our digital transformation is proceeding along four strategic pathways: optimizing internal operations, engaging

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customers and partners, transforming and developing new business areas, and enhancing employees' digital skills. The centerpiece of our digital transformation is a common technology platform ("CTP") for the entire Group. The CTP will serve as the basis for standardizing and harmonizing all applications in the E.ON Group necessary for the energy transition. It will enable us to develop new digital energy solutions while maintaining the highest security standards.

The foundation of E.ON One, a new subsidiary for digital solutions, has enabled the E.ON Group to pursue the objective of offering and operating innovative IT solutions for the external market and E.ON Group companies. E.ON One's portfolio will be formed by targeted investments in E.ON's own innovations and in startups. This will make it possible to smartify networks and render energy consumption more sustainable. E.ON One focuses on three business areas: grid management, grid operations, and energy management solutions. These areas form the basis of a successful energy transition. For example, E.ON One offers a wide range of energy management solutions that give customers more transparency about their consumption and automatically optimize consumption and generation.

Energy Networks' top priorities include standardization, smartification, and the development of new digital solutions, all with the highest cybersecurity standards. Digitalization helps E.ON operate its networks even more efficiently and optimally manage the growing proportion of power from renewable generating facilities. The development of digital solutions like smart eMobility charging solutions as well as new services on both sides of standard residential meters and smart energy meters are also part of E.ON's growth strategy.

## Growth

E.ON's core business consists of two segments: Energy Networks and Customer Solutions. E.ON operates power and gas networks in various regions of Europe and offers a broad range of customer solutions. The two businesses complement each other amid the

transformation of global energy systems. They are also clear growth businesses that benefit from the sustainable transformation of various customers and industrial sectors. This transformation expands E.ON's business opportunities as well. And our growth strategy fits seamlessly with Europe's decarbonization ambitions. Ongoing renewables expansion and the increasing challenges this poses for power networks will require investments of more than €425 billion to transform electricity distribution networks. The growth in the aggregate energy demand of E.ON's customer groups is estimated to increase by more than 100 percent between 2020 and 2050. A sustainable transformation of the economy is necessary for this as well. E.ON is aiming for earnings growth in both the Energy Networks and Customer Solutions segments, supported by continual efficiency improvements. The measures in this area focus primarily on achieving operational excellence. We are likewise aware that our growth strategy can only be implemented if it is accompanied by changes within our organization, such as cultural change, diversity, and education. Comprehensive measures to propel these changes are therefore integral to our strategy.

## Growth in the Energy Networks Segment

The transition to a new, sustainable, and connected energy world will require considerable investments in physical and digital assets. As stated above, this applies above all to the Energy Networks segment, which is the backbone of a successful energy transition. Ongoing renewables expansion in particular will require grids to grow at a similar pace. New network connections and connected load will increase sharply amid the energy transition owing to changes in customer behavior. The energy transition alone therefore represents an unprecedented growth opportunity for E.ON, an opportunity that is being further accelerated by the current developments in Europe's energy system and momentum for the energy transition. Consequently, this growth will be accompanied by the suitable and sensible digitalization of networks because they are a key component of E.ON's growth strategy and a prerequisite for the implementation of the energy and climate transition in distribution networks. The use of smart-

grid technology like smart energy meters and smart transformer stations, the integration of external data, the standardization of construction and operating processes, and the use of a central data platform all offer considerable potential. Where necessary for technical reasons and economically feasible, E.ON will acquire the capability to monitor and control its distribution networks across all voltage levels in order to optimize their operation. Sensors and smart energy metering and control technology will enable real-time control of distributed generation and consumption.

E.ON's existing gas networks will continue to play an important role in the transformation of the energy system. Going forward, E.ON will also, where legally possible and economically sensible, make its existing gas networks hydrogen-ready. These investments will help pave the way toward climate-neutral gas networks.

E.ON's capabilities along with the above-average efficiency of its network operations will enable it to lead the necessary transformation of the energy system. Eight of E.ON's nine distribution system operators ("DSOs") in Germany have an efficiency rating of 100 percent, with three of them earning a super efficiency bonus. All E.ON DSOs surpass the industry average.

This is among the reasons why E.ON is one of Europe's leading DSOs. E.ON has a regulated asset base ("RAB") of €36.4 billion, and its regulated business generates a large share of its EBITDA. E.ON's strategic objective is therefore to remain Europe's leading energy and infrastructure partner. E.ON plans to direct a large portion of investments during the 2023–2027 planning period toward network expansion and a variety of network projects. The Forecast Report contains details about planned investments.

## Growth in the Customer Solutions Segment

E.ON's Customer Solutions segment focuses on the energy services business and the Energy Infrastructure Solutions ("EIS") business's activities in distributed energy.

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The energy services business includes power and gas retail sales. This is a scalable business model with comparatively low capital requirements and focuses on private households and small and medium-sized enterprises. E.ON's objective for this business is to retain its roughly 48 million customers across Europe (including customers in Turkey and at ZSE in Slovakia) in the long term by offering them a sustainable energy supply and energy solutions and thus reducing their environmental footprint and by helping Europe to reach its energy conservation targets, particularly residential customers' gas consumption. So that this objective can be achieved at competitive costs, E.ON systematically pursues digitalization, which promotes optimal operating efficiency and superior customer satisfaction and loyalty (customer relationship management) as well as cross-selling opportunities. E.ON's solutions business focuses primarily on the Future Energy Home ("FEH"), a portfolio of distributed energy systems for households. They include self-generation of green solar power, energy storage, heat, and eMobility solutions. The European Commission's solar strategy for the EU, which includes the target of doubling Europe's solar power capacity by 2025, will serve as an additional growth driver. The expansion of suitable eMobility infrastructure is another key strategic priority. The eMobility market is undergoing change and is characterized by robust growth: at least 15 million electric vehicles are expected to be registered in Germany by 2030. Charging infrastructure, by contrast, is expanding at a slower pace. E.ON therefore believes the near term is the time for rapid growth activities, because all attractive locations for charging infrastructure will presumably have been allocated in the years ahead. Our objective is to enlarge our current market position and become one of Europe's leading operators of charging infrastructure by 2030.

► In 2022 E.ON sold 20,417 charging points for residential and business customers in many European countries. ◀

EIS's activities encompass innovative energy solutions that help cities, municipalities, and industrial customers achieve their climate targets cost-effectively. E.ON aims for its EIS business unit

to achieve additional growth and become the preferred transformation partner for sustainable, innovative energy solutions. EIS's core business consists of a portfolio of solutions for embedded power, heat, and cooling plants as well as solutions for energy efficiency and decarbonization along with other energy services. E.ON sees green hydrogen in particular as a key strategic growth opportunity in this space over the medium term and has established a hydrogen business unit to meet industrial customers' increasing demand for green gases in the future. E.ON assumes that by 2040 the demand for hydrogen will extend across the industrial, mobility, heat, and electricity sectors. In addition, hydrogen will play an essential role in the climate-neutral energy system of the future. In the short term, E.ON will partner with its customers to move forward with hydrogen projects that are already under way in quintessential industrial regions like the Ruhr district and, over the medium term, scale up the business unit internationally. This includes E.ON's strategic partnership with Australian hydrogen pioneer FFI to develop ways of importing large quantities of green hydrogen to Germany. Our international footprint in Europe gives us an optimal platform for future hydrogen clusters in the North Sea region. Currently, E.ON is involved in over 50 projects along the entire hydrogen value chain to make green hydrogen available to business customers and municipalities.

E.ON is thus superbly positioned to propel the energy transition and satisfy the increasing demand for sustainable solutions. All business units will benefit from robust demand growth for green power and gas across all sectors (households, transportation, buildings, and industry).

## Commitment to the UN Sustainable Development Goals

› The United Nations' Sustainable Development Goals ("SDGs") of its 2030 Agenda for Sustainable Development provide a blueprint for a better and more sustainable future. Adopted in 2015, the 17 SDGs and 169 subgoals address a wide range of global challenges. We recognize the SDGs' importance and fully support them. Our

Management Board underscored this support by issuing a self-commitment to the SDGs in June 2018. E.ON's core business activities enable it to play a considerable role in fostering the SDGs 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), and 13 (Climate Action). All of E.ON's other contributions to the UN SDGs can be found in the [SDG Index](#). <



## Finance Strategy

The section of the Combined Group Management Report entitled [Financial Situation](#) as well as the [E.ON on Capital Markets](#) chapter contain explanatory information about E.ON's finance strategy.

## People Strategy

The sections of the Combined Group Management Report entitled [Working Conditions](#) and [Diversity and Inclusion](#) contain explanatory information about the main components of E.ON's people strategy as well as statements about diversity at E.ON.

## Innovation

### Innovations as Drivers for Climate-Neutral and Affordable Energy Solutions

The energy industry is currently facing a multitude of significant challenges, while at the same time the transformation of the energy system is in full swing. In these fast-moving and disruptive times, E.ON continues to actively shape change. More than ever, E.ON sees itself as a thought leader that views change as an opportunity and that uses innovation as a catalyst for growth. E.ON is living up to its responsibilities in the current situation in particular by developing new, innovative products and services that save energy, reduce carbon emissions, and address the issue of energy affordability.

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The development of innovations has for years been an integral part of E.ON's business and is firmly anchored in the organization. In addition to the numerous innovation activities in decentralized organizational units throughout the Group, E.ON has a central Innovation team that further developed its 360-degree innovation approach in 2022. This approach involves developing innovations in-house as well as working with partners worldwide: from a wide range of collaborations with universities, institutions, and companies to global startups and thought leaders. It enables E.ON to pursue its three innovation objectives of continually generating innovation projects, developing new business models for its customers in all operating businesses, and propelling the development of disruptive innovations in which E.ON sees the potential to set new market standards.

### The Continuous Initiation of Projects Ensures that the Innovation Pipeline Is Always Full

Continuous idea generation, swift validation of new innovation concepts, and the implementation of innovation projects are the basis for lastingly successful innovation work.

E.ON views applied energy research with leading scientific institutions as a key to climate neutrality. Its long-standing partnership with the E.ON Energy Research Center ("ERC") at RWTH Aachen University is particularly noteworthy in this regard. In 2022 E.ON placed its focus on the development of new research programs on the topics of Sustainable Decentralized Energy Systems and The Future of Heating and Cooling Supply. E.ON's network in the academic world extends far beyond its collaboration with Aachen University and encompasses international scientific institutions as well.

In 2022 E.ON further expanded its long-standing North American network. It uses collaborations such as those with Stanford University, the Global Sustainable Electricity Partnership ("GSEP"), and Free Electrons, a leading accelerator, to work with global partners from these networks to identify electrification trends and

leverage synergies and thus to accelerate decarbonization and electrification.

Progress was made with Stanford University students on satellite-based classification of building energy efficiency, while the collaboration with Power to Hydrogen and Simerse AI linked two more U.S.-based startups directly to E.ON's core business. To enable industrial customers reduce their natural gas consumption by using hydrogen, E.ON is developing pioneering reversible electrolyzers across a number of E.ON businesses in the Power to Hydrogen project with four international partners. This new technology is expected to reduce the cost of producing hydrogen and of using it flexibly. Simerse AI is helping E.ON extend its leading position in the development of innovative solutions for the network business. An innovative approach to training artificial intelligence enables it to test image-based maintenance processes that use robots and drones to detect and fix defects in critical utility equipment faster and more effectively.

These are two more solutions implemented as part of Free Electrons, an accelerator program jointly founded by E.ON and leading global energy utilities. Together with these partners, E.ON initiated more than 20 pilot projects with 15 globally leading startups in 2022. The accelerator program focuses not only on collaboration between startups and energy utilities, but also on direct exchange between industry leaders.

E.ON successfully expanded its collaboration with startups in Europe as well. One example is Dabbel, a startup that makes an important contribution toward climate neutrality by optimizing energy consumption in buildings while significantly reducing their operators' energy costs. Dabbel's solution enables average energy savings of 26 percent by optimizing heating, ventilation, and air conditioning technology without installing additional hardware. E.ON City Energy Solutions ("CES") and Avacon in Germany and E.ON Control Solutions in the United Kingdom worked together closely in 2022 to test the solution and initiate partnership models.

In addition, the open innovation format of the E.ON Grid Startup Challenge, in which all 18 E.ON network companies participated, yielded seven new pilot projects with startups. Alongside digitalization, the topics included ecological powerline pathway management and the resilience of network infrastructure. Hamburg-based startup Repath, for example, is conducting a project with Schleswig-Holstein Netz AG to help identify local climate risks and design adaptation measures.

### New Business Models Secure Future Business and Pave the Way for Additional Growth

A permanently changing world, opportunities created by the use of new technologies, and our customers' continually evolving wishes require an extended approach to innovation. In addition to successfully managing its existing business, E.ON needs new business models to provide the basis for its future business. Sustainability, digitalization, and growth are also the principles that guide every aspect of E.ON's development of innovations. The central Innovation team's collaboration with E.ON business units focuses on identifying customer needs or the customer problem to be solved and developing a viable and promising business model. This enables innovation experts with years of experience to develop products faster and more efficiently and jointly bring them to market maturity. In 2022, 17 projects with anticipated sales totaling €224 million over the next five years were handed over to E.ON operating units. Examples of these innovations include the Bi-clEVer eMobility project, the Elna energy home solution, and a solution that uses smart heating control technology to enable commercial customers to conserve energy.

### Bi-clEVer: an Electricity Storage System on Four Wheels

Electromobility is considered an important building block for the successful implementation of the energy transition. For this core area of E.ON's business, its innovation teams developed a new process that enables bi-directional charging. In 2022 E.ON joined with BMW to launch a pilot project called Bi-clEVer in the Munich

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area. The project primarily addresses the question of how an electric vehicle ("EV") battery, in conjunction with a photovoltaic system, can be sensibly used as an electricity storage device in households. Unlike with conventional EV charging, with bi-directional charging electricity does not flow solely toward the battery, but can, as needed, also be fed back into the home's energy network.

### Elna Makes Energy Consumption Transparent and Invites People to Conserve Energy

Another example is the Elna project launched in Sweden in 2022. Sweden—a European leader in the introduction of smart energy meters—is considered an ideal market for the launch of such a product. Elna is an additional feature of the My E.ON app for residential consumers. The new functionality displays a home's energy consumption in real time. This free smart service provides detailed insights and itemized data on household consumption in up to 14 categories, including standby appliances, heat pumps, washing machines, and EV chargers. In addition, Elna offers many other options for making energy-consumption decisions that conserve energy and thus reduce energy costs. After a successful test phase, E.ON plans to gradually increase the number of customers in Sweden. Rolling out the service in other European countries also remains an ambitious goal.

### Using Artificial Intelligence to Reduce Gas Consumption in Existing Buildings

Intelligent Heating Control ("ICH") is an ad hoc solution for outdoor-temperature-based heating systems that E.ON developed and tested in 2022 in collaboration with its partner Lemonbeat. The solution can reduce the gas consumption and thus the carbon emissions of a heating unit in an apartment building by up to 30 percent. The ICH system's effectiveness was demonstrated after its simply plug-and-play installation in two identical multifamily dwellings. The system enables property owners to retrofit heating systems that have not been modernized. The solution's artificial intelligence learns the heating system's characteristics and uses a

simulated outdoor temperature to provide fully automated control of the heating system in response to demand in real time. In addition to delivering cost savings, this innovation builds a bridge toward climate-neutral heating.

### Scale Hubs Propel Innovations that Can Set New Market Standards

The development of disruptive innovations is much discussed at E.ON. The work of the experts from the central Innovation team includes developing new business models whose concepts are based on new technological applications whose degree of maturity does not yet permit immediate market launch. Some of these innovations demonstrate above-average potential, both in terms of their commercial promise and their ability to develop new market standards.

E.ON combines the development of such disruptive business models in scale hubs. The Group focuses in particular on propelling disruptive innovations as part of its innovation portfolio, without at the same time developing new approaches that call its existing business into question.

### Innovative Energy Community Pilot Project in Tenerife

The Adeje Verde pilot project that E.ON launched in 2022 represents the first energy community of its kind in Europe. It uses an innovative approach to citizen participation to create a community that enables its residents and local institutions to generate, share, and collectively use renewable energy. The pilot project's objective is to provide all citizens of Adeje with access to solar energy in their immediate neighborhood, becoming role models for a fast-growing energy community. The Canary Islands has set the target of meeting all its energy needs with renewables by 2040. Spain is a pioneer in new energy regulation and thus the ideal place for a pilot project to serve as a blueprint for Europe-wide approaches.

In October 2022 the Clean Energy for EU Islands Secretariate recognized Adeje Verde's groundbreaking work by selecting it as one of three finalists of the #CE4EUIslands Game Changer Award.

The central Innovation team's 360-degree approach has created an E.ON-wide innovation platform. It makes its expertise and experience available to all E.ON units and thus serves as a perpetual innovation engine for the E.ON Group, transforming ideas from the drawing board into tangible value for the Company. The central Innovation team supports both the future of E.ON on its growth and sustainability course, and, in particular, makes the lives of E.ON customers better, more sustainable, and simpler.

### Management Control System

E.ON aims to further drive the sustainable path of the Company and the European energy transition in the digital age. Following our guiding principle "Connecting Everyone To Good Energy," we are writing the next chapter of our company history. In doing so, the long-term and sustainable increase in shareholder value remains the focus of our strategy, which is geared toward sustainability, digitalization, and growth.

A uniform Group-wide planning and controlling system is used for the value-based management of the Group as a whole and its individual businesses. This system forms the basis for a uniform mindset Group-wide, while at the same time allowing targeted steering impulses for individual business units.

### E.ON's Management System

Effective the 2022 financial year, adjusted EBITDA, investments, and earnings per share based on adjusted net income ("EPS") have been the most significant indicators for managing our aspirated growth. The use of additional key financial and non-financial performance indicators is intended to ensure that our growth is in line with the various interests of our stakeholders and enable a holistic view of our performance. In particular, we focus on our customers, employees, shareholders, and bondholders, always in

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line with our environmental, social, and governmental responsibility as a leading international energy company. Including key non-financial indicators explicitly anchors sustainability indicators in particular in the ongoing management of our businesses.

The following chart summarizes the key performance indicators used for management purposes.

## E.ON's Management System

### Most Significant Key Performance Indicators

- Adjusted EBITDA
- Investments
- Adjusted earnings per share based on adjusted net income ("EPS")



### Significant Key Performance Indicators

- Total shareholder return ("TSR")
- Dividend per share ("DPS")
- Cash-conversion rate
- Return on capital employed ("ROCE")
- Debt factor
- Carbon emissions
- Proportion of women in management positions
- Frequency of serious incidents and fatalities ("SIF")
- Net Promoter Score ("NPS")
- ESG ratings



### Other Key Performance Indicators

In addition to the management system, the compensation system for the Management Board is also designed to support the implementation of our strategy and thus the long-term success of

E.ON through the sustainable, long-term, and value-oriented management of the Group. For this reason, the compensation of the members of the Management Board has also been linked to the development of selected key performance indicators. The new Management Board compensation system has been in place since January 2022.

### Most Significant Key Performance Indicators

With our focus on long-term, sustainable, and value-oriented growth, the most significant key performance indicators are the main metrics for internal management and the assessment of our business development and thus also the cornerstones of our forecast.

Adjusted EBITDA is an earnings figure before interest income and income taxes that has been adjusted to exclude non-operating effects. The adjustments include net book gains, certain restructuring expenses, the mark-to-market valuation of derivatives, and other non-operating earnings. Therefore, adjusted EBITDA is the indicator of sustainable earnings capacity and the appropriate key figure for determining the performance of our business.

Investments are equal to investments in property, plant, and equipment, intangible assets, and share investments shown in the E.ON Group's Consolidated Statements of Cash Flows. Investments are the engine for the future growth and digitalization of E.ON's business as well as decarbonization. As a reflection of our strategy, they therefore continue to be a key indicator for managing our activities.

Adjusted earnings per share ("EPS") is equal to adjusted net income divided by the weighted average number of shares outstanding in the financial year. In addition to operating earnings, depreciation and amortization, interest income, income taxes, and non-controlling interests are included and likewise adjusted to exclude non-operating effects. This allows a holistic assessment of

the earnings situation from the perspective of the shareholders of E.ON SE.

### Significant Key Performance Indicators

In order to suitably take into account the interests of our stakeholders in addition to our focus on growth, our management system also includes other significant key performance indicators. As a customer-oriented company, the ability to acquire new customers and retain existing ones is crucial to our success. Net Promoter Score ("NPS") measures customers' willingness to recommend E.ON to a friend or colleague. The attractiveness of our company for investors is reflected in total shareholder return ("TSR") and dividend per share ("DPS"), which is part of TSR.

We have made sustainability the core of our corporate strategy. In everything we do, we keep in mind the consequences of our actions. The progression of our carbon footprint, the frequency of serious incidents and fatalities ("SIF"), and the proportion of female managers are thus significant key performance indicators and part of our management system. In addition, our ESG ratings are incorporated into our management system. This provides a comprehensive assessment of our actions with respect to environmental, social, and governance matters.

Solid financing of our business activities is of great importance to realize our aspired long-term and sustainable growth in line with the fulfillment of our financial ambitions. For this reason, cash-conversion rate, which is an indicator of E.ON's ability to transform operating earnings into cash inflows, and debt factor, which is a proxy for our capital structure and ratings, are significant key figures in our management system. In addition, ROCE is included in the management system as a key performance indicator to assess the efficiency of capital employed.

### Other Key Performance Indicators

Alongside the performance indicators described above, other financial and non-financial indicators play a role in the success of

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our business and our corporate responsibility. Operating cash flow, power and gas wheeling volumes, sales volume, as well as selected employee-related information are examples of other key performance indicators.

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## Climate Protection and Environmental Management

### Climate Protection

GRI 3-3, GRI 305

Climate change and associated environmental damage pose a serious threat to people and nature. The use of conventional energy results in the emission of greenhouse gases ("GHG"). Renewable and low-carbon energy generation along with efficient energy use play a key role in reducing emissions and thus limiting global warming. The current geopolitical challenges to securing Europe's energy supply are not making this demanding task any easier. The transition to a low-carbon economy thus requires more joint efforts by all energy producers and consumers. This transition period poses a challenge to energy suppliers' competitiveness. But it also offers an opportunity to expand their business. Many countries, communities, and companies are already focusing on climate-friendly energy generation and energy-efficiency measures to achieve their carbon-reduction targets. E.ON's strategic focus on customer solutions for the efficient use of energy and smart energy networks fully aligns its business model with these global trends.

### E.ON's Approach

Distribution networks like E.ON's are the backbone of the energy transition: they integrate renewables, connect producers and consumers, and manage complex energy flows in line with needs. Our solutions help customers of all kinds use energy more efficiently, produce their own renewable or low-carbon energy, and thus reduce their carbon footprint. In short, climate protection is an integral part of E.ON's business model and corporate governance. We want our business activities to help combat climate change, improve people's lives, and create a future worth living. For example, we support companies and communities in reducing their carbon emissions and expanding their eMobility charging infrastructure.

E.ON wants to shrink its own environmental footprint as well. Since 2004, the Company has disclosed the annual carbon emissions from its power and heat generation and from other business activities not directly related to generation. These include upstream and downstream emissions associated with E.ON's business activities. E.ON calculates emissions using the globally recognized Greenhouse Gas Protocol Corporate Accounting and Reporting Standard ("GHG Protocol") issued by the World Resources Institute ("WRI") and the World Business Council for Sustainable Development ("WBCSD"). The E.ON Management Board updated the Company's climate targets in 2020. To achieve them, we have defined specific actions to reduce our emissions in all three scopes of the GHG Protocol (see "Goals and Performance Review" below). We use the Corporate Value Chain (Scope 3) Accounting and Reporting Standard to compile our Scope 3 emissions. In addition, E.ON's 2021 Annual Shareholders Meeting approved a new compensation system for the Management Board. Under the system, one quarter of Management Board members' long-term incentive will reflect the degree to which the Company achieves its sustainability targets. The purpose is to further embed ESG aspects like reducing carbon emissions into how E.ON runs its business.

### Guidelines and Policies

In October 2021 E.ON revised its Health, Safety, Environment and Climate Protection Policy Statement. It clarifies that environmental and climate protection just as occupational health and safety are integral to E.ON's business operations. E.ON considers environmental and climate protection important and integral management tasks. The policy statement obligates E.ON to consider environmental and climate protection in all business decisions. E.ON's promise to use the best-possible technologies and procedures in its business processes will reduce its environmental impact and enhance its energy efficiency. In addition, it commits E.ON to comply with all health, safety, and environment ("HSE") laws and regulations and defines the appropriate management systems for this (ISO 45001, ISO 14001, and ISO 50001).

In addition, in late 2021 E.ON adopted an Environmental Protection Guideline. Information about it can be found in the [Environmental Management](#) chapter.

Two other HSE policies that are more specific in nature—the HSE Function Policy and the HSE People Guideline—took effect back at the beginning of 2018. The Function Policy defines HSE roles, responsibilities, management approaches and tools, and minimum requirements for the entire organization. It empowers the HSE division to monitor our units' compliance with the obligation to have an environmental management system certified to ISO 14001 or the Eco-Management Audit Scheme ("EMAS"). In addition, the Function Policy defines HSE standards for incident management. It thus replaces and updates the standards stipulated in previous company policies. The HSE People Guideline goes into greater detail, underlining the importance of environmental and climate protection and defining specific tasks. Our Code of Conduct contains general HSE rules with which all employees must comply.

### Organization and Responsibilities

The Group's Sustainability department took the lead in developing the Group-wide climate-protection targets. It also monitors progress toward them (see "Goals and Performance Review" below). The units are supported in their decarbonization efforts by their HSE team and our wider HSE organization, which helps design energy-efficiency measures and shares ideas and best practices. This setup has enabled E.ON to make progress toward its company-wide reduction targets for direct and indirect emissions since the targets were adopted.

E.ON has systematized the management of climate-related risks as well. In 2020 we further embedded climate-risk reporting into Group-wide risk management. More information can be found in the [Risks and Chances Report](#). In addition, our reporting is guided by the recommendations of the Task Force on Climate-related Disclosures ("TCFD"). This can be seen in the "Other Information" section.

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In 2022 the Sustainability department was incorporated into the Strategy, Sustainability, and Innovation division in order to integrate sustainability and climate protection even more closely into the Group's overall strategy.

The principles of good corporate governance guide E.ON's responsible and value-oriented management. The focus is on efficient collaboration between the Management Board and the Supervisory Board, transparent disclosures, and appropriate risk management. The clear organization of sustainability and activities ensures that everyone involved works together efficiently and that we continually improve our performance. Information about E.ON's progress toward its climate targets is first presented to the Chief Sustainability Officer and Sustainability Council. The Chief Sustainability Officer, who chairs the council, reports to the E.ON Management Board about the progress achieved on a regular basis. The council met twice in 2022.

## Specific Actions

In October 2021 E.ON adopted an ESG Reporting Manual that took effect in December 2021. The manual's detailed descriptions and requirements instruct the units how to compile and report ESG key performance indicators ("KPIs"). E.ON then used the manual's climate-related KPIs to develop a Group-wide carbon management plan that breaks down the Group-wide climate targets to the business units. Its purpose is to measure progress towards these targets separately for each of E.ON's business units, factoring in the characteristics of their particular business, their strategic ambitions, and the climate policies of the country or countries where they operate. The plan reflects E.ON's general management approach: the Group sets the strategic course and governance framework, while the units have broad operational decision-making authority. The carbon management plan took effect in the third quarter of 2022.

› CDP is one of the largest international associations of investors that independently assess the transparency and quality of companies' climate reporting. E.ON has reported data on its carbon

emissions to CDP since 2004. In 2022 CDP again gave E.ON an A rating for tackling climate change: this rating recognizes the Company's leading role in climate protection. E.ON is therefore among the best 286 that achieved an A rating out of nearly 15,000 that were assessed. E.ON's demonstrable actions have made it one of the world's leading companies in environmental ambition, action, and transparency.

In addition, in 2021 (published in 2022) CDP recognized E.ON once more as a Supplier Engagement Leader. E.ON is thus among the top 2 percent assessed for supplier engagement on climate change. <

Under E.ON's holistic climate strategy, decarbonization measures reflect a clear hierarchy: avoidance and reduction of emissions have the highest priority. E.ON primarily uses emissions certificates to offset those emissions that are currently unavoidable. All of E.ON's offsets by means of certificates are completely voluntarily and in addition our climate targets.

The Company funds measures to avoid or eliminate emissions outside its own value chain by means of offsets and corresponding emissions certificates. The associated projects are often located in developing and emerging countries. E.ON uses offset certificates to offset emissions at the product level and does not factor the amounts offset into its own carbon footprint or the KPIs collected for its own climate targets.

At the same time, we are aware that carbon offsets will play a role in reducing emissions in the long term. The process can be used to offset a small portion of remaining emissions. Voluntary carbon markets and the purchase of highly reputable certificates are becoming even more important. That is why E.ON developed a comprehensive strategy for offsetting carbon dioxide emissions from 2021 onward.

› More details on our carbon offset strategy are described in the publication entitled "[On course for net-zero—Supporting paper for E.ON's decarbonization strategy and climate-related disclosures.](#)" <

A key element of this strategy is E.ON's partnership with the LEAF Coalition, which has been in place since 2021. LEAF, which stands for "Lowering Emissions by Accelerating Forest finance," is the largest private-public initiative against the deforestation of tropical rainforests. Participants include the Norwegian, British, American, and South Korean governments and more than 20 companies. LEAF's offset certificates aim to finance the protection of these forests and to support sustainable management approaches that closely involve policymakers and local stakeholders.

## Goals and Performance Review

E.ON completed its strategic transformation in just six years. It went from being a traditional energy provider to being a focused operator of energy networks and energy infrastructure as well as provider of innovative customer solutions. The transformation began in 2014 with the decision to exit fossil-fueled power generation and global commodity trading. In the interim we also took other important steps to reduce our direct and indirect emissions. In addition, in 2020 the E.ON Management Board set ambitious new climate targets that are described below. Alongside these targets, the Company developed KPIs that are relevant for management control purposes; they are used, among other things, to calculate the long-term compensation for Management Board members.

In May 2022 the Science Based Target initiative ("SBTi") confirmed that E.ON's climate targets are consistent with the Paris Agreement's 1.5°C target. This means that E.ON's planned emissions reductions contribute to limit global warming to 1.5°C relative to preindustrial levels. To achieve this, we plan to reduce our Scope 1, 2, and 3 emissions by at least 50 percent by 2030 relative to a 2019 baseline.

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› E.ON's SBTi targets are explained in more detail in our publication "[On course for net-zero—Supporting paper for E.ON's decarbonization strategy and climate-related disclosures.](#)" <

E.ON's climate targets go beyond SBTi requirements for the 1.5°C target. On the one hand, E.ON intends, by reducing its own GHG emissions, to become climate-neutral by 2040; our reduction path for our Scope 1 and 2 emissions therefore foresees reducing these emissions by 75 percent by 2030 and by 100 percent by 2040. On the other, we aim to reduce our Scope 3 emissions by 50 percent by 2030 and by 100 percent by 2050. Both reduction paths are relative to a 2019 baseline. Scope 3 emissions occur primarily during the generation of the power E.ON purchases and resells and during the use of the gas E.ON sells. They account for most of E.ON's Group-wide carbon footprint.

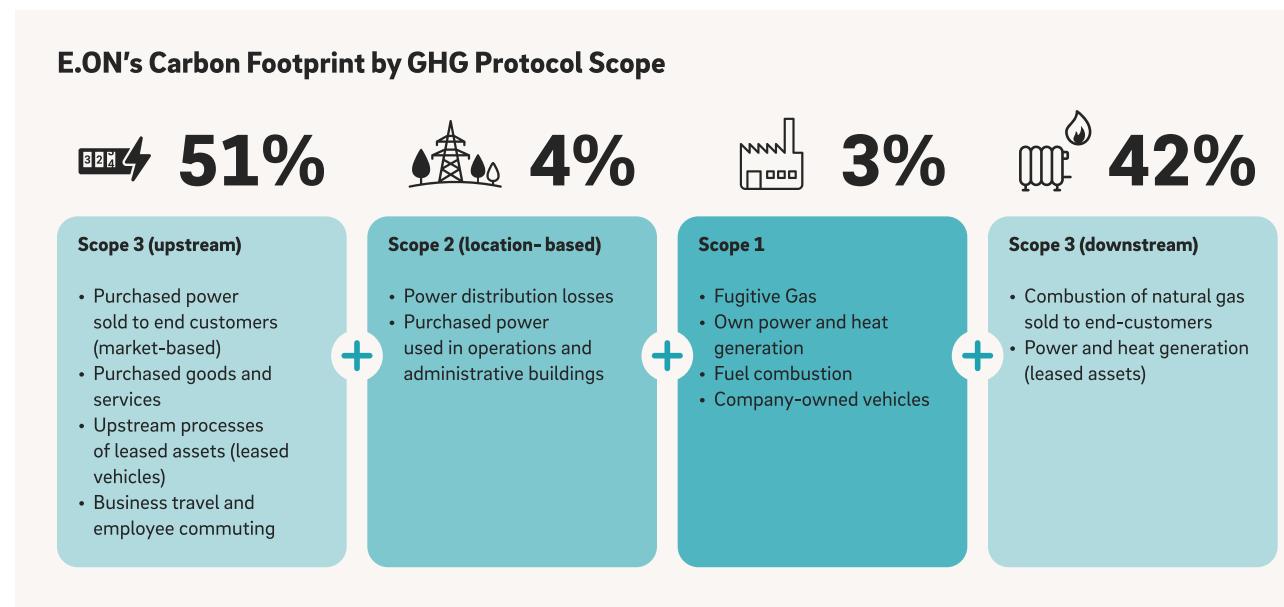
The adoption of our climate strategy set in motion actions to help us achieve the aforementioned climate targets for 2030, 2040, and 2050 and thus to support Europe's energy transition. E.ON systematically monitors its progress toward these targets. It is important to remember that year-on-year comparisons of energy consumption can be affected by temporary fluctuations caused by weather patterns and other factors. A period of several years is necessary to determine whether E.ON's actions are effective and where we stand with regard to our targets. Since 2016 we therefore assess the trend in more detail every three years. The trend indicated that so far the reduction rate is in line with the forecasts. Along with the adoption of the aforementioned carbon management plan in 2022 we refined this process by setting reduction rates for our individual business units as well. The units have to conduct controls on an annual basis so that we can see more exactly whether we are making progress along the prescribed path. In addition, each unit has the authority to pursue its own reduction targets that go beyond the target for E.ON as a whole.

## Progress and Measures

### Carbon Reporting According to the GHG Protocol

E.ON calculates its emissions using the globally recognized WRI/WBCSD GHG Protocol for the seven GHGs covered by the Kyoto Protocol-carbon dioxide ("CO<sub>2</sub>"), methane ("CH<sub>4</sub>"), nitrous oxide ("N<sub>2</sub>O"), hydrofluorocarbons ("HFCs"), perfluorocarbons ("PFCs"), sulfur hexafluoride ("SF<sub>6</sub>") and also nitrogen trifluoride ("NF<sub>3</sub>"). CO<sub>2</sub> is by far our biggest GHG. Other GHGs like SF<sub>6</sub> and CH<sub>4</sub> contribute to E.ON's climate impact. But they account for a much smaller share of our GHG emissions than CO<sub>2</sub>. The Global Warming Potential ("GWP") indicates how much GHGs affect global warming over a period of time compared with CO<sub>2</sub>. All GHG emissions can be expressed as CO<sub>2</sub> equivalents ("CO<sub>2</sub>e") and therefore be accounted together.

The GHG Protocol defines three scopes (Scopes 1 to 3) for GHG accounting and reporting. This improves transparency and provides guidance for different types of climate policies and business objectives.



Scope 1 are direct GHG emissions from fuels combusted in sources that we own or control, such as E.ON's power and heat plants and vehicle fleet. They also include fugitive methane emissions from our gas distribution networks.

Scope 2 are indirect GHG emissions from the generation of electricity that the Company purchases to power its buildings, operations, and electric vehicles or that are classified as line losses in its power distribution networks. These emissions do not physically occur at E.ON's facilities but rather at the facility where the electricity is generated. This is why power distribution losses are classified as Scope 2 emissions but gas distribution losses as Scope 1 emissions. Emissions attributable to line losses are lower in grid segments with lots of renewables feed-in. In line with the GHG Protocol, we calculate Scope 2 emissions using a location-based method and a market-based method. For its own management decision-making, E.ON uses the figure determined by the location-based method, which is based on the respective

national generation mix. The market-based method yields a different figure because it is based on the contractually attributable generation mix of the Company's electricity suppliers. However, the effort required to identify every single provider that feeds electricity into each of E.ON's networks would be considerable. We therefore use the emission factor of each country's residual generation mix. In most cases, this factor is significantly higher than the factor of the national generation mix. Line losses accounted for approximately 3 percent of the power E.ON distributed in 2022.

Scope 3 are indirect emissions that occur upstream and downstream along E.ON's value chain. They result primarily from the generation of the electricity the Company purchases and resells to its customers and the use of the gas sold to them.

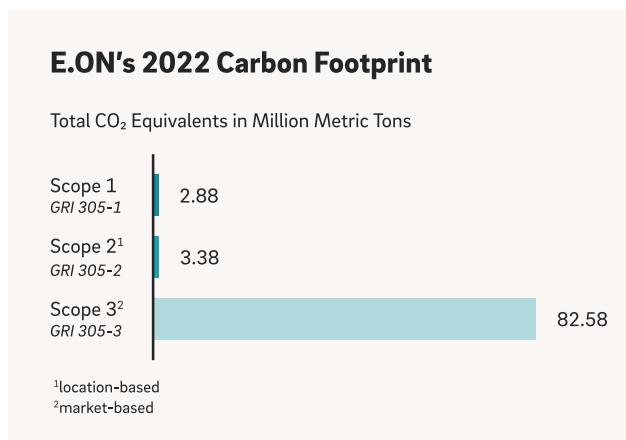
Scope 3 also includes the emissions attributable to the production and provision of the goods and services E.ON purchases. In line

with the GHG Protocol, since 2020 we have divided our emissions from power and heat generation into emissions from "plants owned and operated" (Scope 1) and "plants owned but leased to and operated by lessee" (Scope 3). The purpose is to enhance transparency.

Since E.ON removed large-scale fossil-fueled power generation from its generation portfolio, it has procured power mainly from wholesale markets where the source of generation is often not traceable or information about the source is not reliable. When primary data are unavailable or of insufficient quality, the GHG Protocol recommends calculating emissions by using secondary data, such as industry-average data or government statistics. We therefore calculate the Scope 3 emissions from the generation of this power by using the official national emission factors of the countries in which we purchase power resold to end-customers. Furthermore, we also use the market-based method to calculate the emissions of power resold to end-customers. The Company can actively influence this figure by selling green power. This figure is therefore relevant for management control purpose.

Our direct and indirect CO<sub>2</sub>e emissions totaled 88.84 million metric tons in 2022; of these, 3 percent were direct Scope 1 emissions, and 97 percent were indirect Scope 2 and 3 emissions. Scope 1 emissions decreased by 22 percent compared with the previous year, indirect emissions by around 20 percent. The emissions figures relevant for management control purposes were used for these calculations: location-based Scope 2 emissions and market-based Scope 3 emissions.

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E.ON's Scope 1 emissions amounted to 2.88 million metric tons of CO<sub>2</sub>e in 2022. They were thus significantly lower than the prior-year figure of 3.71 million metric tons of CO<sub>2</sub>e. The decrease is mainly due to more accurate technical accounting for the calculation of CH<sub>4</sub> emissions in conjunction with our gas distribution networks. In addition, there was a reduction in owned generation of power and heat.

#### Scope 1 GRI 305-1

Total CO <sub>2</sub> equivalents in million metric tons <sup>1</sup>	2022	2021	2020
Power and heat generation <sup>2,3</sup>	1.90 <sup>4</sup>	2.17 <sup>5</sup>	2.19 <sup>6</sup>
Fugitive emissions	0.89 <sup>8</sup>	1.44 <sup>7</sup>	1.65
Company-owned vehicles	0.05	0.04	0.04
Fuels combustion <sup>9</sup>	0.05	0.05	0.04
<b>Total</b>	<b>2.88</b>	<b>3.71</b>	<b>3.92</b>

<sup>1</sup>The external GWP sources used are the BEIS, formerly DEFRA, the Naturvårdsverkets, the GHG Protocol, the Överenskommelse Värmemarknadskommittén 2021, and the IPCC AR5 report.

<sup>2</sup>In accordance with the GHG Protocol, from 2019 onward, emissions from power and heat generation are divided into emissions from plants owned and operated by E.ON (Scope 1) and emissions from plants leased to, and operated by, customers (Scope 3). This improves our ability to manage our emissions and make progress toward our targets more transparent.

<sup>3</sup>The GHG Protocol and DEFRA attribute no direct CO<sub>2</sub> emissions to energy generated at renewables facilities and nuclear power stations.

<sup>4</sup>This figure does not include 2,177 metric kilotons of CO<sub>2</sub> from biogenic emissions, in accordance with the GHG Protocol.

<sup>5</sup>This figure does not include 2,876 metric kilotons of CO<sub>2</sub> from biogenic emissions, in accordance with the GHG Protocol.

<sup>6</sup>This figure does not include 2,696 metric kilotons of CO<sub>2</sub> from biogenic emissions, in accordance with the GHG Protocol.

<sup>7</sup>From 2021 onwards, CH<sub>4</sub> emissions we began rolling out part of our CH<sub>4</sub> Emission Calculation tool, which considers the latest regulatory requirements and allows for separation of gas network losses into different categories for improved data quality and transparency. One category, flare emissions, results in natural gas emissions rather than methane, therefore, reported CH<sub>4</sub>-emissions are significantly reduced.

<sup>8</sup>From 2022 onwards, CH<sub>4</sub> emissions were calculated with a newly Group-wide introduced tool which considers the latest regulatory requirements and allows for separation of gas network losses into different categories for improved data quality and transparency. The specific adaptations for E.ON of the standard (OGMP 2.0) were introduced throughout the Company.

<sup>9</sup>To heat buildings. Combustion of natural gas for heating technical equipment is included from 2020 onward.

Emissions from power and heat generation were primarily due to our combined heat and power ("CHP") plants. In 2020 we made our disclosure of Scope 1 emissions from power and heat generation at leased plants more transparent. We now report emissions from downstream plants leased by us as Scope 3 emissions. These are plants that we installed at customers' premises and that they operate as lessees for their own needs. This distinction shows that emissions from our own plants are higher than emissions from leased plants. For heat, 62 percent of emissions come from owned generation plants and 38 percent from leased plants. For power, 40 percent of emissions come from owned power plants and 60 percent from leased plants.

Fugitive emissions at E.ON consist predominantly of methane from leaks in gas infrastructure as well as leaks of sulfur hexafluoride (SF<sub>6</sub>) and coolants used in energy distribution equipment. Their GWP is very high, which is reflected in their high figures.

However, E.ON's fugitive emissions are quite small in proportion to the quantity distributed and used by customers: in 2022 just 0.3 percent of methane and 0.18 percent of SF<sub>6</sub> were lost. <

Going forward, we want to reduce fugitive emissions by monitoring leaks and continually improving and modernizing our gas and power networks.

#### Scope 2 GRI 305-2

Total CO <sub>2</sub> equivalents in million metric tons <sup>1</sup>	2022	2021	2020
Power distribution losses (location-based) <sup>2</sup>	3.14	3.67	4.19
Power distribution losses (market-based) <sup>3,4</sup>	5.52	5.56	5.83
Purchased power (location-based)	0.25	0.23	0.30
Purchased power (market-based)	0.31	0.17	0.25
<b>Total (location-based)</b>	<b>3.38</b>	<b>3.90</b>	<b>4.49</b>
<b>Total (market-based)</b>	<b>5.83</b>	<b>5.73</b>	<b>6.09</b>

<sup>1</sup>The external global warming potential (GWP) sources used are the International Energy Agency (IEA), and the Association of Issuing Bodies (AIB).

<sup>2</sup>Based on the emission factors of the national electricity mixes for specific geographic regions (source: IEA).

<sup>3</sup>Based on the emission factors of the national residual mixes for specific geographic regions. A country's residual mix emission factor represents the emissions and generation that remain after certificates, contracts, and supplier-specific factors have been claimed and removed from the calculation (source: EPA).

<sup>4</sup>Power distribution losses in Sweden were almost completely offset by the purchase of green electricity.

We recorded location-based Scope 2 emissions of 3.38 million metric tons of CO<sub>2</sub>e in 2022. The lower figure compared with the previous year resulted from the greener generation mix in our markets.

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E.ON's investments to maintain its networks maintenance help reduce line losses as well. E.ON's approach depends on the type of loss. Technical losses can be reduced through network optimization. For this purpose, we are upgrading our networks using smart-grid technology (more information can be found in the Security of Supply chapter). This enables the lines and transformers to adapt—in many cases automatically—to the actual production and consumption in a given grid segment. However, technical losses can only be reduced to a certain extent owing to the physical attributes of power grids. Commercial losses result primarily from theft.

### Scope 3 GRI 305-3

Total CO <sub>2</sub> equivalents in million metric tons <sup>1</sup>	2022	2021	2020
Purchased power sold to end-customers (location-based) <sup>2</sup>	40.48 <sup>3, 4</sup>	51.55 <sup>3, 4</sup>	61.27
Purchased power sold to end-customers (market-based) <sup>2</sup>	42.51 <sup>3, 4</sup>	54.75 <sup>3, 4</sup>	-
Combustion of natural gas sold to end-customers <sup>2</sup>	35.63 <sup>3</sup>	44.15 <sup>3</sup>	41.78
Purchased goods and services <sup>5</sup>	2.80 <sup>6</sup>	3.32	3.33 <sup>7</sup>
Power and heat generation (leased assets) <sup>8</sup>	1.56 <sup>9</sup>	1.29 <sup>10</sup>	1.50 <sup>11</sup>
Employee commuting <sup>12</sup>	0.05	0.05	0.05
Upstream processes of leased assets (leased vehicles)	0.02	0.02 <sup>13</sup>	0.03 <sup>13</sup>
Business travel	0.00 <sup>14</sup>	0.00 <sup>15, 16</sup>	0.00 <sup>16, 17</sup>
<b>Total (location-based)</b>	<b>80.55</b>	<b>100.38</b>	<b>107.96</b>
<b>Total (market-based)<sup>18</sup></b>	<b>82.58</b>	<b>103.58</b>	-

<sup>1</sup>The external GWP sources used include the IEA, the IPCC AR5 report, BEIS, formerly DEFRA, the Naturvårdsverkets, the GHG Protocol, and the Överenskommelse Värmarknadskommittén 2021. Furthermore, primary data from external travel service providers was used for the calculation.

<sup>2</sup>Scope 3 emissions from purchased power and the combustion of natural gas sold to end-customers (energy sold to our residential and B2B customers), according to the GHG Scope 3 protocol. The emissions from distribution losses from energy sold to sales partners and the wholesale market are accounted for under our Scope 1 and Scope 2 emissions accordingly.

<sup>3</sup>Includes Slovakia, in which we have a 49 percent stake.

<sup>4</sup>Includes purchased power at EV charging points owned by E.ON and accessible by the public.

<sup>5</sup>Includes capital goods.

<sup>6</sup>From 2022 onwards emissions were calculated by an updated method of upstream impact calculation.

<sup>7</sup>This figure does not include an offset of approximately 55 metric tons of CO<sub>2</sub>.

<sup>8</sup>In accordance with the GHG Protocol, from 2019 onward, emissions from power and heat generation are divided into emissions from plants owned and operated by E.ON (Scope 1) and emissions from plants leased to, and operated by, customers (Scope 3). This improves our ability to manage our emissions and makes progress toward our targets more transparent.

<sup>9</sup>This figure does not include 3.5 metric kilotons of CO<sub>2</sub> from biogenic emissions, in accordance with the GHG Protocol.

<sup>10</sup>This figure does not include 2.5 metric kilotons of CO<sub>2</sub> from biogenic emissions, in accordance with the GHG Protocol.

<sup>11</sup>These figures do not include 2.2 metric kilotons of CO<sub>2</sub> from biogenic emissions, in accordance with the GHG Protocol.

<sup>12</sup>We estimate that, on average, half of our employees worked from home owing to Covid-19.

<sup>13</sup>Figures for leased vehicles are for the respective prior year: 2021 for 2020, and 2020 for 2019.

<sup>14</sup>This figure does include an offset of approximately 451 metric tons of CO<sub>2</sub>, which was not subtracted from the reported value.

<sup>15</sup>This figure does include an offset of approximately 98 metric tons of CO<sub>2</sub>, which was not subtracted from the reported value.

<sup>16</sup>Based partly on prior-year figures.

<sup>17</sup>This figure does not include an offset of approximately 501 metric tons of CO<sub>2</sub>.

<sup>18</sup>In 2021 we started to record market-based values for purchased power sold to end-customers.

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E.ON reduced its location-based Scope 3 emissions—which always account for the largest share of its total carbon footprint—to 80.55 million metric tons in 2022. We recorded a significant reduction of almost 20 percent year on year, mainly because of the electricity and gas we sell to end-customers. The factors again were portfolio streamlining among our B2B customers, mild weather in nearly all of E.ON's regional markets, and crisis-driven energy conservation. The market-based figure for power resold to end-customers declined even more—by more than 12 million tons of CO<sub>2</sub>e—relative to the prior year. One of the reasons is that we sold more green power (the Sustainable Products and Services chapter contains more information about our green power products).

## Environmental Management

GRI 3-3, GRI 302

E.ON assumes responsibility for preserving the natural environment and strives to minimize its business activities' environmental impact. The focus of environmental management, however, has shifted significantly over the past seven years. The transformation into the new E.ON—a specialist for infrastructure and customer solutions to decarbonize the energy world—substantially changed E.ON's asset portfolio and environmental footprint. E.ON operates distribution networks in seven European countries. Environmental management therefore places a particular emphasis on protecting and promoting natural habitats and the diversity of ecosystems and species in the vicinity of this network equipment. In addition, we aim to conserve energy and other resources at our facilities and offices and to comply with all international and national environmental laws and regulations at all times.

### E.ON's Approach

We use our energy management system to continually look for opportunities to optimize the Group's energy consumption and the energy efficiency of our processes. It enables us to reduce

greenhouse gas ("GHG") emissions and thus also plays an important role in environmental management, which is a key component of E.ON's operational health, safety, and environmental ("HSE") management. Combining these topics underscores that E.ON is equally committed to protecting people and the environment. In addition, bringing together environmental and energy management as well as occupational health and safety in a joint HSE organization enables us to leverage synergies because the approaches and systems for achieving their objectives are fundamentally similar.

E.ON's environmental management is guided by the precautionary principle endorsed by the United Nations, and E.ON has explicitly supported the UN Global Compact's ten principles since 2005. In addition, E.ON is working to define its own environmental standards, such as ecological corridor management (see "Specific Actions" below for more information), in order to set a strategic course for the entire Group and to guide the units' environmental protection activities. We developed an Environmental Protection Guideline in late 2021 that describes E.ON's holistic approach to environmental protection. It was published in the first quarter of 2022 and contains the following five commitments: we care for ecosystems, we steer our organization towards ecosystem protection, we maximize our impact, we set clear targets, we engage for environmental protection.

E.ON only wants to do business with companies that share its commitment to environmental protection. Consequently, our suppliers and contractors must commit to complying with our environmental standards, and our HSE Policy stipulates that they must have a certified environmental management system in place (the next section, "Guidelines and Policies," contains more information).

### Guidelines and Policies

Depending on existing risks as well as their scale and complexity, E.ON's HSE Policy requires contractors to provide evidence of the use of HSE management systems that meet international

standards. All E.ON units—except for very small units and those with non-material environmental risks—must have an environmental management system that is certified to ISO 14001 or validated by means of the Eco-Management and Audit Scheme ("EMAS").

At year-end 2022, 75 percent of E.ON employees worked in business units that met this requirement. <

In accordance with the German Energy Services Act (German abbreviation, "EDL-G"), E.ON has also introduced ISO 50001 certification in units that already have an HSE management system.

At year-end 2022, 67 percent of E.ON employees worked in business units with ISO 50001 certification. <

E.ON measures and analyzes the energy consumption of facilities, vehicle fleets, and office buildings at all of these units. The data help us identify savings opportunities and take cost-effective measures to improve energy efficiency. All units without ISO 50001 certification conduct energy audits in accordance with DIN EN 16247 under the EDL-G in Germany and analogous legislation in other European countries (more information on measures and guidelines can be found in the chapters entitled Climate Protection and Occupational Health and Safety).

In 2021 E.ON began compiling a manual on ecological corridor management. It consists of minimum standards for ecological vegetation management solutions under 110 kV high-voltage overhead power lines. We intend to extend this approach to all Group-owned distribution system operators in Europe by 2029 ("Specific Actions" below contains more information).

### Organization and Responsibilities

The Group's Sustainability department played a leading role in developing company-wide climate protection targets and has since then been monitoring progress toward them. E.ON's units are

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responsible for taking steps to reduce their emissions and those caused by their business operations. They are supported in these efforts by their Sustainability and HSE teams and our wider HSE organization, which help design energy-efficiency measures and share ideas and best practices. The [Climate Protection](#) chapter contains information on E.ON's new carbon management plan, which took effect in the third quarter of 2022.

## Specific Actions

E.ON employees and managers are required to report environmental incidents. They use an IT application called PRISMA (Platform for Reporting on Incident and Sustainability Management and Audits) for this purpose (the [Occupational Health and Safety](#) chapter contains more information on PRISMA and E.ON's incident management).

E.ON has taken several steps to improve the energy efficiency of its facilities in Germany. These include installing sensor-controlled LED lighting in buildings and parking garages and reducing the energy consumption of ventilation and air-conditioning systems. We also adjust the heat in our buildings to demand (the [Energy Affordability](#) chapter contains more information about energy conservation). Many E.ON facilities in Germany organize these measures by means of an energy management system ("EnMS") certified to ISO 50001. ISO 50001 is an international standard designed to enable organizations to continually improve their energy efficiency. As part of the EnMS, the energy team sets annual targets and conducts systematic audits to monitor the effectiveness of the measures taken to achieve them. It also conducts an annual management review, which is audited by an accredited certification organization. These mechanisms confirmed the EnMS's effectiveness.

In 2017 E.ON began offering its employees in Germany incentives to embrace eMobility. They include attractively priced leasing contracts for electric vehicles ("EVs"), at-home charging points, and certified renewable power tariffs, which enable employees to charge their EVs with clean energy. E.ON's Car Policy for the

procurement of company cars and leased vehicles unambiguously supports the use of all-electric and hybrid vehicles. More information on our eMobility efforts can be found in the [Sustainable Products and Services](#) chapter.

For projects to build new power lines, gas pipelines, and other large industrial facilities with a foreseeable environmental impact, E.ON conducts an environmental impact assessment during the development phase to obtain construction and operating permits. We also frequently monitor a facility's operation to verify that the initial assessment was correct. In addition, E.ON maintains an ongoing dialog with local stakeholders and interested parties on numerous environmental issues.

In 2022 E.ON analyzed the extent to which its business model impact biodiversity. The analysis encompasses E.ON's own operations and its suppliers'. Our aim was to understand the positive and negative impact of our business on biodiversity and to use the findings to design targeted measures. The analysis took into account the draft frameworks currently being developed by the Science Based Targets Network ("SBTN") and the Taskforce on Nature-related Financial Disclosures ("TNFD"). On the one hand, we reviewed how the energy sector affects ecosystem services and how dependent various production processes are on such services. This included assessing the risk for E.ON if an ecosystem service was lost somewhere along the value chain. In detail, the impact analysis on ecosystem services assesses the production processes of E.ON's operations, regardless of their share of E.ON's total business. The results are as follows: the production processes with the highest impact are energy from biomass, hydropower, thermal power plants (percentage of taxonomy-eligible capex), and nuclear power plants ("NPPs"; percentage of total asset book value). E.ON is currently in the process of dismantling its NPPs. Only Isar 2 NPP will remain in operation until mid-April 2023 as a result of a decision by the German government.

## Impact Analysis on Ecosystem Services

### Impact on Natural Capital

Production processes	Use of terrestrial ecosystems	Water use	Greenhouse gas emissions
Hydro power	Very high	Very high	High
Biomass energy	<sup>1</sup>	High	High
Heat and power plants	<sup>1</sup>	Very high	High

<sup>1</sup>No information due to insufficient data on the ENCORE database.

On the other hand, we located selected E.ON facilities to better understand the importance of spatially specific geodata for the assessment of biodiversity risks. The analysis of geographic data from a total of 133 selected facilities (our own and key suppliers) revealed that 20 percent of them are located in the immediate vicinity of one to two key biodiversity areas. In addition, various E.ON facilities are located in German nature conservation areas. The study also ranks the ten facilities with the greatest biodiversity impact. E.ON wants to use the findings to develop additional measures to further promote biodiversity in its business.

E.ON also takes steps to protect wildlife and landscapes and to promote biodiversity. Bird safety, for example, is an important issue for many of E.ON distribution system operators ("DSOs"). Their activities in this area include installing nest platforms for storks, eagles, falcons, and other bird species. Many business units have also launched tree-planting projects. In addition, E.ON has set up a Group-wide digital platform for biodiversity and environmental-protection projects to improve the visibility of the issue and the exchange of information about it.

E.ON has developed a concept for ecological corridor management to ecologically manage the vegetation under and near 110 kV high-voltage overhead powerlines in forests. This process, which is

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already in place for around 5,600 hectares of forest<sup>1</sup> in Germany, is now being extended to all E.ON service territories in Europe. We plan to design specific vegetation management plans for every hectare of forest by 2029 and to invest a figure in the double-digit million range to implement them. Our aim is to ensure intact ecosystems and greater biodiversity along the 13,000 kilometers of our high-voltage lines, which is roughly the area of around 100,000 soccer fields.

In late 2020 E.ON founded the E.ON Environmental Network ("EEN") in Germany. The EEN is a forum for sharing information on operational environmental issues, environmental management, sustainability as well as related legislation, standards, and benchmarks. It brings together experts from our network and customer solutions business, works closely with the HSE and Sustainability teams, and meets on a quarterly basis, in most cases virtually. Since its inception, the EEN's reach across the Group has expanded continually. In addition to the issues addressed in 2021 –commercial waste, ISO 14001 environmental assessment, and networking of biodiversity and environmental-protection projects—one of the steps the EEN took in 2022 was to create a working group for the Federal Soil Protection and Contaminated Sites Ordinance and the new Substitute Building Materials Ordinance. It addresses the requirements that our business units must meet as a result of the ordinance's amendment. E.ON also has a European EEN, which brings together E.ON colleagues outside Germany. Both forums met several times in 2022. We intend to expand these networks in the years ahead and transform them into Group-wide information-sharing platforms.

## Goals and Performance Review

The E.ON Management Board is informed about serious environmental incidents (category 3 in our Standard on Incident Management) by means of monthly reports from HSE and periodic consultations with the Senior Vice President for HSE. In the case of

a major incident (category 4), the unit at which it occurred reports it directly to the E.ON Management Board member responsible for the respective unit and to Group HSE within 24 hours.

E.ON has been a member of EV100 since 2018. EV100 is a global initiative that has been led by the Climate Group, a non-profit organization. It brings together companies committed to accelerating the transition to EVs and to making electric transport the new normal by 2030. In 2022 the initiative made more progress toward this goal. The number of members increased to more than 120.

› Collectively, they have committed to operating more than 5.5 million EVs by 2030 and have so far put more than 200,000 EVs on the streets. They are also expanding the charging infrastructure at their facilities. Over 20,000 charging points had been installed by year-end 2022. <

E.ON has supported EV100 by installing more than 3,400 charging points for employees, guests, and customers at its facilities, including around 1,200 in Germany alone. In addition, all E.ON vehicles under 3.5 metric tons and at least half of those between 3.5 and 7.5 metric tons are to be electric by 2030, provided this is technically feasible and cost-efficient. In 2022 we therefore revised the E.ON Car Policy to make our vehicle fleets even more climate and environmentally friendly. We also increased the number of our electric vehicles by 963 to a total of more than 3,841 at year-end.<sup>2</sup> In addition, E.ON will continue to install charging infrastructure at its facilities. The aim is also to encourage our customers to switch to eMobility.

## Progress and Measures ✖

### Energy Consumption within the Organization

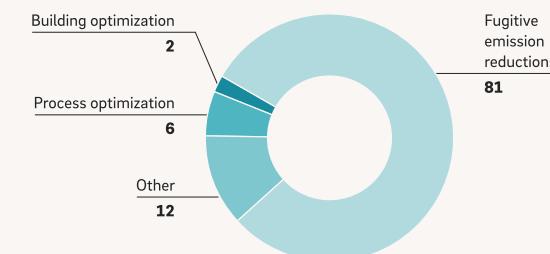
GRI 302-1

E.ON consumed 109 million GJ of energy in 2022, 145 million GJ less than in 2021. The main reason was that the nuclear power plants operated by PreussenElektra ("PEL") produced less electricity.

### Savings Delivered by Emission-reduction Projects

E.ON regularly carries out projects to reduce its own GHG emissions. In 2022 these projects delivered over 61,000 metric tons of CO<sub>2</sub>e savings. The measures to achieve them included upgrading the boilers in the plants of our district heating business, converting from natural to green gas, and reducing pipeline pressure in our gas networks prior to construction or maintenance in order to prevent fugitive methane emissions.

### Carbon Emission Reductions Achieved through Targeted Projects



<sup>1</sup>The change relative to the prior year results from changes in measurement and validation methods that enhance data accuracy.

<sup>2</sup>Includes hybrid vehicles.

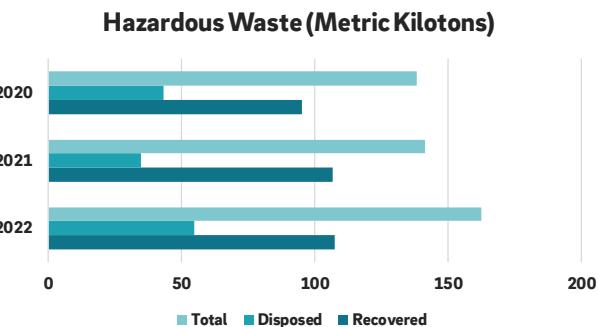
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## Avoiding and Recycling Waste

E.ON always tries to avoid creating waste and, when this is not feasible, to recover as much of it as possible. If neither avoidance nor recovery is possible, we ensure, in accordance with legal requirements, that waste is disposed of correctly and responsibly. E.ON's operating business generates hazardous and non-hazardous waste, as does the retirement of some assets, such as the dismantling of the Company's NPPs in Germany.



E.ON's total amount of non-hazardous waste decreased from 428.0 metric kilotonnes in 2021 to 381.3 metric kilotonnes in 2022. There was an increase in the previous year, which was largely due to our Westnetz GmbH subsidiary and activities in Sweden. In contrast, the amount in 2022 declined because of a few individual changes at several companies. E.ON recycled 67 percent of its non-hazardous waste.



E.ON produced 162.2 metric kilotonnes of hazardous waste in 2022, about 21 metric kilotonnes more than in 2021, of which 66 percent was recycled.

**Other Atmospheric Emissions<sup>1</sup>**

Metric tons	2022	2021	2020
NOx emissions	2,690	1,716	1,420
SO <sub>2</sub> emissions	652	581	732
Dust emissions	51	61	133

<sup>1</sup> For generation assets over 20 MW.

Fossil-fueled power plants emit nitric oxide ("NOx"), sulfur dioxide ("SO<sub>2</sub>"), and dust. This type of power generation is no longer a core E.ON business. It is therefore no longer considered a core KPI. E.ON now focuses on small-scale, embedded generation units. NOx, SO<sub>2</sub>, and dust emissions result mainly from small gas-fired CHP plants and larger plants for district heating networks. The high figures for NOx emissions in 2022 are attributable to the first reported figures from a company that operates renewable generation plants.

## Responsible Water Management

Water is a vital resource that is becoming increasingly scarce in some parts of the world. Many companies are therefore placing greater emphasis on identifying and managing water risks at their operations and along their supply chains. The same is true for

investors and their portfolios. E.ON's water-related activities relate to the following areas: the withdrawal of cooling water for the NPP operated by PEL (for more information, see "Non-Core Business: Water Management at PreussenElektra" below) and the withdrawal of fresh water by E.ON's water utility subsidiaries RWW and Avacon Wasser as well as a small amount in conjunction with our decentralized energy business. In addition, LEW operates a number of small and medium-sized run-of-river power plants in Germany with an installed capacity of 0.5 to 12 MW per plant. These plants accounted for about 0.02 percent of E.ON's total power generation in 2022.

### E.ON's Water Consumption from Decentralized Energy Generation

Million cubic meters	2022	2021	2020
Fresh water consumption	< 1	< 1	< 1

Water utilities RWW and Avacon Wasser have belonged to E.ON's portfolio since 2019. They supply about 1.4 million people, industrial enterprises, and businesses in Lower Saxony, North Rhine-Westphalia, and Saxony-Anhalt with roughly 78 million cubic meters of water annually.

Accordingly, this business involves the extraction of water as a resource and its treatment as well as final distribution to end-users; it also includes the reuse of wastewater and thus the closing of the water cycle. Although water operations account for only a small proportion of the Group's total sales, we pay particular attention to the associated consequences from the perspective of resource conservation and supply security. We use two KPIs to assess the water utility business's risks: total withdrawal and distribution losses. Withdrawal is the amount of water supplied to end-users; that is, not water used in our own operations. The basis for a permanent supply of water is a climate with sufficient precipitation to allow surface and groundwater to reform. This can generally be anticipated in RWW's and Avacon Wasser's service

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regions. The regions' available surface water and groundwater reserves will secure drinking and process water requirements.

Based on available data, E.ON assesses the current and the possibility of future water scarcity in the relevant regions in which E.ON uses fresh water for its activities to be generally low.

Additional disclosures on E.ON's water withdrawal and risks areas can be found in the Sustainability KPIs. The operation of our facilities does not consume large quantities of water. A temporary exception is our PEL unit, which operated one NPP in Germany in 2022; because of political decisions made in the year under review, Isar 2 NPP will continue to operate until April 15, 2023, after which it will cease producing electricity.

For E.ON's water utilities, water and climate protection go hand in hand: we conduct a variety of projects to address both issues and are always looking for new, more environmentally compatible solutions for wastewater disposal, sewage sludge recycling, as well as service water and rainwater utilization. For example, we are designing plans for smart water use in new residential areas and working on flood-protection systems in municipalities. Conducting research and development projects enables us to investigate innovative solutions for qualitative and quantitative water protection, such as additional potential resources for irrigation.

In addition, RWW and Avacon Wasser provide information on the careful use of water as a resource. Important channels are the company websites and press releases. For example, during the summer months RWW gives its customers advice on the careful, appropriate use of fresh water. In addition, RWW has operated educational facilities—Aquarius and Haus Ruhrnatur—since 1992, in which visitors can learn about topics related to water supply and preventive water protection. Museum educators at the two educational facilities offer various lessons on water and environmental protection to schools in RWW's service territory.

## E.ON's Water Consumption from Water Supply Operations

Infrastructure Leakage Index ("ILI")	2022	2021	2020
Factor	≤ 1.5 <sup>1</sup>	≤ 1.5	≤ 1.5

<sup>1</sup>Figures for 2022 are based on a preliminary estimate based on prior-year figures.

Infrastructure leakage index ("ILI") enables water utilities to measure and compare water losses. ILI is a KPI for assessing water losses that is widely used and recognized internationally. ILI factors in not only the amount of water loss, but also the relevant parameters (such as pipeline system length and pressure). Unlike the KPI commonly used in Germany (specific actual water loss, or QvR), ILI offers better comparability with structurally similar companies and better guidance for a company's own water management. By international standards, E.ON's ILI of less than 1.5 puts it in the best leakage performance category of A (ILI ≤2).

## Non-Core Business: Water Management at PreussenElektra

The NPP in Germany operated by our subsidiary PEL accounts for a significant share of E.ON's water consumption and use. Its NPPs use water for cooling and processes. PEL is committed to using water efficiently and sustainably and to maintaining high quality in the river from which its plants withdraw water. It also strives continually to use less. PEL observes all laws and regulations regarding water withdrawal and discharge. The most important law for PEL in this context is the Federal Water Act (Wasserhaushaltsgesetz, or "WHG"). PEL protects aquatic flora and fauna by using mechanical purification processes instead of biocides and by constantly monitoring the temperature of discharge water. PEL also expects its contractors to use water sparingly and has binding water-management provisions in its agreements with them. Below is a three-year overview of how much water PEL has withdrawn, discharged, and consumed.

## PELs Water Balance

Million cubic meters	2022	2021	2020
Fresh water withdrawal	245	2,383	2,186
Fresh water discharge	216	2,331	2,140
Fresh water consumption	29	53	46

In 2022 PEL withdrew 245.3 million cubic meters of freshwater, 2,138 million cubic meters less than in 2021. PEL uses freshwater, which comes almost exclusively from rivers, primarily as cooling water. Water consumption dropped sharply compared with the previous year because the discharge of water not used for cooling decreased equally to the withdrawal of water not used for cooling. This is related to the shutdown of the Grohnde NPP as well as a reduction in the amount of withdrawal due to the progress of dismantling at Unterweser and Brokdorf NPPs. PEL returned 88.2 percent of withdrawn water to its source.

## Non-Core Business: Safe Handling of Radioactive Waste

PEL is responsible for the safe and reliable operation and dismantling of its NPPs. Both activities result in radioactive waste. E.ON is well aware of the high responsibility that is associated with both.

The Law on the Reorganization of Responsibility in Nuclear Waste Disposal (Entsorgungsübergangsgesetz, or "EntsÜG") and the contract to finance the costs of the nuclear-energy phaseout between the German federal government and German NPP operators stipulate the division of responsibility for nuclear waste interim storage and final disposal and its financing.

E.ON aims to minimize the amount as well as the volume of radioactive waste. We do this in part by separating it from uncontaminated waste and by subjecting it to certain treatments that reduce its volume. The nuclear industry distinguishes between radioactive waste that generates negligible heat—

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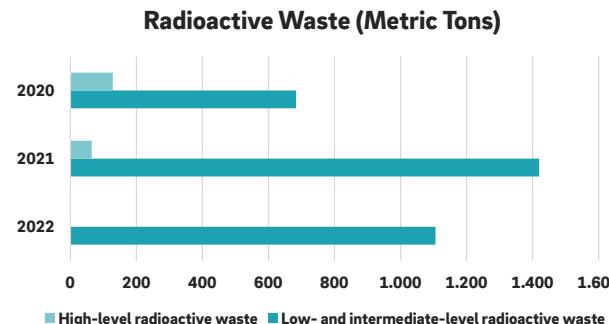
low-level waste ("LLW") and intermediate-level waste ("ILW")—and waste that generates high heat: high-level waste ("HLW"):

- LLW and ILW account for the largest amount of radioactive waste in terms of both weight and volume. Examples of LLW include protective clothing, cleaning equipment, tools, and building rubble from plant control areas. ILW includes, in particular, the reactor pressure vessel's near-core mounting parts. Together, both waste categories contain less than 1 percent of an NPP's total radioactivity.
- HLW contains more than 99 percent of an NPP's total radioactivity and consists primarily of the fission products of uranium in the irradiated fuel assemblies.

NPP operators are responsible for packaging LLW and ILW safely and according to approved standards. After regulatory certification, packaged LLW and ILW becomes the responsibility of the German federal government. The Law on the Reorganization of Responsibility in Nuclear Waste Disposal transferred the responsibility for operating defined storage facilities for LLW and ILW. Pursuant to this law, the federal government is responsible for the storage of PEL's LLW and ILW effective January 1, 2020. This applies to the following PEL facilities: Stade NPP, Würgassen transport staging hall, Grafenrheinfeld staging hall, Unterweser radioactive waste storage facility, and Unterweser storage facility. The Konrad repository for LLW and ILW is currently being built by BGE, the German Federal Company for Radioactive Waste Disposal. BGE expects Konrad to be commissioned in 2027.

As with LLW and ILW, irradiated fuel assemblies are placed in approved transport and storage containers and stored in interim storage facilities at the NPPs. Under the Law on the Reorganization of Responsibility in Nuclear Waste Disposal, the interim storage facilities and containers of irradiated fuel assemblies became the property and responsibility of the federal government effective January 1, 2019. Fuel assemblies will remain in the interim storage facilities until Germany has a state-

owned receiving facility or repository for HLW. When this will happen is unclear. The responsibility for final disposal lies with the federal government.



For 2022 PEL submitted notification for 314.5 metric tons less LLW and ILW than for 2021. The amount of waste is subject to fluctuations, depending on the NPPs' dismantling activities. HLW decreased to 0 metric tons due to the decommissioning of NPPs. New fuel rods were installed in Isar 2 NPP—which will continue to operate temporarily until April 15, 2023—for the last time in October 2021.

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## Employees and Society

### Occupational Health and Safety ✓

GRI 3-3, GRI 403

E.ON works continually to establish a caring culture. This encompasses ensuring our employees' safety in the workplace, promoting their health, and also supporting their mental well-being. Some employees perform high-risk work, such as on energy networks, gas pipelines, and other industrial facilities. Stringent safety standards are therefore of particular importance to E.ON. This is because accidents not only endanger employees' health, but may also result in damage to assets, work interruptions, and a loss of reputation. E.ON adopts a zero-harm principle and therefore strives to cause and allow as little harm as possible. The Covid-19 pandemic has made safety, health, and well-being even more important in recent years than before. E.ON meets the pandemic's challenges by means of its caring culture.

#### E.ON's Approach

Health and safety ("H&S") have long been firmly embedded in E.ON's corporate culture and its organizational setup, policies, and procedures. E.ON's approach is proactive and preventive.

We are unambiguously committed to the principle of zero tolerance of accidents. E.ON's main objective is to prevent occupational accidents from the outset. This applies to E.ON employees as well as contractor employees who work on its behalf.

E.ON's ambition is to actively promote employees' well-being and enable them to maintain their performance and employability in the future as well. In particular, we try to prevent the main health conditions that most frequently result in unfitness for work. E.ON's health management includes designing and providing health services (such as flu vaccinations) as well as target-group-specific individual measures to maintain health. It typically encompasses issues that are relevant for all employees or for

certain target groups. Issues include general health maintenance, nutrition, exercise, mental health, stress management, addiction prevention, and healthy leadership. E.ON promotes them by means of training sessions, information leaflets, presentations, and digital formats. Its use of the latter was again high in 2022 due to the Covid-19 pandemic.

#### Guidelines and Policies

E.ON is committed to a culture of prevention. We reaffirmed this in 2009 by signing the Düsseldorf Statement on the Seoul Declaration on Safety and Health at Work as well as the Luxembourg Declaration on Workplace Health Promotion.

E.ON has had a Group Company Agreement on Health for all employees in Germany since 2015; it was last revised in 2018. Its purpose is to foster a healthy work environment and promote the health of all employees. It defines four action areas: occupational health management, addiction prevention and intervention, occupational integration management, and employee counseling.

The E.ON Health, Safety, Environment & Climate Protection Policy Statement, which was originally published in 2018, was updated in 2021 to reflect E.ON's Vision Zero for safety targets as well as its climate and environmental targets in the context of the EU taxonomy. In addition, we simplified the document's language and eliminated redundancies.

A Group-wide standard for assessing risks to health, safety, and the environment ("HSE") has applied in the Company since the start of 2021. It defines the minimum requirements for identifying, analyzing, evaluating, managing, and monitoring HSE and other sustainability-related dangers and opportunities. The standards' requirements are also supported by IT solutions, which are mainly used to create risk assessments and/or indices as well as activity-related danger evaluations. Our employees have the opportunity to view danger evaluations relevant to them and the resulting protection measures.

The Group HSE Function Policy defines HSE roles, responsibilities, management expectations, and reporting channels. It sets minimum requirements and defines management tools needed to prevent physical and mental harm in the workplace. It also requires all our operating units (except for very small ones and those with insignificant risks and potential impact) to have in place an occupational H&S management system certified to international standards—such as ISO 45001 (which replaced OHSAS 18001)—and to improve the system on an ongoing basis.

→ At year-end 2022, 85 percent of our employees worked at business units certified to ISO 45001. ←

E.ON refined the Group HSE Function Policy in 2022. For example, we added or sharpened the definition of tasks and task areas and formulations, in part to better integrate sustainability aspects Group-wide, including task areas such as the environment and biodiversity, sustainability reporting, and supply chain.

In addition, the People Guideline on HSE communicates E.ON's HSE aspirations and states the expectation that all employees embrace HSE on the job. It also describes E.ON's Safety FIRST principles for the safety mindset and behaviors necessary to prevent accidents. The guideline contains extra tasks for managers, because their responsibilities include leading by example with regard to HSE.

In addition, E.ON updated the Group standard for incident management during the year under review in order to sharpen definitions and processes; the standard applies to E.ON contractors as well. It established consistent rules for classifying, investigating, analyzing, and reporting HSE incidents and for sharing information. It complements PRISMA (Platform for Reporting on Incident and Sustainability Management and Audits), E.ON's IT solution for incident management, which is described below under "Specific Actions."

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The Group Standard on HSE Management Expectations was completely revised in 2022. It defines expectations for 15 core elements. It addresses occupational safety and accident prevention as well as the safety of E.ON's facilities and products over their entire life cycle. The chapter entitled Data Protection, Cybersecurity, and Product Safety contains more information about product safety. This standard provides the foundation for all cascading HSE rules and processes at E.ON, thereby supplementing the requirements of the relevant ISO standards. E.ON developed an assessment tool to simplify implementation and assess the status of management systems.

In addition, the HSE department worked more closely with the Supply Chain team to define procurement policies and standards that require E.ON's suppliers to commit to meet minimum standards for HSE. They also firmly embedded HSE issues in all procurement processes. Harmonized minimum HSE requirements for contractors now apply at all E.ON companies in Germany. In addition, E.ON implemented a Group-wide standard for contractor management at year-end 2022. It defines minimum requirements and roles and responsibilities to ensure the consistent evaluation and management of HSE issues and risks in the collaboration with contractors. E.ON companies must integrate the requirements into their processes within 18 months (by May 2024). They are supported by a catalogue of contractor management measures, which also serves as an assessment tool for the implementation of the standard.

## Organization and Responsibilities

E.ON is committed to protecting people and the environment. Because the approaches and systems for both are similar, E.ON combines environmental management and occupational H&S management in a single HSE organization. The E.ON Management Board and the management of our units are responsible for E.ON's HSE performance, which includes compliance as well as improvement. They set targets and update policies to foster continuous improvement. They are supported and advised by the HSE department at Corporate Functions and the E.ON HSE

Council. The council is composed of senior executives and employee representatives from different business areas and countries in which E.ON is active. It meets at least three times a year and is chaired by the member of the E.ON Management Board responsible for HSE. E.ON units have their own HSE councils and expert teams as well. They define the HSE requirements for their unit and plans to implement them. Every unit must ensure that it meets E.ON's corporate and HSE standards, design and implement HSE plans according local needs, and follow E.ON's HSE Strategy Roadmap for 2021-23.

E.ON reactivated the International Health Experts team to foster health-related improvements and innovations and thus its health strategy. Since 2022 the team has again been sharing knowledge and experience between countries to identify opportunities for collaboration.

## Specific Actions

The HSE department oversees strategic H&S training sessions. This includes the training provided to the E.ON Group's top 100 executives, programs for senior managers in the operating business, and training for staff who conduct incident investigations (such as root-cause analysis). With regard to the Group HSE Strategy Roadmap, E.ON's units conduct their own operational H&S training, programs to enhance HSE culture, and training required by law.

A train-the-trainer module further advanced and supplemented the program to establish E.ON's caring culture. The aim is to reach lower management levels as well and to enable trainers in the units to communicate HSE to their teams.

E.ON managers in Germany can enroll in Healthy Leadership, a training module on how to address health issues and thereby promote health in their team. This training continued to be conducted digitally in 2022 and covered aspects such as stress reduction, mental health, and tips for an ergonomic workplace.

E.ON employees in Germany had free access to online ergonomics advisors, including for their home office.

In addition, workshops for a common understanding of E.ON's caring culture were held for the top 100 executives and senior managers from operations and administration.

E.ON considers itself a learning company whose ambition is continuous improvement. This includes a constructive culture of failure as well. We thoroughly investigate incidents by conducting root-cause analyses ("RCA"). For this purpose, E.ON has introduced a specific Group standard and, in 2022, further expanded the related training and continuing skills development offerings. The training courses, which were offered in person again for the first time since the pandemic, cover topics such as investigation methods and communication. Lessons learned from incident investigations are shared throughout the Group and are incorporated into the units' activities and into working groups. E.ON also uses the lessons learned to institute preventive measures.

PRISMA, an integrated IT solution, is the main component of E.ON's online incident management system and is used by all E.ON units. It enables us to reach many users, report and manage data, and ensure a high degree of transparency. Incident investigations are entered and stored directly in PRISMA, ensuring that all companies and Corporate Functions always work with the same database. Incident reporting is prompt, and the situation should be clear for everyone involved. All this is intended to help prevent incidents. E.ON has five categories of incidents. They range from 0 (low) to 4 (major). E.ON's HSE Standard on Incident Management requires the units to use PRISMA to report category 4 incidents to the HSE department at Corporate Functions within 24 hours; in addition, the units immediately forward the information to the Management Board. Employees must report all incidents, regardless of their severity, using PRISMA. No employee needs to fear any retribution. In addition, their personal data are always protected and can only be accessed by limited user groups. E.ON

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analyses all incidents. If employees or contractors who find themselves in a situation that they believe is potentially dangerous, they have clear instructions to suspend work immediately and, if necessary, leave the work area. They are also instructed to alert their colleagues to potentially dangerous situations. We conducted a Group-wide training module in 2022 to make it clear to all employees how to use PRISMA.

E.ON's managers fulfil their responsibility as health and safety leaders in part by going on safety walks and engaging in dialogue with employees. During management visits, known as *gemba* walks, they can take a close look at workplaces, talk directly with employees, and deepen their understanding of HSE issues, including risks. The Group-wide HSE app (formerly "Go, See & Talk") facilitates the process. Among other things, it contains questions for each type of work environment, including safety culture and workplace health issues. E.ON managers also use the app to submit answers they received, their own observations, and photos and documents. The information is automatically entered into PRISMA for additional analysis. Since 2022, near misses and unsafe conditions or behaviors can also be recorded in the app. More functions will follow as part of a program called Digitalization@HSE that was launched in the year under review. For example, the app's functions for reporting near misses and for conducting audits and inspections will be simplified to better involve all employees. The overarching objective is to improve E.ON's entire HSE performance. The HSE division has conducted quick checks since August 2021. They involve an outside partner evaluating E.ON's safety culture and identifying possible risks. So far, 21 quick checks have been conducted at our operating units.

E.ON runs an HSE Community that extends across all regions and segments. It helps us be a learning company and serves in particular to share knowledge and experience. The community meets regularly and, as needed, in special expert groups. Experts work together to achieve improvements in key areas like incident prevention. The range of topics in 2022 included pylon safety,

electrical safety, HSE in the installation business, and safety in underground engineering.

The units and Corporate Functions also work together on Connect, E.ON's Group-wide social media platform. The form and content of HSE topics on the platform are continually expanded and updated. The additions in 2022 included a central marketplace for good HSE practices to promote mutual learning.

Managers and employees who have questions or concerns about their physical or mental health can contact the Employee Assistance Program ("EAP"). The EAP is a free health-advisory and life-coaching service available in multiple languages to E.ON staff in Germany, the United Kingdom, Sweden, and Hungary. We have similar programs in other countries where we operate. Alongside the EAP, E.ON offers employees and managers one-on-one psycho-social counseling.

There are also supplementary functions and roles at E.ON, including social, addiction, and health counseling. Across the Company, these functions and roles are performed by employees alongside their regular duties. These employees are obliged to maintain confidentiality.

Non-employees working at an E.ON office, such as service providers, can participate in general prevention measures like health days. E.ON employees can also take advantage of specific preventive measures (for example, nutrition counseling, and colon and skin cancer screening), consult company physicians, and take advantage of EAP benefits as well as use company fitness facilities.

E.ON continued to provide information material on Covid-19 in the year under review; it included comprehensive recommendations, guidelines, and frequently asked questions, such as on the safety and health plans of individual facilities and offices. This information was disseminated by email, the intranet, and online Board Chats in which the Management Board outlined E.ON's

position on the Covid-19 pandemic situation. The aim of the measures was to ensure safety in the workplace and prevent infections.

## Goals and Performance Review

The E.ON Management Board is informed about category 3 and 4 incidents, developments relating to accidents, and related measures and programs by means of monthly reports from HSE and regular consultations with the Senior Vice President Group HSE. The units report fatal and life-threatening incidents directly to the Management Board within 24 hours.

The purpose of E.ON's incident analyses is to understand causes, take measures to prevent them, and identify risks. If accident data indicate that a unit does not meet E.ON standards, the HSE department supports it in optimization. In addition, Group Audit may conduct an HSE audit at the unit.

The findings of the incident investigations and HSE audits completed in 2022 show that HSE management systems are largely effective. The units have adopted the auditors' resulting recommendations and have generally used them to design corrective and preventive actions. It also became clear, however, that employees' safety awareness was not fully adequate in all teams. It therefore remains extremely important to continually point out to E.ON employees and contractor employees all the requirements of HSE management and their own responsibility: they must look after themselves and their colleagues and speak up immediately if they detect a potential safety risk. Overall, E.ON has observed for several years that occupational safety in its units is improving continually. We can clearly see that our measures to prevent serious occupational accidents are having an effect. One example is a discernable shift from serious incidents to less serious incidents. Furthermore, E.ON views audits—and the findings and recommendations they yield—as opportunities to foster continuous improvement.

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Health and safety concerns have always been a high priority for the E.ON Management Board. In 2020 E.ON adopted a new HSE strategy ("Roadmap 2021-23"), endorsed by the HSE Council, whose aim is to position E.ON as a leading HSE company. The strategy contains underlying targets for the operating units, including H&S, and their respective board members. In addition, the Management Board set personal H&S targets for top executives. The targets for top executives and units are individual. Their purpose is to further reduce the frequency of serious incidents and fatalities ("SIF") and thus to reach E.ON's ultimate objective of zero major harm as soon as possible. The changes took effect on January 1, 2021. As part of the half-year discussions known as performance dialogues, the units provided feedback on their progress in implementing the strategy and on recommended adjustments. In 2023 E.ON intends to use their feedback to revise its HSE roadmap and targets. In particular, health management (for which there is a new strategy), environmental issues as well as digitalization and contract management will be pursued more intensively.

The extent to which E.ON's health strategy is successful depends in part on whether employees receive information about health and prevention and whether this motivates them to participate in related programs. To increase willingness to participate, health programs are often tailored to the needs of specific target groups. E.ON's network operators in Germany, for example, target their employees aged 50 and over in particular as well as employees in their field offices. Actions include workshops on healthy living in older age and preparing for retirement. There are also special offers, for example, for operational employees such as fitters and administrative staff. The return on investment ("ROI") of many health programs is calculated by comparing costs with avoided absenteeism based on research and statistics. So that all employees feel comfortable, valued, and supported in their work environment, E.ON places particular emphasis on mental health. We provide information on the importance of stress management and show how to recognize signs of mental health issues. In addition, E.ON has assistance and training on stress reduction,

self-assessment tests, and a direct support offering, including through the EAP.

## Progress and Measures



## Accident Statistics

Serious incidents and fatalities ("SIF") measures accidents and incidents that have caused serious or fatal injuries and that surpass a predefined severity threshold.

### Employee SIF<sup>1</sup>

	2022	2021 <sup>2</sup>	2020
Employee SIF	0.04	0.10	0.09

<sup>1</sup>Serious incidents and fatalities measures accidents and incidents per million hours of work that have caused serious or fatal injuries and that surpass a predefined severity threshold per million hours of work.

<sup>2</sup>Prior-year figures have been adjusted due to a change in the scope of consolidation in line with ESG reporting.

At 0.04, employee SIF was significantly below the prior-year level (2021: 0.10).

› Contractor SIF declined to 0.05 (2021: 0.21). Combined SIF was 0.05 in 2022 (2021: 0.15), a reduction of around 64 percent. <

### Employee LTIF<sup>1</sup>

	2022	2021 <sup>2</sup>	2020 <sup>2</sup>
Employee LTIF	2.1	2.1	1.6

<sup>1</sup>Lost-time injury frequency measures work-related accidents resulting in lost time per million hours of work.

<sup>2</sup>Prior-year figures have been adjusted due to a change in the scope of consolidation in line with ESG reporting.

Lost-time injury frequency ("LTIF") measures work-related accidents resulting in lost time per million hours of work. Employee LTIF was 2.1 (2021: 2.1).

› Contractor LTIF was 2.0 (2021: 2.0), thus at the prior-year level. Combined LTIF was 2.0 in 2022 (2021: 2.0), also in line with the previous year. <

Total recordable injury frequency ("TRIF") is one of E.ON's KPI for safety. It measures the number of recorded work-related injuries and illnesses per million hours of work. E.ON has calculated it since 2010 (employee TRIF) and included contractor employees' in its safety performance since 2011 (combined TRIF).

### Employee TRIF and Combined TRIF<sup>1</sup>

	2022	2021 <sup>2</sup>	2020
Employee TRIF	2.90	2.60	2.40
Combined TRIF	2.60	2.50	2.30

<sup>1</sup>TRIF measures the number of reported fatalities and occupational injuries and illnesses and also includes injuries that occur during work-related travel that result in lost time or no lost time and/or that lead to medical treatment, restricted work, or work at a substitute work station.

<sup>2</sup>Prior-year figures have been adjusted due to a change in the scope of consolidation in line with ESG reporting.

› TRIF of 2.9 in 2022 was higher than in the prior year (2.6). Contractor TRIF of 2.3 was the same as in the prior year. Combined TRIF rose from 2.5 to 2.6. All accidents were carefully examined, both individually and in comparison. In some cases, this enabled us to identify patterns or multiple predominant causes and

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respond directly to them, for example, by means of work groups. Employee TRIF and combined TRIF increased in part because of a reduction in the number of working hours due to the disposal of companies in Hungary and the United Kingdom. Other reasons include fewer pandemic-related restrictions and investments at some units, which resulted in an increase in the number of construction sites. <

Employee NMFR <sup>1</sup>	2022	2021 <sup>2</sup>	2020
Employee NMFR	36	34	19

<sup>1</sup>Near-miss frequency rate measures unplanned incidents that had the potential to result in an accident (but did not) per million hours of work.

<sup>2</sup>Prior-year figures have been adjusted due to a change in the scope of consolidation in line with ESG reporting.

› Near-miss frequency rate ("NMFR") measures unplanned incidents that had the potential to result in an accident (but did not) per million hours of work. E.ON analyzes how and why near misses happened and then puts in place controls to minimize or eliminate similar risks in the future. We actively encourage employees to report near misses so that we can continually improve our safety performance. E.ON's NMFR was 36 in 2022. <

## Fatal Accidents at Work

Regrettably, three people working for E.ON died in 2022 due to occupational accidents. One contractor employee suffered a fatal electric shock, and another contractor employee was fatally injured by a piece of heavy equipment. After a lengthy hospital stay, an E.ON employee died at the end of the year as a result of poisoning. Each fatal accident is thoroughly investigated so that we understand the exact course of events that led to it. Identifying root causes enables us to take the measures necessary to prevent similar accidents in future. Nevertheless, serious and even fatal accidents still occur. E.ON cannot and will not accept this. It has therefore further intensified its efforts to prevent accidents.

Examples are the Company's decision to extend the evaluation of

HSE maturity to all E.ON DSOs and to make adjustments to the HSE Strategy Roadmap, which place a greater emphasis on risk and contractor management (see "Goals and Performance Review" above).

## Non-Core Business: Occupational Health and Safety at PreussenElektra

E.ON's subsidiary PreussenElektra ("PEL") is responsible for the operation, decommissioning, and dismantling of the Company's nuclear power plants ("NPPs"). Its top priorities in all these activities are the health and safety of employees—its own as well as contractors'—and environmental protection. PEL is fully integrated into E.ON's safety organization and is subject to its high standards. PEL's extensive experience in plant operations and decommissioning helps it further optimize its HSE processes and procedures. As there were no serious accidents in 2022, we remain convinced of PEL's high safety standards.

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## Working Conditions and Employee Development

*GRI 2-7, GRI 2-30, GRI 3-3, GRI 401, GRI 404, GRI 405*

► E.ON's vision is to provide everyone with good energy. E.ON's human resources ("HR") creates the conditions for all employees to make their contribution. The HR function's cornerstones are: attracting great people, developing people, creating a winning culture, and driving digital. They are part of E.ON's HR management vision. First, by being an attractive employer E.ON wants to attract creative talent for a good and innovative energy world. Second, our employees should be able to learn anytime and anywhere—in their daily work, interaction with others, and formal training courses. In addition, E.ON's objective is to establish a culture of inclusion in which all employees can realize their potential and feel valued. Finally, we aim to make HR processes and tools as digital as possible and to foster a digital mindset.

The medium-term HR objectives specify this overarching vision as it is reflected in our Group People Strategy, or GPS@E.ON. This strategy defines the four Group-wide People Priorities: the future of work, diversity and inclusion, sustainability, and leadership. HR activities across the Group are aligned with GPS@E.ON and must fundamentally contribute to the People Priorities and their respective key ambitions. The strategy is implemented through Group-wide and local activities, in particular by means of existing strategic initiatives. The entire implementation process is flexible and modular in order to reflect differences between business units. ◀

### E.ON's Approach

*GRI 2-30*

A common culture, toward which the Company continually works, is crucial for E.ON's success. Five fundamental corporate values guide employees' actions and interactions with each other, customers, and business partners: Putting our customer first,

Better together, Delivering on our promises, Exploring new paths, and Behaving mindfully.

In addition, Grow@E.ON, E.ON's Group-wide competency model, is an integral part of GPS@E.ON and defines the specific behaviors to which the Company is committed. It is integrated into all HR-related processes and describes how employees and managers should behave toward each other and customers. It also provides guidance to staff in their daily work and sets out a clear path for their personal development and professional growth. Grow@E.ON's purpose is to enable us to recruit the right employees for the right positions, retain them, and foster their ongoing development. In addition, our competency model is designed to enable us to provide targeted and appreciative feedback on their performance, thereby helping to ensure E.ON's future success as well. Grow@E.ON enables the Company to offer a variety of career paths and opportunities. The purpose is to make E.ON an attractive employer—for people who want a specialist career as well as for those who want to broaden their horizons. Grow@E.ON is designed to prepare the Company for the continually evolving world of work, in which agility, future-oriented skills, and greater individualization and diversity are at the forefront. The model, which was revised in 2020, is updated on a regular basis. All new managers and employees are informed about Grow@E.ON and trained accordingly.

We are currently designing a new process for competence and skills management that will help us automatically recognize skills that are critical for the future; the process will also continuously indicate missing skills and learning needs to departments, managers, and employees.

E.ON aims to provide fair pay that enables our employees to live a decent life. Whenever possible, it offers permanent employment.

› 83 percent of employees are covered by a collective-bargaining agreement, and 94 percent have a permanent employee contract. ▾

### Guidelines and Policies

The Group Policy FP-09 (Functional Policy Group HR/Executive HR) specifies the responsibilities of Group HR and Executive HR and their respective tasks. Executive HR, for example, is responsible for the complete life-cycle management of the top 100 executives. The policy details the company-wide instruments for which Group HR is responsible. These include executive compensation including the grading framework, the Grow@E.ON competency model, the employer value proposition ("EVP"), Group-wide diversity targets, global learning technologies and content, the expat policy, the pension framework, and global HR IT governance.

E.ON has a variety of policies and directives in place, including agreements for home offices and rules on flexible work arrangements such as sabbaticals, part-time work, and special leave. The principles are supported by our codetermination committees and are binding for the entire E.ON Group. The units implement them according to their respective legal, cultural, and business circumstances.

### Organization and Responsibilities

E.ON's HR work has been largely decentralized since 2018 so that it is closer to the business. In September 2022 E.ON decided to adapt its predominantly decentralized HR governance model: additional topics with a Group-wide value proposition in talent management/diversity and inclusion, learning and development, EVP, and HR tech are to be managed and implemented more centrally. In this context, the Senior Vice President Group HR/Executive HR will set Group-wide annual targets for the HR leaders of the individual units. E.ON will start to implement the process in 2023.

An important task of the central HR function is HR management for the Company's senior leadership positions. This includes leadership development, staffing, succession planning, and long-term talent management. There is also a central framework to

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identify and develop talent for executive and non-executive positions and to plan for their succession. The framework encompasses overarching criteria for talent potential and common tools such as talent boards. Units in each country can adapt and expand the framework to ensure it meets their specific needs and challenges.

The Management Board discusses the current status of talent development on a regular basis and gets a picture of the entire talent pool, including lower management levels, once or twice a year. The global approach to talent management includes regular talent board meetings at the unit and Group level. HR and the departments use the meetings to share information about talented employees and their development needs.

E.ON takes its employees' interests very seriously and cooperates closely with employee representatives. Almost all E.ON units and Corporate Functions itself have works councils or other forms of employee representation. We can build on the long-standing, constructive, and trusting partnership with employee representatives, especially in times of change; moreover, we actively involve the workforce in all upcoming changes.

## Specific Actions

### GRI 404-2

Flexible work arrangements have been part of E.ON's corporate culture for many years. In view of the Covid-19 pandemic, E.ON established hybrid work as a Group-wide standard. We did this to make working at E.ON even more attractive and to position our company as a modern employer in the future as well.

In addition to the benefits of the company pension scheme or employer-financed accident insurance, E.ON supports its employees in non-work-related situations or in special life situations, such as when a family member falls ill. Employees in Germany, for example, can take advantage of various services provided or arranged by the Company. These services range from

stress and addiction counselling to support in caring for elderly or sick relatives. Employees who fall ill for more than six weeks within a 12-month period receive help with reintegration. In granting these benefits no distinction is made between full-time and part-time employment.

Training and development are likewise important for E.ON's attractiveness as an employer. All employees receive training at their onboarding, HSE training, and functional training relevant to their role as well as soft-skills training and access to talent and leadership development programs. These include many digital, self-directed learning opportunities that employees can access from anywhere at any time. In addition to Group-wide training opportunities, the units have standardized digital learning offerings. E.ON uses them for onboarding new employees and in part for training strategically important topics like digitalization or health and safety. To simplify their learning, employees can take learner journeys on specific specialist topics. The journeys are offered by the central HR function's People Development Team and the Digital Empowerment Team. Currently, each department is conducting projects to develop strategically important learning content. This involves identifying critical skills and learning needs in line with E.ON's strategy and external market requirements. During the year under review, for example, we identified the core competencies our employees need to manage our digital transformation. We conduct upskilling journeys to establish the necessary digital skills in-house. These journeys are training modules with personalized learning offerings that are tailored to the roles and training needs in question.

E.ON believes that the most effective way for employees to learn is through experience and practice. The Company adopts a 70-20-10 learning approach: 70 percent of learning happens on the job, 20 percent through social interaction and knowledge sharing with others, and 10 percent by means of programs such as eLearning, seminars, and formal training. E.ON keeps up with the faster pace of the digital age by increasingly replacing long formats with short digital learning formats and self-directed learning. It is part of

employees' workflow, is tailored to their individual needs as much as possible, and is accessible anytime and anywhere. E.ON is currently working to make employees' learning opportunities even more attractive and easier in the future by planning to establish a one-stop shop, a uniform platform that hosts all E.ON-wide learning opportunities. In addition, in late 2022 E.ON drew up a catalogue of measures for learning and development. Its purpose is to ensure a new, Group-wide framework for learning and employee development that will be introduced in all units in 2023. It will be accompanied by an internal communications campaign in the years ahead; initial measures are already under way.

E.ON's mechanism for recruiting executives applies across all units. It aims to optimize the filling of executive positions, make the recruitment process more transparent, and ensure equal opportunity. In addition, a biweekly placement conference is held at which HR representatives from the entire Company gather to share vacancies directly below the top executive level and discuss potential candidates.

E.ON helps people launch their careers by offering apprenticeships for various vocations as well as internships, work-study arrangements, and other programs. Our offerings in Germany include local initiatives to help interested people start their careers with the help of school projects, internships, courses, and expert guidance. We also employ work-study students who can gain work experience at E.ON and simultaneously finance their education. In 2022 we also launched a new, Group-wide E.ON International Graduate Program ("EIGP") to develop next-generation talent personally and professionally and to retain them at E.ON. Cross-functional, national, and international assignments enable participants to get to know our business and network Group-wide. We support them with mentoring, coaching, and training. The first class consists of 15 university graduates from a total of six countries. Another will follow in 2023.

Opportunities and offerings for training and development are important to enable employees to perform at a high level, to

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identify opportunities for personal development, and to promote continuous improvement. So too is a feedback culture, which is firmly embedded in GPS@E.ON, E.ON's Group-wide HR strategy. E.ON offers its employees periodic performance and development reviews. The Company also takes a number of steps to foster a feedback culture, including offering training, guidelines for feedback, and support on Connect, its in-house social network.

### Goals and Performance Review

In 2022 E.ON's central HR functions began to support its predominantly decentralized HR organization more strongly on issues of Group-wide significance or Group-wide value propositions. In 2023 binding central targets will be set for the first time for topics with a Group-wide value proposition. The HR Board defines, prioritizes, and decides on the specific annual HR targets for the implementation of Group-wide value propositions and their measurement criteria. It consists of the Senior Vice President ("SVP") Group HR and representatives of the local HR organizations. The SVP Group HR is responsible for the final prioritization of the targets, taking into account E.ON's strategy. The targets will be reviewed periodically based on the previously defined measurement criteria.

E.ON wants to retain its people (and their expertise) and enable them to grow professionally. One of E.ON's objectives is therefore also to fill management positions internally. At talent boards, E.ON's HR representatives use a special tool to assess how many candidates have participated in an application process and who ultimately filled a vacant position. It also enables E.ON to monitor whether selected candidates come from its own development pool and whether they meet its diversity targets. E.ON's talent boards not only focus on identifying talent and planning succession, but, since 2021, also on diversity aspects. The objective is in part to increase the proportion of women and employees from underrepresented groups among managers. That is why, since 2020, E.ON has been strengthening its commitment and has made diversity a People Priority in GPS@E.ON, its HR strategy. In 2022

we continued gathering data to enable us to assess our talent management's effectiveness.

E.ON has conducted an annual employee survey, known as a Pulse Check, since 2014 to find out how its people feel about their job, their supervisor, the work atmosphere in their unit, and other topics. The survey includes questions about E.ON's corporate values and current topics, such as, in 2022, the energy crisis. E.ON conducted two surveys in 2022 (in January and November), because the 2021 Pulse Check was postponed until early 2022.

› An important component of these surveys is Employee Net Promoter Score ("eNPS"): it measures employees' willingness to recommend E.ON as an employer. In the January 2022 survey, eNPS improved by two points (+28). The November 2022 survey again resulted in an eNPS of +28. E.ON analyzes survey feedback carefully to identify areas where the Company may need to improve. Employees are also informed about the findings for their particular business unit as well as any measures that may be implemented in response. Alongside the survey, employees have other opportunities to submit feedback, including during live online chats with a member of the E.ON Management Board that are held multiple times each year. <

The measures launched in 2020 and 2021 to assess even more advanced surveys and technologies led to an implementation plan in mid-2022, which, following a resolution by the Management Board in August 2022, will be rolled out Group-wide by the end of 2024. At the core of the plan is an employee engagement strategy that aims to record and evaluate employee feedback even more frequently. This will enable organizational units such as departments and individual teams to identify and address engagement issues swiftly and independently.

### Progress and Measures

GRI 2-7

#### Employees: Core Workforce<sup>1</sup>

FTE	2022	2021	2020
Energy Networks	38,542	38,032	39,066
Customer Solutions	25,046	26,067	29,858
Corporate Functions/Other	4,143	3,885	4,124
<b>Core Business</b>	<b>67,731</b>	<b>67,984</b>	<b>73,048</b>
Non-Core Business	1,647	1,749	1,818
<b>E.ON Group</b>	<b>69,378</b>	<b>69,733</b>	<b>74,866</b>

<sup>1</sup>Core workforce includes board members and managing directors but excludes apprentices, interns, and working students.

At year-end 2022, the E.ON Group's core workforce had 69,378 employees. This figure includes part-time positions on a pro rata basis. The number of employees decreased slightly—by 355 FTEs, or 1 percent—in 2022. The proportion of employees working outside Germany (34,184 FTEs) also decreased slightly to 49 percent compared with year-end 2021 (50 percent).

By contrast, the number of employees at Energy Networks increased slightly. This was mainly due to growth activities in Germany and Sweden, but also to the filling of vacancies, particularly in Hungary and the Czech Republic. Efficiency measures and restructuring programs in Germany constituted the principal countervailing effect.

Customer Solutions' core workforce decreased. Restructuring projects, especially in the United Kingdom and Germany, and the sale of innogy e-Mobility Solutions GmbH were main factors.

The increase in the number of employees at Corporate Functions/Other was mainly due to the US business of providing charging systems for electric vehicles. The insourcing of human resources for digital functions was another factor.

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### Core Workforce by Country<sup>1</sup>

	Headcount		FTE	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Germany	36,549	36,530	35,194	35,174
United Kingdom	8,769	9,786	8,437	9,356
Romania	6,916	6,999	6,759	6,826
Hungary	5,745	5,607	5,726	5,590
Czech Republic	3,201	3,018	3,178	2,999
The Netherlands	2,955	3,016	2,666	2,645
Sweden	2,432	2,422	2,414	2,390
Poland	1,873	1,859	1,861	1,848
Slovakia	1,589	1,594	1,578	1,589
Other	1,584	1,338	1,565	1,316
<b>E.ON Group</b>	<b>71,613</b>	<b>72,169</b>	<b>69,378</b>	<b>69,733</b>

<sup>1</sup>Core workforce includes board members and managing directors but excludes apprentices, interns, and working students.

### Apprentices in Germany

	Headcount			Percentages		
	2022	2021	2020	2022	2021	2020
Energy Networks	2,037	2,064	2,098	7.2	7.4	7.6
Customer Solutions	67	65	59	1.1	1.0	0.8
Corporate Functions/Other	78	138	199	2.3	4.1	5.4
<b>Core Business</b>	<b>2,182</b>	<b>2,267</b>	<b>2,356</b>	<b>5.8</b>	<b>6.0</b>	<b>6.2</b>
Non-Core Business	31	41	39	1.8	2.2	2.0
<b>E.ON Group</b>	<b>2,213</b>	<b>2,308</b>	<b>2,395</b>	<b>5.6</b>	<b>5.8</b>	<b>6.0</b>

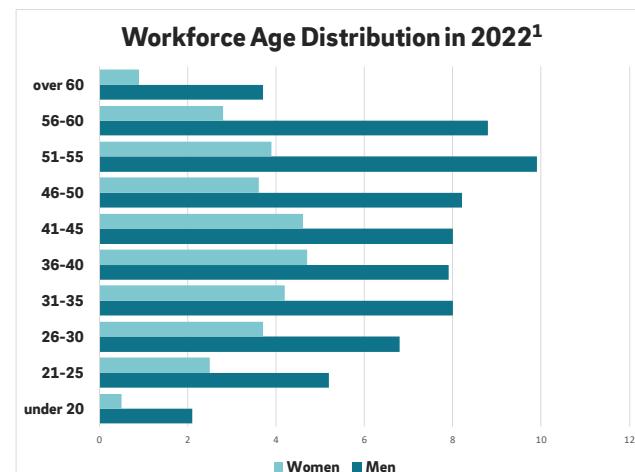
At the end of the year, E.ON had a total of 2,213 apprentices in Germany. This corresponds to an apprenticeship ratio of 5.6 percent. Of the 598 apprentices who completed their training in 2022, 553 were given a permanent or temporary employment contract. This is a very high takeover rate of 93 percent (prior year: 563 of 641, or 88 percent) and is one of the ways E.ON is addressing the shortage of skilled workers.

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## Workforce Age Distribution

GRI 405-1



At year-end 2022, the average age of E.ON employees was 42, as in the previous year. This is comparable with the average age at

other DAX 40 companies. The age distribution of E.ON's workforce reflects the demographic trend of working-age people. In 2022 around 21 percent of our employees were under the age of 31, 49 percent between 31 and 50, and around 30 percent older than 50.

## New Employee Hires and Turnover Rate

GRI 401-1

E.ON hired 9,128 new employees in the year under review. The voluntary turnover rate in 2022 was 6.1 percent, including board members, managing directors, and apprentices (prior year: 4.5).

## Customer Satisfaction

GRI 3-3

Customers of all types—households and businesses, cities and government entities—understand that a digital and decarbonized future means that they will not only consume, but also increasingly make and store their own clean energy. These customers are extremely knowledgeable and discerning. They expect E.ON not only to listen to and anticipate their needs, but also to design innovative and sustainable energy solutions, deliver best-in-class services, and provide a consistently good customer experience. Earning and retaining their trust and loyalty is very significant for us to sustainably grow our business. Loyal customers tend to stay with us longer, to purchase additional products and services, and to recommend us to their family and friends. We have made their expectations our own. Our guiding principle for this commitment is "Connecting Everyone to Good Energy."

2022 was a difficult year for our customers: energy prices skyrocketed, making it much harder for people to access affordable and renewable energy. The events also impaired our ability to support economically disadvantaged customers in line with our guiding principle. A team at Corporate Functions analyzed

the impact of price increases on our customers and the E.ON brand and worked to mitigate this impact by helping our regional businesses successfully adapt their communications and customer service to the situation.

All E.ON network companies regularly review and optimize their services in response to their customers' concerns. For example, this enabled us to effectively mitigate potential power disruptions in the winter of 2022–2023 and maintain a largely stable supply situation for our customers. More information can be found in the [Energy Affordability chapter](#).

## E.ON's Approach

E.ON continually measures and improves the experience we offer to our customers, in order to retain—and, ideally, deepen—their loyalty. It is essential for us to be systematically customer-centric. Because the E.ON brand promises to give our customers what they want in the future energy world: consistently positive experiences within our services and smart, sustainable solutions. E.ON transports energy from where it is produced to where it is needed. We also work to empower people, companies, and cities across Europe to create the sustainable world that they want to live in. The purpose is to build energy communities in which everyone can do their part and meet these needs—from a household opting for green electricity to an entire city committing to sustainability. Delivering on this promise will make the E.ON brand distinctive, and enable us to successfully expand our business. E.ON's objective is to become the number one energy-solutions company in all of its markets.

## Guidelines and Policies

In 2022 E.ON developed new principles for customer experience. These overarching principles provide broad guidance for our regional units to design customer journeys and general interactions. They are formulated from the perspective of satisfied customers and reflect the needs E.ON wants to meet in its interactions with them. E.ON:

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- makes my life easy: customers have an effortless and barrier-free energy life. We are proactive and communicate in a simple way that gives them confidence that they are in good hands in a complex energy world.
- knows me: customers feel understood. Our digital expertise enables us to anticipate and meet customers' needs and expectations. Our personalized approach supports customers; together, we find the best solution for them.
- offers me choices: we offer individually tailored options for products, services, and communication channels. Customers receive all the important information on which they can base their choice. We deliver what we promise and make customers feel confident about their choices.
- values me: customers feel welcome just as they are. We respond to their needs, treat them fairly, and value their loyalty.
- lets me be part of something bigger: the energy transition is propelled by our customers. We empower them to contribute to a better energy future by showing them how to manage generation and consumption. Choosing E.ON makes them feel part of something bigger, en route to a sustainable community.

## Organization and Responsibilities

The Chief Operating Office–Commercial ("COO-C") at Corporate Functions coordinates our brand and marketing strategy with the aim of further developing and strengthening the E.ON brand. The COO-C supports the sales and energy solutions business for all customer segments and in all E.ON markets. The regional units' Customer Experience Teams are responsible for customer satisfaction. They carry out projects and measures in their respective sales territories and exchange information on successful approaches and progress on a monthly basis. There are Customer Experience Teams in Germany, the United Kingdom, Italy, Romania, Sweden, the Czech Republic, Hungary, Poland, and the Netherlands.

E.ON's Global Customer Leadership team, which consists of senior Customer Experience leaders from the entire Group and representatives from the Customer and Market Insights team, successfully continued its work in 2022. Its purpose is to listen to customers more and foster customer centricity in all E.ON markets. The team met four times in the year under review to assess Customer Experience activities, identify areas of focus for cross-regional collaboration, and give customers a stronger voice.

The Customer and Market Insights team studies which trends shape our customers' attitudes and behaviors. It conducts consumer studies, broad-based market research, and advanced data analyses and models possible scenarios. The aim is to obtain practical knowledge and incorporate it into business processes.

## Specific Actions

E.ON measures customer loyalty by means of Net Promoter Score ("NPS"), which was introduced in 2009 and became a Group-wide program in 2013. NPS indicates customers' willingness to recommend E.ON and its services. It also helps us identify which issues are currently of particular importance to customers and thus to adapt our activities to current customer needs. E.ON measures two types of NPS:

- Strategic NPS compares E.ON's performance with that of its competitors and is based on the feedback of customers regardless of whether they have had any interaction with E.ON.
- Journey NPS measures the loyalty of customers who have completed an experience with us, such as transferring their energy service to their new residence when they move.

NPS is used by our regional units in Germany, the United Kingdom, Italy, Romania, Sweden, the Czech Republic, Hungary, Poland, and the Netherlands.

A methodology introduced in 2017 enables us to measure strategic NPS consistently across all markets and thus to identify

and resolve customer issues experienced in multiple markets. It also makes it easier for us to recognize the areas in which useful innovations can be offered to customers. The methodology is based on an automated reporting process. It therefore avoids the errors of manual data entry and improves data quality and auditability.

E.ON's Early Warning System ("EWS") examines customer comments and current events in the media and serves as a platform for us to listen and discuss at the Group level as well as in our regional teams.

E.ON addressed the price and supply crisis in the winter of 2022–2023 by establishing a cross-regional program called JOE ("Journey and Operational Excellence"). The aim was to keep our customers' payment experience consistently positive. All regional units participated in the program to develop solutions for new challenges in payment processing. They shared best practices and worked to digitalize processes and customer interactions and to improve cost efficiency. We used JOE to tackle two main issues in 2022. The first focus was on price perception and payment. Specifically, this involved the mitigation of price shock, more transparent invoices, more reliable invoice forecasts, and enhanced payment and cost control capabilities for our customers. The second focus was on improving users' experience with our digital channels. The primary effort was to reduce the effort required for customers to interact with E.ON. More information can be found in the [Energy Affordability](#) chapter.

We also refined our brand positioning in 2022 and made it clearer what E.ON stands for: our core message is the brand promise "Connecting Everyone to Good Energy." E.ON's distribution networks form the backbone and foundation of the future energy world. They enable us to deliver on our brand promise by seizing the opportunities of an increasingly self-managing, growing ecosystem consisting of distributed generators, storage operators, and consumers that depend on strong and stable networks. We thus not only ensure the most efficient use of green power, but

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also connect people and provide them with sustainable, affordable, and individually tailored energy solutions. This enables us to meet the challenges of climate change and bring about the energy transition in Europe together with our customers and business partners.

## Goals and Performance Review

Every year, E.ON sets company-wide targets for strategic and journey NPS. E.ON uses both indicators at the segment and unit level for purposes of management control. Strategic NPS is highly relevant for management control because of the information it provides about competitors. The E.ON Management Board has received a monthly NPS report since September 2020. In addition, periodic market reports enable the Chief Operating Office—Commercial and the CEOs of the regional units to exchange views on NPS issues and customer topics. NPS also plays a role in executives' variable compensation. This consists of two components: one factor reflects an executive's individual performance, the other the company performance. Progress in strategic and journey NPS has accounted for 20 percent of the calculation of the company performance since 2020. The achievement of NPS targets is also factored into determining the E.ON Management Board's compensation. In 2022 this was the case for the first time.

Since 2017, each unit has also established its own measures to systematically improve customer perception. These activities are initiated and overseen by the units' CEO and board members because they are personally responsible for their unit's NPS performance. They review the measures annually and readjust them. They increasingly include sustainability criteria. The measures' duration can cover a period of several years, depending on the scope of the planned adjustments.

## Community Involvement 🔗

GRI 3-3

### E.ON's Approach

E.ON is part of the countries and communities where it does business. We therefore feel obliged to make a contribution to their prosperity, economic development, sustainability, and quality of life. We do this primarily by creating jobs and by offering energy solutions that enhance our customers' sustainability and comfort. In addition, E.ON engages in community involvement and supports employee volunteering in all regions where it operates.

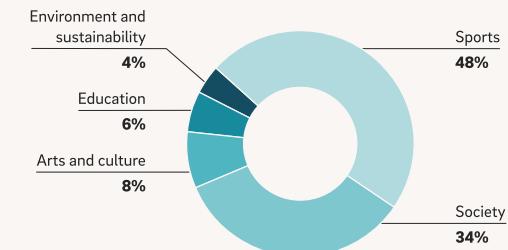
Our unit representatives know their country's needs and challenges best. So E.ON lets them decide which projects and organizations to support. We believe that local decision-making is more suitable than central directives for giving our community involvement activities a societal impact.

In order to better coordinate Group-wide and regional activities as well as the commitment of the E.ON Foundation and to increase its social impact, we have bundled E.ON SE's and the E.ON Foundation's activities and linked them more closely. In this way, we want to ensure that responsibility for content coordination, decisions on projects, and process design lies in one hand.

## Our Community Investments

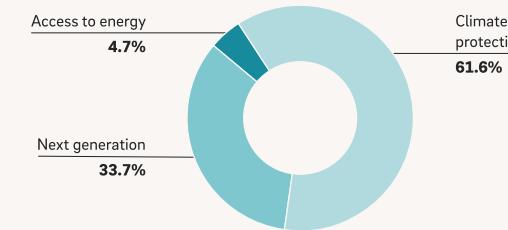
E.ON reports its corporate giving by the categories below.

### Corporate Giving by Category



Alongside corporate giving, E.ON makes strategic investments in community involvement, which are typically more long-term in nature. In 2022 the financial resources for sponsorships went toward three focus areas: climate protection, access to energy, and educational support for the next generation.

### Strategic Community Involvement



E.ON's corporate giving and strategic community involvement totaled around €18 million in 2022 (prior year: €12 million).

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## E.ON Foundation

The E.ON Foundation aims to promote a sustainable transformation of the energy system that reflects people and their preferences. Guided by the conviction that a purely government-mandated, over-regulated energy transition will not succeed, it supports projects, events, and practical formats relating to energy and society. In 2022 the foundation made about €42,000 in donations and provided more than €2 million in funding to the projects it supports. Because the foundation is independent, this funding is not included in E.ON's community investments.

## Corporate Volunteering

E.ON's employees were again actively involved in non-profit projects across Europe in 2022. In total, 2,273 E.ON employees performed 13,340 hours of volunteer work in 2022. This figure may include double-counting of employees who volunteer more than once.

## Data Protection, Cybersecurity, and Product Safety ☒

*GRI 3-3, GRI 418*

E.ON processes personal data of a variety of stakeholders, primarily customers, employees, enterprise partners, and suppliers. We have a Group-wide data protection organization, which we continually improve. E.ON evaluates its processing activities on an ongoing basis in order to comply with the law and to protect data subjects' rights and personal data. In addition, E.ON has comprehensive measures to ensure cybersecurity, in particular at Energy Networks and Customer Solutions. The aim is to efficiently protect systems and data regardless of where they are accessed from, which devices are used, and where the data are processed. Safeguarding all company information—in oral, written, and digital form—is crucial in order to prevent damage to E.ON competitive position, brand, and reputation.

E.ON offers its customers digital solutions (like the E.ON Home app and the E.ON Drive app) as well as a steadily expanding range of products installed at their premises. This includes solar and battery storage systems, heating systems (including heat pumps and boilers), and electric-vehicle charging points. Ensuring that these products are safe is essential for E.ON to protect its customers' health, retain their trust, and continue to serve them successfully.

### E.ON's Approach

E.ON is committed to protecting the rights of the individual (customer, employee, supplier, or other third party) in accordance with the General Data Protection Regulation ("GDPR") and national laws: in principle, individuals themselves may determine the disclosure and use of their personal data. E.ON Group's Data Protection Management System ("DPMS") is an orientation and implementation aid on issues related to data protection. It is based on IDW PS 980, an audit standard for compliance management systems. The DPMS ensures a structured, coordinated, and consistent approach to data protection across the entire Company; it was audited by a law firm. In 2022 internal audits of several E.ON units regarding the status of their data protection management were conducted. These audits confirmed the DPMS's effectiveness and E.ON's compliance with the GDPR. In addition, E.ON studied major data breach cases at other companies that became public and used these insights to further improve its own data protection and IT security measures and to harden its IT infrastructure.

In 2022 E.ON revised its data protection contracts, in particular EU model clauses, and other documents relevant to data protection. Among other things, E.ON focused on implementing and updating contracts for third-country transfers and assessments of the level of protection in the third country (transfer impact assessment). Data protection is an ongoing task amid rapidly evolving technologies and practices. Using the plan-do-check-act ("PDCA") method enables E.ON to continually improve these processes (for

more information, see "Goals and Performance Review" below). These activities will continue in 2023.

To protect all company information, E.ON has in place an Information Security Management System ("ISMS") based on the standards of the ISO 2700x series, widely recognized international standards for information security. The ISMS is certified for those parts of the organization where this is required by law. E.ON works to ensure and maintain the confidentiality, availability, and integrity of its information resources. This includes monitoring infrastructure, vulnerabilities, and threats as well as detecting and responding to security events like cyberattacks. In 2022 E.ON updated its cybersecurity strategy and designed a roadmap for implementing it. Items on the roadmap include improving security awareness, identity and access management, cloud security, and new detection and prevention capabilities.

E.ON extends its high standards for occupational health and safety to the products it offers customers. The Company sets uniform standards to ensure that its products are safe throughout their life cycle, from development to recycling. Our ambition is to comply fully with all existing laws and regulations. This applies likewise to applicable safety laws and regulations. If, in the case of innovative products, current laws and regulations lag behind the state of the art, E.ON meets more stringent safety standards. Due to confidentiality constraints and the sensitivity of such data, E.ON cannot provide information about complaints concerning data breaches, regardless of whether these complaints were substantiated or not.

### Guidelines and Policies

E.ON's Data Protection Policy defines roles and responsibilities in a uniform manner across the whole Group. The information security standards introduced in 2018, which are based on the ISO 2700x series of standards, apply to the entire Group as well. They enable E.ON employees to design and operate new solutions with the required level of cybersecurity and to protect technology, data as well as customers, critical infrastructure, and society from

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negative consequences. E.ON's People Guideline summarizes the most important cybersecurity rules relevant for all employees.

## Organization and Responsibilities

Each unit in the Group is responsible for complying with the GDPR and integrating the DPMS. E.ON has established processes across the Group to comply with data protection requirements, for example to respond to data subject inquiries and report data protection breaches. This set of processes also provides guidance when individual units introduce or update their processes in their organization.

The units are responsible for responding to all requests from data subjects, such as access to information on data processing, rectification, deletion, and data portability. The units' systems and policies must also comply with their national data protection laws and regulations and those of any other countries where they operate. Where required by law, the units have appointed Data Protection Officers ("DPOs"). The units' DPOs work closely together and report regularly to the Chief DPO, in particular on information relating to legal and regulatory developments and fines, the protection of data subjects' rights, relations to third parties, fulfilment of documentation duties, and correspondence with supervisory authorities.

E.ON's Chief DPO is responsible for data protection issues at the Group level; for example, he coordinates E.ON's data protection activities. He also reports periodically to the Cyber Security and Data Protection Council, which also includes Management Board members, and to the Supervisory Board's Audit and Risk Committee. In addition, the DPOs and employees are informed on a regular basis about relevant developments related to data protection. These include legislation, technology, and decisions issued by data protection authorities. This information is disseminated by email and through internal communications channels, such as the corporate intranet.

The Cybersecurity function prevents technology and information from having an adverse impact on E.ON's business and customers. Its tasks include designing a Group-wide cybersecurity strategy, monitoring its implementation, and coordinating the cybersecurity organization across E.ON. E.ON's Chief Information Security Officer ("CISO") oversees the Group-wide cybersecurity organization and assigned to the Management Board's digital remit. His responsibilities include formulating E.ON's cybersecurity strategy and monitoring its implementation. The Group-wide cybersecurity organization includes Information Security Officers ("ISOs") appointed by the business units. They report to the CISO as well as to their unit's board on all relevant matters arising in their organizations. The CISO reports on regular basis—as well as ad hoc in the event of serious security incidents—to the E.ON SE Management Board and the Supervisory Board. These vertical and horizontal reporting pathways ensure transparent and consistent reporting.

E.ON's regional units know their customers, their products, and the local market conditions and requirements. Consequently, their Product Development teams take the lead in product safety, supported by their unit's Health, Safety, and Environment ("HSE") department. They also work closely with several divisions and departments at Corporate Functions, primarily B2C/B2SME Solution Management, Innovation, HSE, and Sustainability. In addition, B2C has its own product safety and compliance team.

## Specific Actions

E.ON provides data protection training to its employees every two to three years. New employees in all countries receive data protection training in their first year as part of their onboarding process. In addition, E.ON conducts specific training for entities and departments—such as call centers and sales organizations—that process more personal data. Employees use an eLearning module to familiarize themselves with the GDPR's rules annually. As of year-end 2022, more than 81 percent of employees had completed the module.

E.ON uses eLearning, phishing simulations, and in-house workshops such as live hacking demonstrations to familiarize its employees with cybersecurity risks and their obligation to keep confidential company information secure. To enable its employees to handle information properly, E.ON uses a classification tool, including electronic document labelling, which was introduced in 2022. E.ON conducted a phishing awareness campaign that involved simulated phishing emails sent to employees on several days in 2022. In addition, E.ON periodically performs penetration-testing for crucial services in order to further harden key services against cyberattacks.

E.ON takes a variety of steps to address health and safety issues across the entire life cycle of its products. During product development, E.ON closely observes current standards and guidelines and monitors emerging issues. The regional units test all market-ready products, including eMobility solutions, for CE/UKCA conformity in their own test labs or have them tested in E.ON's test lab in Essen or by outside testing firms. Products that are CE-compliant meet EU-wide requirements for safety, health, and environmental protection, while UKCA-compliant products meet the British market's compliance requirements. This provides E.ON with a comprehensive assessment of risks, their likelihood, and other potential implications. Contractors who install and maintain products on E.ON's behalf must undergo prequalification prior to hiring to ensure that they meet specific standards and values. In addition, E.ON engages in ongoing dialogue with its contractors and trains them to ensure that they adhere to all requirements and the latest technical standards. Safety training, for example, is mandatory for all installers of solar and battery solutions in Germany. If a product has a safety-related issue, E.ON needs to be able to recall it immediately. E.ON therefore checks and tracks all hardware product changes so that it can contact customers immediately in the event of safety-related issue. We work to continually improve these processes.

Whenever E.ON is the product manufacturer or deemed to be such, the Company is legally obliged to comply with a number of

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requirements. These include establishing systems to ensure product traceability and putting in place a plan for corrective measures. Other requirements include product certification, CE/UKCA labeling, the issuance of E.ON's own EU/UKCA Declaration of Conformity, and the creation and maintenance of a product's full technical documentation. In the event of safety-related issues, E.ON immediately informs the appropriate market surveillance agency about the issue and the intended corrective measures, such as withdrawal, warning, and recall. E.ON is also obligated to take necessary corrective actions.

## Goals and Performance Review

The recurring PDCA cycle results in the DPMS's processes being continually planned, implemented, managed, and improved. This enables E.ON to permanently monitor the DPMS's effectiveness, proactively and repeatedly look for potential blind spots, and take action if need for improvement arises. E.ON units report on the status quo of their compliance with the GDPR on a quarterly basis. The review also includes regular assessments by Group Audit. The units implement Group Audit's recommendations in a timely manner. Where it was possible to conclude ongoing proceedings with data protection agencies, this was done without sanctions. The existing DPMS is therefore effective and robust.

E.ON assesses the maturity of its ISMS domains regularly and reports the findings to the Cyber Security and Data Protection Council on a quarterly basis. E.ON defined a minimum maturity level for all areas and units. If deficiencies or improvement potential are identified, E.ON adjusts its cybersecurity roadmaps accordingly.

Product safety incidents are documented at the unit whose product was involved and at the Group level. The investigation and analysis of such incidents help us identify their causes and determine how to prevent them in future. E.ON shares the insights gained in this process with all relevant departments.

## Business Resilience Management ✖

GRI 3-3

The health, safety, and security of employees and customers, environmental protection, and the reliability of the energy supply are particularly important to E.ON. We work continually to ensure the safety, security, and reliability of our infrastructure and customer solutions and to become even more resilient to operational interruptions and disruptions. If a crisis occurs despite comprehensive precautions, E.ON responds swiftly and handles the situation professionally.

The impact of the Russia-Ukraine war in particular presented a new challenge in 2022. Among other things, we faced a potential energy shortage and an overall increased threat to energy infrastructure. By contrast, the implications of the Covid-19 pandemic were less drastic than in prior years. E.ON was able to manage them by means of its regular organizational processes and continued to implement its established infection-control measures systematically and on a risk-adjusted basis.

### E.ON's Approach

E.ON has in place a comprehensive framework consisting of various minimum requirements for the purpose of conducting business resilience management. It addresses standard security issues and includes specifications for implementing crisis and business continuity management. Nevertheless, the Company cannot rule out the possibility of crises caused by, for example, a natural disaster, human or technical failure, a cyberattack, a security-related incident, or some other event. That is why integrated business continuity management encompasses, for example, elaborate contingency plans. They specify both organizational and operational measures to enable a fast, efficient, and predefined response. In the event of a crisis, E.ON has a Group-wide crisis organization with several highly specialized crisis management teams; they conduct exercises on a regular basis in order to be able to respond quickly to critical events. E.ON

prepares thoroughly to respond to such exceptional situations in the best possible way and prevent escalation and acts quickly and purposefully at the first signs. The main objective of crisis prevention and management measures is to protect human life, the environment, the business, and property. This approach has demonstrated its worth in past crises.

### Guidelines and Policies

E.ON's Business Resilience corporate function policy defines responsibilities and roles as well as organizational requirements and provides recommendations on how the units can establish, operate, and continually refine an effective business resilience management system. The E.ON SE Management Board is responsible for approving the function policy. The policy's theme encompasses the following overarching areas of operational resilience: physical security, business continuity management, emergency and crisis management, and travel security. In addition, the policy requires the units to report critical incidents, serious security incidents, and incidents with crisis potential to the Security Response Center, which is operational at all times. These requirements make it possible to manage unpredictable and complex situations that could have a significant impact on E.ON's business, assets, stakeholders, and/or reputation. To the degree necessary, the Group supports the units in establishing the mechanisms and implementing the issues. The Group-wide Business Resilience Community provides additional support and information sharing. More information on the Business Resilience Community can be found below under "Specific Actions."

### Organization and Responsibilities

Ultimate responsibility for preventing and managing crises lies with the E.ON Management Board. The strategic implementation of physical security issues is carried out by the Business Resilience function, which is part of the Legal, Compliance, and Security department. With the exception of travel security, operational implementation at the business units is conducted by their business resilience managers. Alongside this regular organization,

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E.ON has a comprehensive crisis management organization. It is divided into the respective operational business/regional level and at the Group level. The Security Response Center is the central reporting point for crises and emergencies.

## Specific Actions

To be able to respond to crisis even more swiftly, E.ON designs and conducts several realistic crisis simulations and training courses each year. In 2022 E.ON conducted four Group-wide crisis simulations in national and international environments, several local crisis exercises at business units, and ongoing training and continuing education for designated crisis management teams. All members of these teams are required to participate in regular training and continuing education. In addition, all members of the crisis management team receive a one-time onboarding training sessions for their respective functions as well as additional training if required. Among other things, crisis team leaders are trained to lead a team in complex, stressful, time-critical, and uncertain situations.

In addition to crisis management activities, the Business Resilience function conducts other measures to enable E.ON to achieve lasting operational resilience. For example, the Business Resilience Community provides a forum in which representatives of the function, all security managers, and business resilience managers engage in dialog on a regular basis. If needed, other stakeholders (HSE, Cyber Security, Risk Management, outside experts) are involved. At meetings, participants share information and current insights from threat situations and security incidents, including at short notice, in order to learn from each other and develop joint solutions in the medium and long term. The Business Resilience Community began meeting monthly in 2022, instead of once a quarter as in the two previous years, in order to increase the maturity of the individual security topics more evenly at all units.

## Goals and Performance Review

E.ON relies on valuable security expertise and has effective services and networks to ensure that its operating business can be continuously maintained. This enables the Company to continually increase its own operational resilience. E.ON has set the following objectives for this purpose:

Crisis management enables E.ON to identify crises at an early stage and respond to them swiftly and effectively and to ensure it has the necessary capabilities in place Group-wide. The aim is also to conduct regular checks to make sure that the necessary infrastructure is in place and up to date. The Company also assesses, documents, and uses findings from all crisis management training, simulations, and actual incidents to design and implement improvement measures.

Business continuity management is designed to ensure that E.ON can deal with emergencies and continue operating in the event of an emergency. For this purpose, a business impact analysis must examine all critical processes at least once a year. Its findings are used to design, update, and test business continuity plans and solutions.

E.ON uses its Group-wide services and business resilience processes to minimize employees' travel risks. The aim is to ensure safety and security regardless of the travel destination.

Our objective for physical security is to protect our employees, property, and assets. E.ON conducts security risk analyses for this purpose; depending on their findings, the Company designs and implements physical security plans and solutions.

In the year under review, the change in the global security situation and an adjusted strategy (the digital strategy, for example) were among the factors that made it clear that E.ON needs to raise its awareness of business resilience issues and enhance collaboration and information sharing. If necessary at any point, we will create additional tools and frameworks that will

make the Company as a whole more resilient. These initiatives will be coordinated with relevant stakeholders and senior management. As part of this, the Business Resilience function at E.ON SE is to become more active as a second line of defense.

## Crisis Prevention at Non-Core Business

PreussenElektra ("PEL") is only allowed to operate a nuclear power plant ("NPP") if it can demonstrate that it has taken all practicable steps to prevent a severe accident. PEL demonstrates its compliance on an ongoing basis to the relevant authorities, such as the Federal Ministry for the Environment, the Reactor Safety Commission, and state-level agencies.

In 2022 there were no known safety-related incidents that significantly affected the safety level at PEL's NPPs. They remained at the normal long-term safety level. On average, ten to 15 reportable events per year occur at PEL's NPPs. PEL headquarters conducts periodic reviews in which it discusses incidents and the findings derived from them with the NPPs that are in operation and those being dismantled. In line with Germany's nuclear ordinances and regulations, the incidents, findings, and any measures taken in response are communicated to state and federal authorities.

PEL regularly conducts statutory nuclear emergency and crisis exercises, notifies Business Resilience Management at E.ON SE, and reports on its results.

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## Governance

### Compliance and Anti-corruption

*GRI 2-23, GRI 2-26, GRI 3-3, GRI 205*

An important objective for E.ON is to prevent, detect, and respond appropriately to any form of corporate misconduct. Customers, business partners, or other stakeholders should not be deceived, lied to, or otherwise deliberately harmed. We are committed to ensuring that laws are strictly obeyed and that integrity and compliance are systematically promoted as core components of our corporate culture. This is the only way for us to retain and deepen our stakeholders' trust for the long term.

Negligence or deliberate violations could lead to fines and criminal prosecution for the employees in question and could harm E.ON's reputation. Corruption is unacceptable for another reason as well: it leads to decisions being made for the wrong reasons. It can thus impede progress and innovation, distort competition and do lasting damage to E.ON and its stakeholders.

We therefore take potential compliance violations very seriously. If they are substantiated, we systematically pursue and punish them. E.ON's approach to compliance and anti-corruption is applicable for all business units and Corporate Functions and extends to suppliers as well. Information on compliance notices can be found in the "Progress and Measures" section below.

### E.ON's Approach

E.ON is committed to combating corruption in all its manifestations and supports national and international efforts directed against it. The Company's participation in the United Nations Global Compact underscores its rejection of any form of corruption. The E.ON Management Board has the ultimate responsibility for ensuring that E.ON conducts its business legally and at all times refrains from criminal practices in achieving its business objectives. To ensure this for all business units, we have established a central compliance function. Its task is to support

the E.ON Management Board in its responsibility to prevent, detect, and eliminate corporate crime.

E.ON has in place a compliance management system ("CMS") to mitigate the risk of compliance violations. The CMS is based on a number of widely recognized practices, including measures to foster a compliance culture and a commitment to compliance targets (see "Goals and Performance Review"). It also enables us to identify and analyze compliance risks, design a risk-adequate compliance program, and expand our compliance organization.

### Guidelines and Policies

Both our Code of Conduct and our Supplier Code of Conduct (both of which are available in the languages of all countries in which we operate) focus on our guiding principle, "Doing the right thing." They provide easy-to-understand guidance for all areas that are relevant to E.ON. These include human rights, anti-corruption, fair competition, and compliant relationships with business partners. The E.ON Code of Conduct also contains an integrity test that employees can use to check whether they are doing the right thing. All employees are obligated under their employment contract to act in accordance with the Code of Conduct's rules. In addition, ten People Guidelines, which apply to all business units, explain in detail how employees can be sure that they are doing things right. Our Code of Conduct is widely recognized by experts. In 2021, for example, it was awarded the highest mark among all DAX companies by the quarterly magazine of BCM, a professional association for compliance managers in Germany.

An important People Guideline that supports the Code of Conduct addresses anti-corruption. It contains a decision-making scheme that uses the familiar green, amber, and red of traffic lights to indicate when accepting or granting offers or gifts is permissible, potentially problematic, or forbidden. Gratuities (such as donations and sponsorships) above a certain threshold, which varies by national law, must be approved by the local Compliance Officer. Particularly strict requirements apply to invitations and gifts from public, elected, or government officials and their representatives. The Code of Conduct clearly states E.ON's prohibition against company donations to political

parties, political candidates, political officeholders, or representatives of public agencies.

E.ON's Compliance Function Policy defines basic compliance structures, roles, and responsibilities.

### Organization and Responsibilities

E.ON refines and optimizes its CMS on an ongoing basis. Pursuant to the Compliance Function Policy, we have established a Group-wide organizational setup for this purpose. It consists of the Chief Compliance Officer ("CCO"), the Global Head of Compliance & Data Protection along with his Group Compliance team, and the business units' compliance officers. The CCO reports on a quarterly basis to the E.ON Management Board and to the Supervisory Board's Audit and Risk Committee on the CMS's effectiveness and current developments and incidents. In the event of serious incidents, the Management Board and the Audit and Risk Committee are informed without delay. Suspected fraudulent activities directed against the Company are investigated by the internal audit department (Group Audit). The central Group Compliance function is responsible for investigating fraud within the Company.

### Specific Actions

In 2022 we continued to make eLearning courses available to all employees and managers Group-wide. They are offered by a variety of departments. The curriculum's topics include compliance and anti-corruption as well as other legal areas such as data protection, cybersecurity, and human rights. Since 2010 all employees have had to complete a Code of Conduct eLearning module on a regular basis. Employees in units without internet access receive this training in written form and also at a face-to-face event.

Since 2021, new employees must complete a new joiner eLearning module along with the module on the E.ON Code of Conduct. It familiarizes them with company rules and whom to contact if they have questions or feel uncertain about a decision. In addition, new

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managers receive integrity training that helps them fulfil their function as role models in E.ON's compliance culture.

E.ON also uses a variety of tools to identify the areas of activity where the risk for certain compliance breaches is particularly high. Such compliance risk assessments ("CRAs") are conducted on an ongoing basis. CRAs employ various methods, ranging from spreadsheet-style questionnaires to personal (and confidential, if applicable) discussions with executives and employees. Based on the findings, Group Compliance determines whether specific measures need to be taken to amend and refine the CRAs in order to appropriately address any (new) potential risks identified.

In addition, Group Compliance continually engages in dialogue with the compliance officers appointed by local units' management and monitors their work. If employees suspect misconduct or a violation of laws or company policies, they are instructed to report it. For this purpose, they may use—if they prefer, anonymously—internal reporting channels or an IT-based whistle-blower hotline. The system is available Group-wide and can be accessed via the E.ON homepage or by telephone. Not only E.ON employees, but also business partners, their employees, and other third parties can contact the hotline confidentially. Group Compliance forwards the information to the relevant department or unit.

E.ON wants to ensure that its compliance standards are adhered to in its supply chain as well. We therefore subject potential suppliers to a compliance check to assess whether they act in accordance with our values and principles. To ensure that they meet our compliance standards, we also conduct a prequalification process to verify potential suppliers' identity and integrity. This includes, for example, determining whether a supplier appears in the media in connection with compliance issues such as corruption or on an official sanction and terrorism lists. In some cases, potential suppliers must also complete a questionnaire, which E.ON evaluates carefully. Prequalification is mandatory for all new suppliers. The [Human Rights and Supply](#)

[Chain Management](#) chapter provides more information on the supplier onboarding process.

Our Know Your Counterparty ("KYC") principle also defines minimum requirements for certain business partners and scenarios, other than suppliers. The KYC check is an IT-supported workflow that helps us verify counterparties' integrity and avoid legal, regulatory, and reputational risks related to compliance issues such as corruption, money-laundering, tax evasion, violation of economic sanctions, and terrorism financing. It is covered in our Know Your Counterparty People Guideline.

E.ON is a member of a variety of compliance organizations. One example is the German Institute for Compliance (whose German acronym is DICO), where E.ON also serves as Vice Chairman of DICO's Criminal Law Working Group. DICO's mission is to promote the role of compliance and the establishment of recognized compliance standards in corporate governance in Germany. The institute also serves as a networking platform for compliance experts in and outside Germany. In keeping with strong belief that an effective CMS requires an interdisciplinary approach and an understanding of decision making within organizations, in 2021 E.ON started a new DICO working group devoted to behavioral compliance and ethics.

We conducted surveys and intervention studies in the Group in 2022. They were part of an interdisciplinary project with the Max Weber Institute for Sociology at Heidelberg University, the Max Planck Institute for Human Development in Berlin, and its spinoff, Simply Rational GmbH. One of the topics investigated is how altered situation assessments (interventions) can influence the acceptance and efficiency of preventive compliance measures. The findings will be presented and implemented in 2023.

## Goals and Performance Review

We continuously evaluate the CMS's effectiveness to ensure that E.ON is able to prevent, detect, and take appropriate remedial action against illegal or criminal conduct or other rules violations. The CMS's effectiveness is monitored by the E.ON Management Board, the

Supervisory Board's Audit and Risk Committee, and also Group Audit. The latter, an independent entity, is the third line of defense of E.ON's CMS.

The CMS's effectiveness depends on how serious and credible our compliance efforts within the Company are. This is reflected by, for example, the resources we devote to compliance as well as the quality, control, and monitoring of our measures. Evaluating E.ON's compliance culture and the perception of its compliance is also relevant for the CMS's effectiveness. Special consideration is given to violations that lead to an internal audit. The audit determines whether a violation resulted from negligence or misconduct by an individual or individuals or from shortcomings in the CMS. We use the findings to implement measures to avoid similar incidents in future. The Management Board and the Audit and Risk Committee are convinced that the CMS was again effective in 2022. Their assessment was based in part on audits as well as surveys of employees and stakeholders.

The CMS at E.ON is structured and follows a uniform roadmap with defined steps for refining our business units' compliance measures. All Compliance Officers must present the status of their unit's compliance roadmap regularly to their board and to Group Compliance. The implementation of the compliance roadmap in 2022 proceeded as planned.

In 2022 our annual employee survey asked employees who had contacted Group Compliance regarding Code of Conduct violations for feedback about their experiences. We used it to assess Group Compliance's readiness to address such violations or behaviors and to determine whether the information in our Group-wide People Guidelines is appropriate. The findings indicated that most respondents trust E.ON's compliance professionals and feel protected when reporting unethical behavior.

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## Progress and Measures ☒

Number of Compliance Notices <sup>1</sup>		
	2020	2021
Fraud	58	
Conflicts of interest	6	
Other breaches of internal guidelines	71	
<b>Total</b>	<b>135</b>	
	2022	2021
Business integrity concerns, such as potential illegal activity, violation of law and policy, corruption, antitrust, business partner compliance and/or insider trading in E.ON shares	22	30
Fraud against the company concerns, such as theft, embezzlement, and occupational fraud	17	16
HR-related concerns, such as conflict of interest, mobbing, sexual harassment, discrimination, unfair employment practices, and so forth	57	48
Any other Code of Conduct related topics	41	66
<b>Total</b>	<b>137</b>	<b>160</b>

<sup>1</sup>Categories were adjusted in 2021 which limits comparability to 2020.

In 2022 the number of compliance notices fell from 160 to 137. E.ON adjusted the categories in 2021, which limits the data's comparability with 2020. Since then, E.ON divides compliance notices into four categories: business integrity concerns, fraud against the Company concerns, HR-related concerns, and other concerns related to the Code of Conduct. The resulting investigations found that none of the incidents reported was serious.

## Fines for non-compliance

E.ON paid a total of about €365,000 in fines for non-compliance with laws in Romania and for PreussenElektra in 2022. Of this figure, 97 percent was for anti-competitive practices in Romania's gas market (prior year: 98 percent).

## Energy Affordability ☒

*GRI 3-3*

Since the Russia-Ukraine war began, energy has increasingly played a role in power politics. This presents E.ON with more challenges alongside those posed by the energy transition. One thing is certain: the energy supply must remain reliable, secure, and affordable for industry and consumers. E.ON's long-standing approach is for its business to meet societal expectations regarding energy by pursuing three objectives simultaneously: climate protection, security of supply, and affordability. The public's interest, however, is shifting noticeably toward affordability. E.ON therefore advocates swift and decisive action by policymakers and the energy industry to ensure that energy remains available and affordable for all.

## E.ON's Approach

To ensure fair prices for our customers and avoid short-term price spikes, we generally procure energy in advance. However, we cannot permanently insulate ourselves from market developments and must factor all cost components into our pricing—both when these components fall and rise. Procurement prices for the Company increased significantly in 2022. This is now affecting our customers as well, who need to expect additional expenditures.

The war in Ukraine and the related supply cuts and uncertainties have temporarily disrupted electricity and gas prices in Europe to an extent that far exceeds typical market reactions. The markets have become part of the political conflict. E.ON therefore believes that it would be sensible to find a (social) policy solution or at least to initiate measures to support the businesses and consumers that have been impacted. During the legislative process, E.ON called for the mechanisms to

compensate gas and power suppliers to be as consistent, pragmatic, and legally secure as possible. In particular, liquidity risks and a high administrative workload should be avoided.

The dramatic developments necessitated rapid action by policymakers, above all to ensure secure and affordable supplies for industry and consumers. Taxes, levies, and surcharges still account for a large portion of energy costs. A reduction in energy taxes and levies was therefore the obvious choice. That is why we welcomed the elimination of Germany's renewables surcharge effective July 2022 and the reduction of the VAT on natural gas to 7 percent effective October 2022. We also believe that the amendment of the Fuel Emissions Trading Act was necessary. The amendment enabled lawmakers to postpone for one year the next level of increase in Germany's carbon price for heating oil, natural gas, and fossil fuels, which had been scheduled for the beginning of 2023. Consumers in Germany could receive further relief if legislators reduce the electricity tax to the EU minimum rate and the VAT on electricity to 7 percent. E.ON has long advocated both.

Ideally, these options should be exhausted before market interventions to regulate prices are considered. It is important, however, to address the causes of market uncertainties. In the case of natural gas, a reduction in supply is primarily responsible. Policymakers in Germany are responding to this situation by creating additional gas supply capacity, in particular by importing liquefied natural gas ("LNG"), and by offering commercial and residential consumers (and gas-fired power plants) incentives to conserve energy. On the electricity side, supply is constrained by limited output from nuclear power plants in France and efforts to use as little gas as possible to generate electricity. In the medium term, this can be remedied by more rapid renewables growth; in the short term, energy conservation is imperative.

In view of price developments, especially for natural gas, E.ON believes it is indispensable to swiftly provide support to particularly vulnerable customer groups. We consider direct government payments, such as the heating cost subsidy already adopted in

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Germany, as the right way forward. E.ON therefore supports the measures enacted by German policymakers to reduce energy costs and has implemented them accordingly. For example, we endeavor that the government support payments foreseen in relief packages reach customers quickly. This included the German federal government's payment of heating bills for December 2022 as well as to the gas and electricity price caps, which took effect on March 1, 2023, retroactively for the period beginning January 1, 2023. Governments are enacting consumer assistance programs in other countries where E.ON operates. The Netherlands, for example, introduced a price cap for electricity and gas in January 2023, while variable standard tariffs were capped in the United Kingdom by the so-called Energy Price Guarantee. In these and other E.ON regions, we focus on designing customer-specific solutions and communicating openly so that our customers can identify what makes the most sense for them. In addition, we have taken steps for E.ON itself to conserve energy. "Specific Actions" below contains more information.

## Organization and Responsibilities

E.ON responded quickly to the altered situation and established a variety of task forces at Corporate Functions and at some of its regional units to deal with the energy crisis. The task forces coordinate with each other on a regular basis regarding current developments and initiatives at the units. In addition, affordability is the key topic of discussion in periodic video conferences on the energy crisis, in which the CEOs of all the regional units participate.

Moreover, members of E.ON's in-house consulting team joined customer-service and communications experts from several regional units in an affordability project. It developed a set of initiatives to share best practices and thus help the E.ON Group address the high prices faced by end-customers. The regional units can implement the initiatives in a way that is tailored to their needs. The focus is on energy conservation, support for vulnerable customer groups, communications (with customers, employees, and the media), and the lobbying of policymakers.

E.ON has already introduced several of the project's initiatives to support customers. For example, we have expanded the range of installment payment plans and cash payment vouchers. The latter option enables customers to pay in cash by means of QR code at places like supermarkets and gas stations. This makes it particularly easy for them to settle outstanding amounts.

Periodic reporting keeps the Management Board fully informed of current developments in the task forces; the results of the affordability project were presented in 2022.

### Specific Actions

We want to provide our customers with effective and reliable assistance in dealing with their challenges. Our German sales units offer individual advice through a variety of channels (telephone, online, mail) and stay in touch with our customers. The energy-saving tips we offer on our website and other channels are important as well.

Our customers in Germany can turn to the payment assistance team. It supports customers facing financial difficulties by working with them to find a suitable installment payment plan. One solution, for example, foresees installment payments without interest or fees.

This team also helps customers in financial emergencies. Its services include arranging contact with job centers, telephone debt counseling, and third-party debtor portals. We also explain to them how they can conserve energy effectively, what options are available for adjusting their payments, and how they can avoid high additional payments in the next annual bill. When customers encounter payment difficulties, we have always tried to work with them to find a mutually acceptable solution. Disconnecting should always be the last resort. There is usually a lengthy process before a disconnection is announced or actually takes place. We dialogue extensively with customers who could potentially face a disconnection to prevent it from happening.

Support for vulnerable customers is based on their individual needs, the market situation, and the government programs available in different countries. This support is therefore the responsibility of the

regional units. For example, their advisors help customers with payment difficulties find out whether they qualify for government support programs. They also check what opportunities are available from other organizations, such as obtaining prefinancing for insulation for a customer's home.

We think individually tailored advice is important: individual solutions are often more effective than a blanket incentive, such as a lump sum payment for everyone. Some people may be less interested in a cash benefit than others; instead they are more likely interested in switching to renewables in the near future. For them and us, there are always good reasons to consider climate protection when making energy decisions: the transition to a climate-neutral energy supply independent of fossil fuels is essential. That is why our own short-term conservation measures are accompanied by efforts to use energy and heat at our facilities as efficiently as possible and to deploy smart technologies to progressively optimize energy consumption. We are also gradually converting our buildings to green electricity and heat and, wherever possible, installing solar panels to power them. In addition, we are optimizing building controls, exterior lighting, and heat systems and using the flexible options of our hybrid working arrangements to reduce energy consumption. In general, we factor the characteristics of our various facilities into our conservation measures and work to ensure that we systematically comply with all applicable occupational health and safety rules.

### Goals and Performance Review

Every kilowatt-hour counts this winter in order to reduce electricity and gas consumption. E.ON's goal is therefore to reduce the energy consumption of its own buildings by at least 20 percent on average compared with a similar period in the previous year (the heating period from October to mid-April). Across all its facilities in Germany, E.ON wants to limit the illumination of all non-essential light sources, such as logos and outdoor lighting, or to switch them off entirely. The guideline was to reduce the room temperature to around 19 degrees Centigrade and to switch off hot water where possible. A particularly effective measure is to shut down entire

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sections of a building and only heat them to a temperature at which the building and its infrastructure are not damaged. Employees in different departments began sharing offices back in October 2022 to better utilize heated areas and leave other areas unheated. These measures apply for the entire heating period until mid-April 2022. For example, Corporate Functions in Essen aims to reduce its energy consumption by 25 percent.

Even before the current developments, E.ON had set a target of making the operation of its own buildings climate-neutral by 2030. The E.ON SE Management Board reaffirmed this target by reiterating its support for the CEO Alliance's Sustainable Corporate Building Climate Pledge. The CEO Alliance is an international, cross-sector coalition of the CEOs of 13 major European companies; its targeted projects are intended to help shape a more sustainable and resilient Europe. The aim of their Building Pledge is to make the operation of their corporate buildings climate-neutral by 2030 and to encourage other companies to join in.

## Diversity and Inclusion ✓

*GRI 3-3, GRI 405*

Society is diverse. So is our workforce. At E.ON, people work together who differ from each other in many ways, including nationality, generation, gender, culture, religion, physical and mental abilities, sexual orientation and identity as well as ethnic and social background. E.ON encourages and benefits from this diversity and creates an inclusive environment, because the interaction of people with different backgrounds, abilities, and personalities results in good ideas. We want to become a diversity pacesetter. We are aware that changing an organizational culture takes time, and are therefore tackling the issue step by step, committed to implementing the necessary measures with conviction.

### E.ON's Approach

Diversity is one of the dimensions of E.ON's sustainability strategy and an essential aspect of our vision and values. We want to ensure equal opportunity for all our employees. Diversity is a prerequisite for creativity and innovation, and we therefore aim to take a targeted approach to promoting it. E.ON signed the German Diversity Charter in 2008, publicly affirming its long-standing commitment to a tolerant and inclusive corporate culture. The Company has been an active member since 2020. In 2022 we again participated in initiatives organized by the charter, such as those in conjunction with German Diversity Day. In mid-May 2022 E.ON held its own Digital Diversity Week and made "Allyship" the main theme. This was to draw attention to the fact that everyone can use their privileges to stand up for underrepresented groups in particular and thus become an ally. The week-long campaign included brief training sessions on allyship in German and English. We also published a video on the intranet in which our employees share their personal stories. E.ON's diversity website went online that week as well.

### Guidelines and Policies

The E.ON Management Board and E.ON SE Works Council signed the Diversity and Inclusion Declaration in 2016. It pledges their commitment to creating a diverse and inclusive work environment that empowers all employees to realize their individual potential. In April 2018 the E.ON Management Board, the E.ON SE Works Council, and the Group representation for severely disabled persons signed the Shared Understanding of Implementing Inclusion at E.ON, creating an important foundation for integrating people with disabilities into the Company.

### Organization and Responsibilities

E.ON believes that diversity is crucial for a successful work environment. The challenges of achieving this in practice vary by country. E.ON's approach to HR is mostly decentralized; each of our units therefore addresses diversity in its particular cultural context. This gives them the opportunity to meet challenges purposefully and to develop programs that reflect the country or regions in which they

operate. Diversity is managed by Group HR/Executive HR together with a network of HR professionals that meets face-to-face or virtually on a regular basis. Supported by Group HR/Executive HR, the E.ON Management Board is responsible for setting diversity targets for E.ON as a whole and its units. Some targets may reflect the laws of a particular country.

### Specific Actions

E.ON promotes diversity and equal opportunity through a variety of programs and networks, such as a mentoring program in Germany to prepare female employees for management positions. The Women@E.ON network aims to increase the visibility and influence of women at E.ON. In addition, the LGBT+ & Friends network promotes equality, diversity, and an inclusive work environment. Also, E.ON is a member in various initiatives, such as the Initiative Women into Leadership ("IWiL") and the European Round Table ("ERT").

In March 2021 the E.ON Management Board adopted measures to achieve more diversity and inclusion in the near term at E.ON in Germany. It also recommended that the measures be implemented, to the degree feasible, at E.ON units in other countries as well. One example is the promotion of co-leadership, in which two part-time executives share a leadership position, giving them greater flexibility in balancing their professional and private lives. Another flexible option is a part-time leadership position, in which an executive works at least 80 percent, with full time as an option. In addition, recruitment policies for management positions were adjusted so that at least one candidate on the shortlist is from the underrepresented gender. Other measures include diversity training for all executives. Workshops on using inclusive language in job advertisements will also be conducted.

Another measure adopted is for E.ON Management Board members to begin to personally sponsor a diversity network in

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2021; the financial support comes from E.ON.<sup>3</sup> They currently sponsor the following networks:

- **Three dimensions/adaptABILITY**, an initiative for disability and mental health. Sponsor: Chief Executive Officer ("CEO")
- **LGBT+ & Friends**, the second-placed diversity initiative at the 2021 CEO Award for D&I. Sponsor: Chief Financial Officer ("CFO")
- **Women@E.ON**, an alliance of and for women, which won the 2020 CEO Award for D&I as best network group. Sponsor: Chief Operating Officer–Networks ("COO-N")
- **Diversity@EKN**, a group promoting greater diversity awareness at e.Kundenservice Netz GmbH, which won the 2021 CEO Award for D&I as best initiative. Sponsor: Chief Operating Officer–Digital ("COO-D")
- **Diversity@Westenergie Metering**, a diversity team of the Westenergie Group based in the Metering business unit, which won the initiative CEO Award for D&I in 2020. Sponsor: Chief Operating Officer–Commercial ("COO-C").

In 2022 the CEO Award for Diversity and Inclusion was conferred for the fourth time; the motto was "Allyship." The awards pay tribute to individuals (category: Diversity Champion) and activities (category: Diversity Initiative) at E.ON that strive to make a difference in diversity and inclusion. In 2022 the CEO Award winners were, for the first time, chosen in a Group-wide vote. Jeannyfar Gelpcke was honored in the Champion category: she supports and serves as a senior advisor to E.ON CEO Leo Birnbaum and is valued by many employees as a point of contact on various diversity issues. The 2022 CEO Award for Diversity and Inclusion in the Initiative category went to "Ich pack' das!" ("I can do it!"), an introductory training program run by Westnetz

GmbH since 2004. The program gives young people with different backgrounds and qualifications the opportunity to enter professional life or vocational training. Individual support and assistance as well as low barriers to entry give participants new prospects. Most move on to an apprenticeship at Westnetz GmbH or are placed in an apprenticeship elsewhere.

In the first half-year of 2022, E.ON joined other companies to co-create a diversity audit for companies as part of a project initiated by the Stifterverband and the Charta der Vielfalt (Diversity Charter). The aim is to offer a holistic tool that helps companies permanently embed diversity and inclusion, design or refine their diversity strategy, and initiate suitable measures to implement it. Participating in the co-creation process gave E.ON the opportunity to help shape the audit's content and to share ideas with other companies on this important topic.

### Goals and Performance Review

> E.ON SE and E.ON companies in Germany must comply with the German Law for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector, which took effect on May 1, 2015. In May 2017 the Management Board set a target quota for the proportion of women for E.ON SE regarding the composition of the first level of management below the Management Board of 30 percent and a quota of 35 percent for the second level of management below the Management Board, with an implementation deadline of June 30, 2022. Although a large number of measures were taken during the implementation period to increase the proportion of women in management positions, E.ON unfortunately has not met the targets at either level yet. As of June 30, 2022, the proportion of women in the first management level below the E.ON Management Board was 26.9 percent; in the second, 29.3 percent. In February 2022 the E.ON Management Board set new target quotas of 36 percent for the proportion of women occupying both the first and the second

levels of management below the Management Board. The targets are to be met by June 30, 2027. ↗

In 2022 the Management Board consisted of four men and one woman. As a result, the statutory minimum composition requirement of at least one woman and at least one man, which applied from August 1, 2022, was already met before the requirement took effect.

In 2021 E.ON set a voluntary company-wide target that goes beyond statutory requirements. The target is to increase the proportion of women in management positions in all business units in all countries to at least 32 percent by year-end 2031. This figure corresponds to the proportion of women in E.ON's workforce at year-end 2021. Group HR monitors progress toward the target once a year and reports the findings to the E.ON Management Board. E.ON discloses the respective figures at year-end for the E.ON Group as a whole.

### Share of Female Executives<sup>1</sup>

Percentages	2022	2021	2020
E.ON Group	23	21	21

<sup>1</sup>Relative to the total number of executives.

E.ON aims to provide equal pay to women and men for comparable jobs at all Group companies. Due to its decentralized management approach, E.ON does not collect data at the Group level or assess the pay gap (with the exception of the United Kingdom due to the requirements by law).

<sup>3</sup> The LGBT+ & Friends and Diversity@EKN networks did not draw down a budget in 2022.

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## Progress and Measures

GRI 405-1

### Proportion of Female Employees by Segment<sup>1</sup>

Percentages	2022	2021	2020
Energy Networks	23	23	22
Customer Solutions	44	44	44
Corporate Functions/Other	47	49	49
<b>Core Business</b>	<b>32</b>	<b>32</b>	<b>33</b>
Non-Core Business	14	14	14
<b>E.ON Group</b>	<b>31</b>	<b>32</b>	<b>32</b>

<sup>1</sup>Total workforce includes board members, managing directors, apprentices, interns, and working students.

The proportion of female employees declined very slightly year on year. At year-end 2022, women accounted for 31 percent of our workforce.

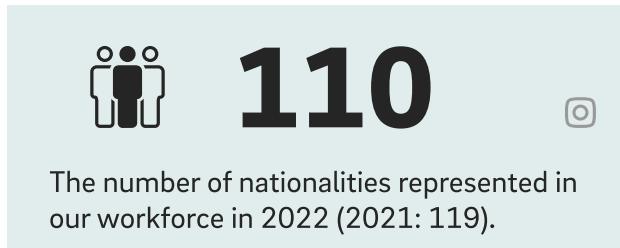
### Proportion of Severely Disabled Employees in Germany<sup>1</sup>

Percentages	2022	2021	2020
Energy Networks	4.9	5.3	5.4
Customer Solutions	4.3	4.6	4.0
Corporate Functions/Other	4.2	4.9	5.6
<b>Core Business</b>	<b>4.8</b>	<b>5.1</b>	<b>5.2</b>
Non-Core Business	9.2	8.8	8.6
<b>E.ON Group</b>	<b>5.0</b>	<b>5.3</b>	<b>5.4</b>

<sup>1</sup>Total workforce includes board members, managing directors, apprentices, interns, and working students.

► At the end of 2022, 1,782 people with severe disabilities or equivalent were employed at E.ON companies in Germany (prior year: 1,948). ◀

The Human Rights Policy Statement commits E.ON to freedom, equality, and respect for all people without distinction. The aim is to provide a fair and mutually trustful working environment to all



employees. E.ON therefore does not ask for or collect information about employees' ethnicity, marital status, and so forth. In fact, the laws of some countries prohibit doing so. Germany, however, obliges companies to collect and publish data about the number of employees with severe disabilities at their operations.

### Composition of the Supervisory Board

Percent	2022	2021
Share of women on the Supervisory Board <sup>1</sup>	30	30
Share of independent Supervisory Board members	100	100

<sup>1</sup>Refers to shareholder representatives.

The proportion of women among the shareholder representatives on the Supervisory Board is 30 percent, as in the previous year. All members of the Supervisory Board were independent at the end of 2022.

## Human Rights and Supply Chain Management

GRI 2-6, GRI 2-23, GRI 2-26, GRI 3-3, GRI 205, GRI 412

Sustainability is integral to E.ON's corporate strategy and guides its actions today and will do so in the future as well. This obliges us to ensure respect for human rights in all aspects of our business, including our supply chain. E.ON therefore expects its suppliers

worldwide to meet minimum standards in their environmental, social, and governance ("ESG") performance, including in relation to human rights. E.ON procures goods and services almost entirely from countries in the Organization for Economic Cooperation and Development ("OECD"). OECD members have shared guiding principles for human rights, fair work practices, environmental protection, and anti-corruption. The lack of such shared principles at companies outside the OECD may increase the risk of practices or incidents that harm people and the environment. Business with such companies accounts for less than 6.5 percent of E.ON's purchase volume. E.ON assesses its suppliers' ESG performance prior to doing business with them and subject suppliers in higher-risk countries or categories to greater scrutiny. In addition, E.ON strives to comply with the legal requirements for transparency along its supply chain, which in many countries are becoming increasingly more demanding.

### E.ON's Approach

E.ON takes its responsibilities seriously and is therefore committed to doing business in a compliant way, respecting human rights, protecting the environment, and ensuring proper work conditions. E.ON expects that its suppliers are likewise to high ESG standards and have processes in place to ensure that they do. Engaging in dialogue with stakeholders and participating in industry initiatives help E.ON to pay particular attention to human rights issues. For example, E.ON is a member of econsense, a network of Germany-based multinational companies dedicated to promoting sustainable business development and respect for human rights. E.ON also participates in a working group at the German Compliance Institute DICO focusing on the same objectives.

E.ON launched a Group-wide human rights due diligence project in the summer of 2022 to prepare the Company for the requirements of Germany's Supply Chain Due Diligence Act. The project was led by the Group's Sustainability department. All other affected departments—such as Supply Chain, Human Resources ("HR"), Compliance, and Health, Safety, and Environment ("HSE")—are closely involved. As part of the project, E.ON developed a Group-

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wide approach to human rights management, which took effect on January 1, 2023. More information can be found below under "Organization and Responsibilities."

## Guidelines and Policies

To prevent human rights violations, E.ON aims to always adhere to external standards and for this purpose has its own policies and guidelines. E.ON's Code of Conduct (more information can be found in the [Compliance and Anti-corruption chapter](#)) obliges all employees to contribute to a non-discriminatory and safe work environment and to respect human rights. E.ON's Human Rights Policy Statement was signed by all Management Board members and published on the E.ON website. The statement acknowledges the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation ("ILO") of the United Nations ("UN") and its fundamental conventions. It also refers to E.ON's own guidelines, such as the Supplier Code of Conduct. In addition, a People Guideline provides guidance to employees so that they procure goods and services in line with E.ON's ESG standards. The rules and regulations E.ON follows also include the European Convention for the Protection of Human Rights and the principles of the United Nations Global Compact ("UNGCR"). E.ON has been a participant in the UNGC since 2005.

The E.ON Supply Chain Function Policy describes the mandate and organizational setup of the Supply Chain function. The function encompasses the management of procurement processes, activities, policies, tools, and supplier relationships for all units to which the policy applies. In addition, the Function Policy (in conjunction with the Supply Chain Handbook) defines Group-wide principles, processes, and responsibilities for non-fuel procurement by the above-mentioned units. Excluded from this are the special cases on a specific list (for example energy and fuel procurement, financial and real estate transactions, insurance, and taxes).

The standards for human rights, working conditions, environmental protection, and compliant business practices that E.ON require its suppliers to meet are defined in the Supplier Code of Conduct, which was updated in 2020. It applies to all suppliers. The updated version contains a more detailed description of requirements for corporate social responsibility ("CSR"), including information about how to contact E.ON's whistle-blower hotline. E.ON's supplier on-boarding process includes self-registration, a formal agreement to adhere to the Supplier Code of Conduct, and a compliance check. Non-fuel suppliers that are not subject to supplier onboarding must agree to E.ON's General Terms and Conditions for Purchase Contracts, which are legally binding. These oblige non-fuel suppliers, among other things, to comply with the minimum standards of our Supplier Code of Conduct.

› In addition, E.ON has issued a Slavery and Human Trafficking Statement annually since 2017. It describes the steps E.ON takes to prevent and combat human rights violations along its supply chain. E.ON publishes it annually on the Sustainability Channel of E.ON's corporate website and on its UK website. <

E.ON is committed to procuring the fuel for its biomass-fired assets responsibly and sustainably. Suppliers of solid biomass must, like non-fuel suppliers, contractually agree to comply with our Supplier Code of Conduct. Until March 2023, the E.ON Biomass Purchasing Amendment from 2010 defined our policies and procedures, which include risk assessments, supplier audits, and provisions for joint ventures. Effective March 2023, we redefined the terms for the purchase of solid biomass for our Energy Infrastructure Solutions ("EIS") business and thus replaced the former Biomass Purchasing Amendment. The purpose of the new rules is to ensure that all units act in accordance with applicable EU regulations and meet E.ON's sustainability standards when procuring and using solid biomass for their business activities. All biomass suppliers must pledge to respect human rights, safeguard the general living conditions of persons affected by biomass production, and protect biodiversity and the environment.

## Organization and Responsibilities

The role of Chief Human Rights Officer was previously held by the Chairman of the E.ON Management Board, Leonhard Birnbaum, who continues to serve as Chief Sustainability Officer and Chairman of the Sustainability Council. As part of the Group-wide human rights due diligence project, the task areas of the future Chief Human Rights Officer were expanded in line with the German Supply Chain Due Diligence Act, with greater focus being placed on legal aspects. In order to meet the associated new requirements, in January 2023 E.ON transferred the role to the General Counsel and Chief Compliance Officer. The new Chief Human Rights Officer is also a permanent member of the Sustainability Council. The Group-wide human rights due diligence project, which is led by the Group Sustainability department, will continue. Staff in the Sustainability and Legal Affairs & Compliance divisions deal with human rights issues, such as changes in legislation.

All employees of Group units are responsible for ensuring that requirements are met at our own company. The Supply Chain division, on the other hand, deals with the full range of ESG aspects along the supply chain. It carries out the related tasks in observance of legal requirements as well as company policies, including HSE and sustainability standards.

## Specific Actions

E.ON's Covid-19 Supply Chain Task Force, which was established in 2020, has developed a variety of processes for addressing supply risks. Due to the Russia-Ukraine war, additional measures, such as a sanctions list check by external service providers, were introduced to ensure a reliable supply chain.

E.ON has used a digital solution since year-end 2018 to check whether new suppliers meet its minimum requirements. This helps mitigate potential HSE and CSR risks. Every non-fuel supplier whose individual transaction volume exceeds €25,000 or whose HSE risk is medium or high must complete an online onboarding process. As of year-end 2022, the suppliers involved in 98.3

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percent of non-fuel purchase orders and call-off contracts had completed the onboarding process. New suppliers are asked by the manager responsible for their product or service category to register using the supplier onboarding solution. Depending on the transaction volume and HSE risk, suppliers must complete one or more questionnaires. In certain cases, E.ON may take additional steps. These include a supplier audit to check whether the supplier complies with E.ON's standards for human rights, working conditions, and environmental protection. E.ON may also require a supplier to have in place an environmental management system certified to ISO 14001 or Eco-Management and Audit Scheme ("EMAS") III or ISO 45001. Suppliers that participate in tenders as part of a public procurement act do not use the above-described process but instead follow the qualification procedures required under their country's laws.

Building on the assessment procedures introduced in 2018, in the year under review E.ON continued to evaluate its suppliers' performance and, based on the findings, make decisions about its relationship with them. In addition, E.ON determines annually which of its non-fuel suppliers it deems important; for this purpose, E.ON evaluates them on the basis of five KPIs: quality, commercial aspects, delivery, innovation, and corporate sustainability, including human rights. E.ON discusses the results with its suppliers in feedback meetings. During this meeting, E.ON also decides whether E.ON will require a supplier to take specific improvement measures if the business relationship is to be maintained. Due to the crisis situation, E.ON held many additional discussions with suppliers that were not considered discussions of their performance.

The human rights due diligence check<sup>4</sup> introduced in 2021 is based on a human rights risk matrix that E.ON developed together with outside experts. The risks of the different categories of goods and services E.ON procures are plotted on one axis; the risks of the countries in which suppliers operate are plotted on the

other. The risks of individual countries are based on the results of several human rights studies, such as the Global Rights Index of the International Trade Union Confederation ("ITUC") and the Human Development Report of the United Nations Development Programme ("UNDP"). Potentially risky suppliers first had to pass additional checks, such as a more detailed questionnaire or audit, and agree to make improvements and provide evidence of their implementation. In 2022 more than 2,500 new and existing suppliers answered the questionnaire. Many high-risk suppliers successfully completed the human rights due diligence check. Nevertheless, E.ON is aware that the complexity of international supply chains poses a challenge to transparency. E.ON is therefore also active in industry initiatives to develop industry-specific standards for improved transparency in supply chains. Examples can be found in the chapter entitled ESG Materiality and Stakeholder Engagement.

A sustainability roadmap developed by the Supply Chain department in 2021 with short-, medium- and long-term goals is aligned with E.ON's ESG targets. It consists of four elements: environment, diversity, occupational health and safety, and governance. In 2022 E.ON also developed two key content items whose implementation has already been initiated; they are described below.

In the second quarter of 2022 E.ON began introducing a digital solution for ongoing risk assessment of suppliers with medium and high human rights risk. They are assessed in a variety of categories, including sustainability, finance, cybersecurity, supply chain disruption, and compliance. The program specifically gathers and evaluates information on risks relevant to Germany's Supply Chain Due Diligence Act. It looks at several elements called points of interest ("Pols"): the holding company of suppliers, branches, plant locations, and logistics routes. Since the program's introduction, over 2,500 Pols have been monitored on an ongoing basis, thereby covering 60 percent of E.ON's annual spend.

A first step toward decarbonizing supply chains is to make the current CO<sub>2</sub> emissions of purchased goods and services more transparent. E.ON therefore conducted a heatmap analysis of the greenhouse gas emissions in its supply chains. E.ON used third-party emissions factors and cost-based data to create a CO<sub>2</sub> heatmap that gives it a more accurate overview of the climate footprint of its product and service categories. The Company intends to build on this in 2023 and derive additional measures for more transparency. More information on our reduction efforts can be found in the Climate Protection chapter.

Various regulatory requirements currently oblige companies to integrate their human rights due diligence into their business and supply chain. Examples include Germany's Supply Chain Due Diligence Act, which came into force on January 1, 2023, as well as the EU taxonomy and the European Corporate Sustainability Reporting Directive ("CSRD"). The latter will apply for the first time to reporting for the 2024 financial year. E.ON prepared for these requirements by launching a Group-wide human rights due diligence project in the summer of 2022. The Sustainability Department is responsible for the project; it works closely with Legal, Supply Chain, Group Accounting, HSE, and HR, and is supported by outside experts. In addition, the Sustainability Council serves as a steering committee. Since the summer of 2022, E.ON has examined the status quo of existing processes and measures, identified gaps, and developed optimization measures. A concept for conducting a risk analysis was adopted and will be implemented at E.ON's operations in 2023. E.ON identified the potential for minor improvements in matters relating to its supply chain, such as in the Supplier Code of Conduct and its approach to supplier risk management, which will likewise be updated in 2023.

E.ON continually improves its eLearning tools for employees, such as the annual web training module on human rights, compliance, and cyber and data security, which was updated in September

<sup>4</sup>Focus on Tier 1 and, on particular occasions, also suppliers beyond Tier 1.

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2022. Around 81 percent of employees had completed the module by the end of 2022.

In addition, E.ON trained about 560 Supply Chain employees on respecting human rights along the supply chain and on E.ON's risk matrix for human rights. After this training, E.ON answered questions about the use of the matrix in meetings held at regular intervals.

E.ON also made intranet-based training videos available to employees. The videos highlight the tangible positive impacts of a more sustainable supply chain and corresponding individual purchasing decisions. In addition, E.ON held three information events called Lunch & Learn, which focused on the environment, diversity, and occupational health and safety. Furthermore, six HSE events were held with suppliers in 2022, in part online due to the pandemic.

A large proportion of our biomass capacity is installed in Sweden. E.ON Energiinfrastruktur AB operates district heating businesses in Örebro, Nörrköping, and parts of Stockholm and Malmö. Since 2014, E.ON has assessed the CSR performance of its suppliers there using a method developed by E.ON Energiinfrastruktur AB. In addition, key requirements for biomass suppliers—such as the Supplier Code of Conduct and compliance with the EU Renewable Energy Directive II ("RED II")—have been integral to contracts with suppliers since 2021. In 2022 E.ON introduced an expanded in-house assessment of sustainability-related risks.

## Goals and Performance Review

E.ON's objective is to avoid violations of human rights, environmental standards, and its corporate principles. For this purpose, E.ON endeavors to identify the relevant risks along its value chain. Periodic risk assessments can help E.ON detect actual or suspected violations. If violations occur, the Supply Chain Compliance Officer and the respective Supply Chain Director are notified immediately and corrective measures are demanded from the supplier. Implementation is precisely

monitored by E.ON. If the situation does not improve, E.ON terminates its business dealings with the supplier. No business dealings were terminated in 2022.

Employees can report possible violations of human rights through internal reporting channels and a Group-wide, IT-supported external whistle-blower hotline. The hotline service, which is published on the internet, can take calls in the official languages of all countries in which E.ON operates. Not only E.ON employees, but also business partners, their employees, and other third parties can contact the hotline, anonymously if they wish. The information is forwarded to the responsible department at Corporate Functions. Depending on the type and severity of the potential violation, Compliance immediately reports it to the E.ON Management Board, files criminal charges, initiates its own investigation, or takes other measures. In 2022 the whistle-blower hotline was used to report four potential human rights violations. The investigation found that the allegations were not a violation of human rights or E.ON's Code of Conduct.

## Non-Core Business: Uranium Procurement

E.ON subsidiary PreussenElektra will continue to operate Isar 2 nuclear power plant until April 15, 2023, owing to political decisions made in the year under review, after which the plant will stop producing electricity. No additional fuel had to be procured for this. PreussenElektra stopped procuring uranium in 2020.

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## Tax ☒

*GRI 3-3*

E.ON considers good corporate governance to consist primarily of responsible and value-oriented management. This also includes having a transparent tax strategy. E.ON's tax strategy and corporate strategy are closely aligned. The aim is to manage the Company's taxes sustainably in order to help ensure that it continues to invest, to operate flexibly and efficiently, and to provide attractive dividends to shareholders. E.ON's tax strategy is therefore designed to be fully compliant with tax law. It ensures that management of E.ON's taxation is efficient, responsible, transparent, and accurate, both for the Group as a whole and in individual tax jurisdictions.

### E.ON's Approach

E.ON is aware that taxes, which fund public services, are important for governments and authorities. E.ON thus optimizes its overall tax position prudently. It aims for full tax compliance and supports all national and international tax legislation and standards. E.ON also has in place policies and procedures to prevent tax evasion. This includes the obligation of all employees to report any suspicions or concerns to their supervisor, Group Tax, their unit's Tax function, Group Compliance, or the whistle-blower hotline; if they wish, they may do so anonymously (for more information about the hotline, see the [Compliance and Anti-corruption chapter](#)).

### Guidelines and Policies

E.ON's tax function encompasses Group Tax as well as the units' Tax departments. It actively and continually identifies, assesses, monitors, and manages tax risks to make sure that the Company's tax practices are in line with its strategic objectives. To achieve this and to ensure appropriate responses to risks, E.ON has in place a governance framework, which includes a Tax Function Policy. The framework and policy were approved by the E.ON Management Board and are mandatory for all Group companies. They are

embedded into E.ON's overall compliance management system and supplemented by substantial risk control management procedures, continual self-assessment as well as regular internal and external audits. The tax function has also published the aforementioned tax strategy.

E.ON has issued a binding Group-wide Transfer Pricing Policy to ensure that intra-Group transactions are conducted in accordance with the arm's-length principle. This principle of international tax law states that the transfer prices of cross-border transactions between Group units, including all ownership interests above 25 percent, must be set as they would be in a comparable transaction between independent third parties in an external market. Group Tax is responsible for monitoring adherence to the arm's-length principle and is involved in all major intra-Group transactions. It does this through various means, including regular meetings with relevant E.ON business units and functions as well as fixed Group-wide transfer pricing processes. In addition, participants from relevant business units and functions (in Germany and elsewhere) meet at least once a year to align cross-border intra-Group transactions to meet operational as well as tax requirements. Transfer pricing processes are monitored on an ongoing basis.

### Organization and Responsibilities

The E.ON Management Board has overall responsibility for the Group's corporate strategy, which includes managing and monitoring the tax function. It has delegated the responsibility for this function to the Senior Vice President ("SVP") Group Tax, who reports directly to the Chief Financial Officer. The heads of the Tax departments in Germany and other countries report directly to Group Tax as well as to their unit's management board. Furthermore, E.ON SE has appointed a Tax Compliance Officer ("TCO"), whose role is to ensure that the existing tax compliance management system is effective and efficient. The TCO reports directly to the SVP Group Tax. Additionally, local tax compliance management systems were put in place at the subsidiary level.

The SVP Group Tax defines E.ON's tax principles and is responsible for ensuring that these principles and concomitant procedures are in place, maintained, and complied with Group-wide. He reports to the E.ON Supervisory Board's Audit and Risk Committee on tax-related issues and risks. In addition, financial tax risks are reported to Group Controlling and Risk, which examines these risks from a Group perspective and prepares reports for the consolidated risk assessment of the E.ON Group. The tax function disseminates guidelines and policies to ensure tax compliance, including related tasks, processes, and responsibilities. E.ON has in place tax compliance management systems according to IDW audit standard PS 980 at its major operations in Germany. The systems' purpose is to identify and classify all material tax risks and to map the findings in a detailed risk control matrix ("RCM"). The RCMs are continually updated and maintained.

### Specific Actions

E.ON's tax function takes a variety of steps to stay on top of new developments. Teams and managers hold meetings at various intervals (weekly, biweekly, or monthly) to discuss emerging tax issues. E.ON's tax experts also meet at slightly longer intervals (monthly, quarterly, or annually) to discuss country-specific and international tax issues. These meetings, which take place both physically and virtually, promote continuous collaboration and coordination between Group Tax and the units' Tax departments. In addition, Tax teams and managers also receive in-house training. E.ON strives to continually improve processes, particularly by deploying and using digital solutions that ensure tax compliance while enhancing efficiency. Our digital solutions include an integrated toolset that calculates income tax for quarterly and annual financial statements and tax returns. Tax tools are updated on a regular basis to reflect changes in tax laws. This enables us to ensure that our calculations always comply with the law and that we can make them more simply, efficiently, and reliably. Where reasonable, we implement software interfaces to ensure data integrity and to minimize the risk of manual errors.

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E.ON employees participate in a variety of working groups and committees of trade associations, such as the Federation of German Industries (German abbreviation: "BDI"), the German Association of Energy and Water Industries (German abbreviation: "BDEW"), and Chambers of Commerce. This enables them contribute to the discussion on new tax legislation as well (for more information on E.ON's work in associations, see the [ESG Materiality and Stakeholder Engagement chapter](#)).

## Goals and Performance Review

E.ON and its tax function place great emphasis on maintaining transparent and mutual communications with the tax authorities in the countries where the Company does business. As a good corporate citizen we prepare and file all required tax returns and pay the correct amount of tax on time. When necessary, we seek advice from independent experts to clarify uncertainties.

To achieve a higher level of certainty, E.ON regularly discusses binding tax rulings or advance pricing agreements ("APA") with tax authorities if this is possible, convenient, and of general or economic importance to E.ON. This enables us to prevent subsequent disagreements between the tax authorities of different states and our business units.

E.ON partners with external tax experts that help it supervise company audits and prepare tax returns and declarations as well as tax payments. The collaboration with external partners is based on open, mutually trustful communications. Each partner performs its own independent quality assurance, which, in the aggregate, leads to adequate quality checks. E.ON constantly aims for certainty in its tax positions and, where appropriate, obtains internal or external advice to verify and validate its positions. In case our assessment does not match that of the tax authorities, we communicate the divergent opinion openly in order to prevent misunderstandings.

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## Sustainable Finance and Investment

› The transition to a sustainable and carbon-neutral economy is in full swing. Sustainable energy is not essential for propelling economic and social development, but a key factor in tackling climate change. Meeting the global challenges of climate change will require that the financial system changes so that it promotes sustainable businesses and climate-friendly solutions. E.ON's ambitious climate targets set it on an emissions-reduction path that is systematically aligned with the new energy world.

Sustainability is at the core of our corporate strategy and is also the guiding principle for our actions. Our strategy accords with the European Union's decarbonization agenda and the EU Green Deal. Energy networks—one of E.ON's core businesses—are the backbone of Europe's energy transition. Our investment program therefore aims to be largely aligned with the EU taxonomy. More than half of these investments will be financed by the issuance of green bonds. Our strategy thus also reflects capital markets' increasing interest in sustainable investments. <

## EU Taxonomy

### General Principles

The European Commission's action plan on financing sustainable growth defined a series of measures to channel capital toward environmentally sustainable activities and thus to help enable the European Union to become climate-neutral by 2050 as foreseen by the European Green Deal. The Commission laid the foundation for this in Regulation 2020/852, the EU Taxonomy Regulation, which describes what is considered an "environmentally sustainable activity" and which criteria are used to classify an economic activity as environmentally sustainable. The aim is to classify economic activities EU-wide on the basis of defined requirements with regard to their contribution to the six defined environmental objectives (Article 9 of the EU taxonomy) and thus to support the European Union's transformation to a climate and environmentally friendly economy. The six objectives are:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Article 3 of the EU taxonomy defines economic activities as environmentally sustainable if they:

- contribute substantially to at least one of six environmental objectives (Articles 10 to 16)
- do no significant harm to any of the other five environmental objectives (Article 17)
- comply with minimum standards for occupational safety, human rights, anti-corruption, fair competition, and taxation (Article 18)
- comply with technical screening criteria defined by the European Commission.

For the 2022 financial year, as for 2021, only the first two environmental objectives are to be considered for the question of a substantial contribution. Sets of criteria are available for defining the substantial contribution toward achieving the objectives.

Known as technical screening criteria ("TSC"), they specify which economic activities are considered taxonomy-aligned. The other environmental objectives (three to six) will probably have to be reported from the 2023 financial year onward.

An economic activity makes a substantial contribution to environmental objective 1, "climate change mitigation," if it contributes substantially to the stabilization of greenhouse-gas ("GHG") concentrations in the atmosphere at a level that prevents

dangerous anthropogenic interference with the climate system, consistent with the Paris Agreement's long-term temperature target through the avoidance or reduction of GHG emissions.

Economic activities that contribute to environmental objective 2, "climate change adaptation," include or provide solutions that either avoid or substantially reduce the risk of the adverse impacts of the current and the future climate on the economic activity itself or on people, nature, or assets.

E.ON has been required beginning with the 2021 financial year to disclose the proportion of investments, revenues, and operating expenses that were attributable to taxonomy-eligible and taxonomy-non-eligible economic activities. Activities are taxonomy-eligible if they are described in principle in Annexes I and II to the Delegated Act on environmental objectives and can be assigned, regardless of whether or not the corresponding TSC for environmentally sustainable activities are met.

In addition to the information required by law, E.ON voluntarily disclosed its taxonomy-aligned investments, revenues, and operating expenditures for the 2021 financial year. Activities are taxonomy-aligned if the corresponding taxonomy-eligible activities also meet all the criteria in Article 3 of the EU Taxonomy. This information is mandatory effective 2022.

The European Commission has defined taxonomy criteria for various economic activities under which conditions these activities make a substantial contribution to climate protection and, at the same time, do not significantly harm the achievement of the EU's five other environmental objectives. However, the criteria's provisions, formulations, and terms are still subject to uncertainties of interpretation. The following presents our interpretation of the sets of criteria.

The figures for taxonomy-relevant economic activities were determined with reference to the FAQ documents published by the

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European Commission to date, which address questions of interpretation regarding Article 8 of the EU Taxonomy Regulation.

In early March 2022 the European Commission published a supplementary Delegated Taxonomy Act on the environmental objectives 1, "climate change mitigation," and 2, "climate change adaption." It now defines criteria for other economic activities under which investments in gas and nuclear power activities can be classified as environmentally sustainable. This is intended to accelerate the transition toward a carbon-neutral future characterized predominantly by renewable energy sources. Application of the supplementary act is already mandatory for the 2022 financial year.

Regarding nuclear energy, E.ON has come to the conclusion, based on a comprehensive review, that the temporary continued operation of our last nuclear power plant, Isar 2, does not fall under any of the activities described in the supplementary delegated act. Activity 4.28 also does not apply to power generation in the last reactor unit still operated by PreussenElektra, since the decision made by the German federal government to temporarily extend operations until April 2023 does not correspond to an extension of the plant's operation within the meaning of the criteria of 4.28.

The sets of criteria for generating electricity, heat, and/or cooling from fossil gas are fundamentally relevant for E.ON. E.ON installs and operates plants that are taxonomy-aligned within the meaning of the EU's new gas economic activities. E.ON did not, or did not fully, meet the criteria for taxonomy alignment in the 2022 financial year.

Of the activities relevant to E.ON as a whole, the following activities are of particular importance. By conducting them the Group makes a substantial contribution to climate change mitigation:

- Distribution of electricity
- Distribution networks for renewable and low-carbon gases
- Data-driven solutions for GHG emissions reductions
- Construction, extension and operation of water collection, treatment and supply systems
- Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- Cogeneration of heat/cool and power from bioenergy
- Power generation by means of photovoltaic technology
- District-heating distribution
- Infrastructure for personal mobility
- Generation of heat/cooling from renewable non-fossil gaseous and liquid fuels.

E.ON reports on activities that already contribute to taxonomy compliance or are enabling activities. Transition activities were not identified.

E.ON's taxonomy-eligible and taxonomy-aligned economic activities are conducted predominantly at the Energy Networks and Customer Solutions segments.

### **E.ON's Approach**

E.ON has had a regular process in place since 2021 to ensure the appropriate assessment of all taxonomy requirements related to the EU's environmental objectives 1, "climate change mitigation," and 2, "climate change adaption." E.ON's business activities are continually mapped to the relevant taxonomy criteria. The next step is an alignment check in which the mapping's finding are analyzed and checked in interviews, expert discussions, and workshops with the relevant operational contacts and experts from the specialist departments of the segments and business units as well as major Group companies to determine whether corresponding taxonomy criteria for the economic activities are actually met. The check's findings are documented for any taxonomy-relevant economic activities identified. This documentation is collated in an EU taxonomy manual that is binding for all E.ON companies. The companies use the manual's specifications to determine the extent to which their business activities actually meet the taxonomy's technical screening criteria and create suitable records for this purpose.

E.ON conducts the analysis of taxonomy compliance in detail as follows:

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## Assessment of Substantial Contribution

Compliance with the technical screening criteria is generally assessed and documented individually for each economic activity and at the companies on a decentralized basis. If the criteria provide for simplifications that allow compliance with the criteria to be assessed at the level of the entire economic activity, an operating segment, or for the entire Group, E.ON makes use of them.

## Assessment of Doing No Significant Harm ("DNSH")

The DNSH criteria mainly refer to compliance with legal requirements or, in the case of the "circular economy" objective, to fundamental aspects of the economic activity. DNSH conformity is therefore to be assessed at the level of an economic activity on a regular basis. DNSH conformity regarding EU environmental objective 2, "climate change adaptation," is identified and assessed in E.ON's established risk management process. For this purpose, E.ON makes use of existing systems and processes for financial and non-financial risk management, which it has expanded to include EU taxonomy matters. Details can be found in the [Risks and Chances Report](#).

## Assessments of Minimum Safeguards

E.ON uses established processes and documentation at the Group level to assess and comply with the minimum safeguards. The Group ensures that the EU taxonomy's requirements are fully met in this regard by means of appropriate guidelines and related training and monitoring measures. E.ON companies are required to implement such policies and guidelines in a binding manner. Responsibility for compliance lies with the respective companies.

## Taxonomy-Aligned Economic Activities

The assessment included a review of all activities relevant for E.ON to determine whether they make a substantial contribution to climate change mitigation and meet the criteria contained in Article 3 of the EU taxonomy. The review identified the following economic activities as taxonomy-aligned:

- 4.1 Electricity generation using solar photovoltaic technology
- 4.3 Electricity generation from wind power
- 4.5 Electricity generation from hydropower
- 4.6 Electricity generation from geothermal energy
- 4.9 Transmission and distribution of electricity
- 4.10 Electricity storage
- 4.14 Transmission and distribution networks for renewable and low-carbon gases
- 4.15 District heating/cooling distribution
- 4.16 Installation and operation of electric heat pumps
- 4.19 Cogeneration of heating/cooling and power from renewable non-fossil gaseous and liquid fuels
- 4.20 Cogeneration of heating/cooling and power from bioenergy
- 4.21 Production of heating/cooling from solar thermal energy
- 4.23 Production of heating/cooling from renewable non-fossil gaseous and liquid fuels
- 4.24 Production of heating/cooling from bioenergy
- 5.1 Construction, extension, and operation of water collection, treatment, and supply systems
- 6.13 Infrastructure for personal mobility, cycle logistics
- 6.15 Infrastructure enabling low-carbon road transport and public transport
- 7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

### 8.2 Data-driven solutions for GHG emissions reductions

E.ON identified no economic activities in 2022 that make a significant contribution to environmental objective 2, "climate change adaptation."

## Substantial Contribution to Climate Change Mitigation

By definition, electricity generation from wind and solar as well as run-of-river hydropower plants makes a substantial contribution to climate change mitigation within the meaning of the taxonomy. No other criteria for the assessment of their substantial contribution to climate protection need to be assessed. The same applies to the installation of devices such as solar panels, smart energy meters, and electric-vehicle charging stations in buildings.

E.ON's activities to establish infrastructure for personal eMobility meet the required criteria for creating low-carbon road transport.

E.ON's electricity networks make a substantial contribution to climate change mitigation within the meaning of the taxonomy, since they are downstream distribution networks and thus part of the European interconnected system.

E.ON operates a large number of heating networks. This activity is in principle taxonomy-eligible. Some of these heating networks are "efficient" within the meaning of the taxonomy's criteria. This means that they transmit at least 50 percent renewable heat, at least 50 percent waste heat, at least 75 percent CHP heat, or at least 50 percent of a combination of these energy sources. Such heating networks thus make a substantial contribution to climate protection.

In addition, E.ON operates water supply systems, the majority of which make a substantial contribution to climate change

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mitigation because they meet the energy-efficiency criterion (less than 0.5 kWh per cubic meter of water) and/or the leakage threshold of 1.5. For water supply systems that do not meet these criteria, investments made in the financial year to improve their energy efficiency and/or leakage rate by at least 20 percent are classified as taxonomy-aligned investments. These water supply systems revenues are classified as taxonomy-aligned if the investments enabled them to meet the aforementioned criteria for taxonomy-aligned water supply systems.

In the case of gas networks, in particular investments in existing infrastructure that increase the possibility of blending hydrogen and other low-carbon gases were classified as taxonomy-aligned. Pilot projects to establish dedicated hydrogen infrastructure were as well. So too were investments and operating expenses related to the detection and/or prevention of methane leaks.

E.ON operates a large number of CHP and heat generation plants. Depending on the energy source used, there are various sets of criteria, some of which are met by E.ON plants. Plants fueled solely by natural gas will be classified as taxonomy-eligible under the new sets of criteria but are not classified as taxonomy-aligned at present.

Investments in the development of broadband data infrastructure are classified as taxonomy-aligned because the data and analyses provided by them lead directly to the reduction of GHG emissions at E.ON or its customers.

## Do No Significant Harm

Protecting assets against the physical impacts of climate change ("climate change adaptation") is economically relevant for E.ON and is therefore factored into investment decisions. Climate-related risks and opportunities are also recorded in E.ON's risk management system. The [Risks and Chances Report](#) contains more information.

The criteria for the EU's environmental objective 3, "the sustainable use and protection of water and marine resources," mainly refer to legal and regulatory requirements in the energy sector. Compliance with these requirements is a prerequisite for obtaining construction and operating permits. The same applies in principle to the criteria for the EU's environmental objective 5, "pollution prevention and control." Details can be found in the [Environmental Management chapter](#).

There are general criteria for the environmental objective 4, "the transition to a circular economy," such as long durability, easy disassembly, or reparability. Most components are designed for a very long lifespan, are recyclable, and still have economic value at the end of their useful life (such as steel, aluminum, and copper). Such components of assets can be recycled within the E.ON Group or sold to third parties for further use.

With regard to the EU's environmental objective 6, "the protection and restoration of biodiversity and ecosystems," E.ON, where required, conducts environmental impact assessments and comparable assessments, which are a key prerequisite for obtaining permits to build and operate asset. Furthermore, one of E.ON's important ambitions is to conduct ecological corridor management or to convert to this approach.

## Compliance with the Minimum Safeguards

E.ON is committed to respecting human rights in all business processes. To prevent human rights violations, E.ON adheres to external standards and defines its own principles and policies. E.ON's Human Rights Policy Statement explicitly acknowledges the United Nations' International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the latter's fundamental conventions. The statement also makes reference to E.ON's own policies, such as the Supplier Code of Conduct and the Code of Conduct for employees. The standards for human rights, work conditions, environmental protection, and compliant business practices that E.ON requires its suppliers to meet are defined in the Supplier Code of Conduct.

Conducting a periodic risk assessment serves to indicate potential threats. E.ON promotes compliance with its standards and minimize potential threats by means of numerous measures and processes. The principle focus of these activities at E.ON's own business is on occupational safety and fair work conditions. Additional information about the assurance of a responsible supply chain, compliance and anti-corruption, and tax is contained in the chapters on these topics.

## EU Taxonomy Key Figures

E.ON's reporting applies the indicators defined in Article 8 of the Taxonomy Regulation: taxonomy-eligible and taxonomy-aligned investments, revenues, and operating expenses. All business operations identified at E.ON are assigned to precisely one of the EU taxonomy's economic activities in order to prevent double counting.

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E.ON reports the following three indicators for investments, revenues, and operating expenses:

1. Taxonomy-eligible activities as a ratio of the total amount shown in the E.ON Group's Consolidated Financial Statements prepared according to IFRS
2. Taxonomy-aligned activities as a ratio of the total amount shown in the E.ON Group's Consolidated Financial Statements prepared according to IFRS
3. Taxonomy-aligned activities as a ratio of taxonomy-eligible activities

## Investments

Investments were calculated on a gross basis; that is, without taking into account revaluations or depreciation and amortization or impairment charges. They consist of investments in non-current tangible and intangible assets (fixed assets), including assets acquired in asset deals (recorded directly) and share deals (investment amount determined by the purchase-price allocation). More specifically:

- Property, plant, and equipment pursuant to IAS 16.73 (e) (i) and (iii)
- Intangible assets pursuant to IAS 38.118 (e) (i)
- Investment property pursuant to IAS 40.76 (a) and (b), IAS 40.79 (d) (i) and (ii)
- Agriculture pursuant to IAS 41.50 (b) and (e)
- Leasing pursuant to IFRS 16.53 (h).

Group investments consist of additions to fixed assets plus additions to property, plant, and equipment, and intangible assets from business combinations, which are shown in [Note 15](#).

Of E.ON's taxonomy-eligible investments, property, plant, and equipment accounted for €3,910 million, intangible assets for €292 million, and right-of-use assets for €262 million. €3,850 million of property, plant, and equipment, €273 million of intangible assets, and €262 million of right-of-use assets are taxonomy-aligned.

In accordance with the taxonomy's specifications, E.ON also includes non-cash-effective investments, but not additions to financial assets. The taxonomy's definition of investments differs from E.ON's performance indicator for investments, namely cash-effective investments. E.ON therefore reconciles total investments pursuant to the taxonomy to the investments disclosed in the "Financial Situation" section of the [Business Report](#):

Reconciliation to Cash-effective Investments	
€ in millions	Q1–Q4 2022
<b>EU taxonomy: total investments (excluding Non-Core Business)</b>	<b>5,477</b>
./ Right-of-use assets	-455
./ Non-cash-effective investments	-194
+ Cash-effective financial investments	176
./ Investment subsidies	-251
<b>Cash-effective investments</b>	<b>4,753</b>

At E.ON, all investments in the 2022 financial year fall under category a) of the Annex to the Taxonomy Regulation. An investment plan according to category b) or investments according to category c) do not exist at E.ON.

## Revenues

Revenues correspond to net sales excluding electricity and energy taxes as shown in the [Consolidated Income Statements](#) of the Integrated Annual Report.

## Operating Expenses

The denominator for operating expenses is to be specified in accordance with the taxonomy requirements. Ecologically sustainable operating expenses are to include individually attributable, non-capitalized expenses for research and development, building renovations, short-term leasing, maintenance and repairs, other direct expenses in connection with the maintenance of assets, and other expenses necessary for the maintenance of ecologically sustainable economic activities. At E.ON, this mainly includes expenditures for repair and maintenance performed by third parties, which are reported under cost of materials and other operating expenses.

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## Investments

In the 2022 financial year, 82 percent of core-business investments were within the scope of the EU taxonomy (taxonomy-eligible). Due to the discontinuation of power operations at PreussenElektra's Isar 2 nuclear power plant, it had hardly any investments in 2022. Taxonomy-aligned activities accounted for 98 percent of taxonomy-eligible investments.

The Energy Networks segment made a significant contribution. About 91 percent of its investments were taxonomy-eligible; nearly all of them were taxonomy-aligned. At roughly €3.4 billion, the largest contribution came from E.ON's electricity distribution networks, which are part of the European interconnected system. They continually integrate renewable generating facilities, thereby propelling the energy transition in Europe and connecting customers to sustainable energy. E.ON invested significantly more in taxonomy-aligned electricity networks compared with the previous year. This trend is supported by the digitalization of E.ON's networks through the expansion of fiber-optics and broadband technology. E.ON invested €294 million in this area in the year under review.

In addition, €312 million of investments in gas networks were taxonomy-aligned. This figure is slightly lower than in the prior year. In Germany in particular, these investments serve to establish and expand hydrogen infrastructure or enable hydrogen to be admixed to E.ON's existing gas networks. €69 million of the investments in our water networks were taxonomy-aligned.

The Customer Solutions segment's energy infrastructure business (€0.3 billion of taxonomy-aligned investments) was its main contributor to the EU taxonomy. The expansion of its assets for district heating distribution and for biofuel-fired electricity and heat cogeneration as well as investments in plants for heat production with combined feedstocks are covered by the taxonomy. The eMobility charging infrastructure business, the installation, maintenance, and repair of renewables technologies and of devices for controlling buildings' overall energy efficiency

are likewise taxonomy-aligned. The procurement and sale of power and gas are not covered by the taxonomy. E.ON's distributed solar generating facilities contributed additional amounts. We invested in solar projects in 2022, for example in Germany and Croatia.

Investments reported at Corporate Functions/Other did not fall within the EU taxonomy's scope.

### EU Taxonomy Investments<sup>1</sup>

€ in millions	Taxonomy-eligible Investments			Not taxonomy-eligible	Total	EU taxonomy ratios		
	Taxonomy-aligned	Not taxonomy-aligned	Total			Total	% Taxonomy-eligible (of total)	% Taxonomy-aligned (of total)
<b>Q1–Q4 2022</b>								
Energy Networks	4,074	46	4,120	398	4,518	91	90	99
Customer Solutions	310	35	345	542	887	39	35	90
Corporate Functions/Other	-	-	-	65	65	-	-	-
<b>Core Business</b>	<b>4,384</b>	<b>81</b>	<b>4,465</b>	<b>1,005</b>	<b>5,470</b>	<b>82</b>	<b>80</b>	<b>98</b>
Non-Core Business	-	-	-	7	7	-	-	-
<b>E.ON Group</b>	<b>4,384</b>	<b>81</b>	<b>4,465</b>	<b>1,012</b>	<b>5,477</b>	<b>82</b>	<b>80</b>	<b>98</b>
<b>Q1–Q4 2021</b>								
Energy Networks	3,467	33	3,500	447	3,947	89	88	99
Customer Solutions	251	80	331	426	757	44	33	76
Corporate Functions/Other	9	-	9	98	107	9	9	100
<b>Core Business</b>	<b>3,727</b>	<b>113</b>	<b>3,840</b>	<b>971</b>	<b>4,811</b>	<b>80</b>	<b>77</b>	<b>97</b>
Non-Core Business	-	-	-	432	432	-	-	-
<b>E.ON Group</b>	<b>3,727</b>	<b>113</b>	<b>3,840</b>	<b>1,403</b>	<b>5,243</b>	<b>73</b>	<b>71</b>	<b>97</b>

<sup>1</sup>Based on EU taxonomy regulations (includes non-cash items, excludes financial investments).

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## Operating Expenses

In the 2022 financial year, E.ON had around €1.3 billion in operating expenses that meet the definitions of the EU taxonomy. €340 million of these expenses were not taxonomy-eligible, and €911 million were taxonomy-aligned. This corresponds to around 97 percent of taxonomy-eligible expenses.

As with investments, the majority of aligned expenses resulted from maintenance activities for E.ON's electricity network (€797 million). Smaller amounts related to gas distribution networks, particularly to prevent or reduce methane leaks (€19 million).

The business with decentralized electricity and/or heat/cooling generation plants accounted for around €22 million. €57 million was related to the installation and maintenance of renewable technologies at the Customer Solutions segment, particularly in its sales business in the United Kingdom.

### EU Taxonomy Operating Expenses

€ in millions	Taxonomy-eligible operating expenses			Not taxonomy-eligible	Total	EU taxonomy ratios		
	Taxonomy-aligned	Not taxonomy-aligned	Total			Total	% Taxonomy-eligible (of total)	% Taxonomy-aligned (of total)
<b>Q1–Q4 2022</b>								
Energy Networks	831	6	837	185	1,022	82	81	99
Customer Solutions	80	21	101	96	197	51	40	79
Corporate Functions/Other	-	-	-	36	36	-	-	-
<b>Core Business</b>	<b>911</b>	<b>27</b>	<b>938</b>	<b>317</b>	<b>1,255</b>	<b>75</b>	<b>73</b>	<b>97</b>
Non-Core Business	-	-	-	23	23	-	-	-
<b>E.ON Group</b>	<b>911</b>	<b>27</b>	<b>938</b>	<b>340</b>	<b>1,278</b>	<b>73</b>	<b>71</b>	<b>97</b>
<b>Q1–Q4 2021</b>								
Energy Networks	630	-	630	199	829	76	76	100
Customer Solutions	31	15	46	100	146	32	21	67
Corporate Functions/Other	-	-	-	39	39	-	-	-
<b>Core Business</b>	<b>661</b>	<b>15</b>	<b>676</b>	<b>338</b>	<b>1,014</b>	<b>67</b>	<b>65</b>	<b>98</b>
Non-Core Business	-	-	-	97	97	-	-	-
<b>E.ON Group</b>	<b>661</b>	<b>15</b>	<b>676</b>	<b>435</b>	<b>1,111</b>	<b>61</b>	<b>60</b>	<b>98</b>

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## Revenues

As in the prior year, in 2022 the Customer Solutions segment again generated the majority of E.ON's external sales. However, revenues from the sale of electricity and gas to end-customers are not covered by the EU taxonomy. As expected, therefore, only 13 percent of external sales were taxonomy-eligible.

Nearly all taxonomy-eligible revenues were also taxonomy-aligned, of which the vast majority—€13.7 billion—related to electricity transmission fees in E.ON's distribution networks. E.ON reports €10.0 billion as external revenues in the Energy Networks segment and €3.7 billion in the Customer Solutions segment from sales revenues for network charges insofar as these were attributable to E.ON's own distribution network territory.

E.ON generated additional aligned revenues of around €0.7 billion relating to the energy efficiency of buildings and renewable energy technologies, such as the installation, maintenance, and repair of photovoltaic systems, heat pumps, and solar-powered systems for water heating.

Our energy infrastructure business, which generates decentralized electricity and/or heat/cooling from a variety of sources, generated around €0.2 billion in aligned revenues.

### EU Taxonomy Revenues

€ in millions	Taxonomy-eligible revenues			Not taxonomy-eligible	Total	EU taxonomy ratios		
	Taxonomy-aligned	Not taxonomy-aligned	Total			Total	% Taxonomy-eligible (of total)	% Taxonomy-aligned (of total)
<b>Q1–Q4 2022</b>								
Energy Networks	10,058	55	10,113	3,914	14,027	72	72	99
Customer Solutions	4,737	393	5,130	69,743	74,873	7	6	92
Corporate Functions/Other	-	-	-	26,749	26,749	-	-	-
<b>Core Business</b>	<b>14,795</b>	<b>448</b>	<b>15,243</b>	<b>100,406</b>	<b>115,649</b>	<b>13</b>	<b>13</b>	<b>97</b>
Non-Core Business	-	-	-	11	11	-	-	-
<b>E.ON Group</b>	<b>14,795</b>	<b>448</b>	<b>15,243</b>	<b>100,417</b>	<b>115,660</b>	<b>13</b>	<b>13</b>	<b>97</b>
<b>Q1–Q4 2021</b>								
Energy Networks	8,616	68	8,684	4,361	13,045	67	66	99
Customer Solutions	4,998	120	5,118	50,524	55,642	9	9	98
Corporate Functions/Other	-	-	-	8,364	8,364	-	-	-
<b>Core Business</b>	<b>13,614</b>	<b>188</b>	<b>13,802</b>	<b>63,249</b>	<b>77,051</b>	<b>18</b>	<b>18</b>	<b>99</b>
Non-Core Business	-	-	-	307	307	-	-	-
<b>E.ON Group</b>	<b>13,614</b>	<b>188</b>	<b>13,802</b>	<b>63,556</b>	<b>77,358</b>	<b>18</b>	<b>18</b>	<b>99</b>

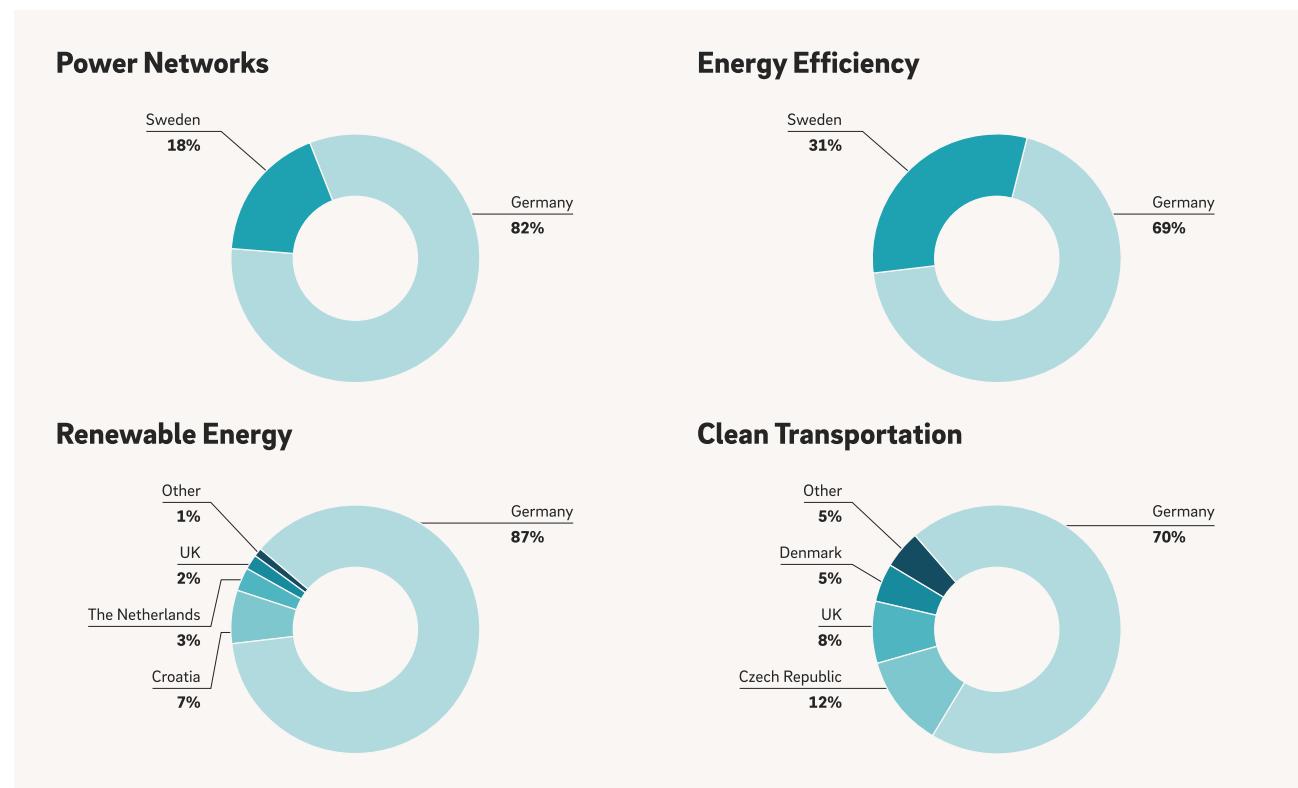
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## Sustainable Finance ⓘ

Debt capital represents an important financing source for the E.ON Group to implement its strategy. Sustainability aspects play an increasingly important role in many international investors' decision for or against a particular investment. Accordingly, since 2019 E.ON has also systematically considered sustainability in the structuring of its financing as well, both in debt and credit markets.

In 2019 E.ON presented its first Green Bond Framework under which it issues green bonds. E.ON issued its first green bonds that same year. In 2021 E.ON then became the first company to fully align its revised Green Bond Framework not only with the ICMA Green Bond Principles—the current market standard for green bonds—but also with the EU Taxonomy. The taxonomy defines which economic activities are classified as environmentally sustainable, thereby setting a Europe-wide standard for sustainable investment. E.ON had €7.65 billion of green bonds outstanding at year-end 2022, making it Germany's largest issuer of green bonds. The green bonds issued in the year under review accounted for €2.3 billion of this amount. E.ON raised bond financing of €1.8 billion in January 2023, of which a €1 billion tranche is structured as a green bond. Going forward, E.ON intends to cover more than 50 percent of its annual financing requirements with green bonds.

E.ON's Green Bond Framework focuses on sustainable projects in the categories Electricity Networks, Renewable Energy, Energy Efficiency, and Clean Transportation, both in E.ON's electricity network and customer solutions businesses. E.ON's Green Bond Portfolio, a portfolio of qualifying assets in line with the Green Bond Framework, consisted of assets worth €22.4 billion at year-end 2022. E.ON's power networks in Germany and Sweden account for the largest share.



Alongside its focus on green bonds, E.ON's corporate financing includes a sustainability-based €3.5 billion syndicated credit facility that was concluded in 2019. After two options to extend the facility were exercised, its term ends in October 2026. The facility's credit margin is linked, among other things, to the development of certain ESG ratings. This gives us additional financial incentives to pursue a sustainable corporate strategy. The ESG ratings are set by three renowned agencies: ISS ESG, MSCI ESG Research, and Sustainalytics. The facility serves as a reliable and sustainable liquidity reserve for the E.ON Group and can be drawn on as needed.

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## ESG Ratings

E.ON has been included in numerous ESG ratings for years. In addition, our regional and national sustainability activities regularly receive awards. In the new compensation system for Management Board members, ESG ratings are a component of the E.ON Sustainability Index and represent a performance criterion that is taken into account in the Management Board's long-term variable compensation. In the ESG ratings that are important to us, E.ON has received predominantly good score for years. The Sustainability Channel at [eon.com](http://eon.com) presents the most relevant and current results. The next section takes a closer look at four ratings that are relevant for E.ON.

### CDP Climate Change

CDP once again placed E.ON on its A List for environmental reporting. The rating is in the Leadership Level, placing E.ON among the top 296 companies out of nearly 15,000 assessed to make the A List in 2022.

### ISS ESG

International Shareholder Services ("ISS") gave E.ON a C+ rating. The letter ratings range from D- to A+. Companies at or above a threshold of B- are among the leaders in their industry. In addition, E.ON's decile rank is 2. The decile rank indicates in which decile of its industry (tenth of the total number) a company's rating falls. The ranks go from 1 (best: a company's rating is in the top decile of its industry) to 10 (lowest).

### MSCI ESG Research

MSCI is one of the world's best-known index providers. MSCI uses its own ESG ratings to create its sustainability indices. MSCI gave E.ON a rating of AA. Its rating scale extends from CCC to AAA.

### Sustainalytics

Sustainalytics is a global leader in providing ESG and corporate governance research and ratings. In 2022 E.ON received overall Sustainalytics ESG Risk Rating score of 23.8, which is at the medium risk level. E.ON's position among multi-utilities is 22nd out of 84 companies.

## ESG Asset Management and Pension Assets

E.ON links the provision and investment of pension assets to sustainable purposes: by financing a company pension plan and by considering sustainability criteria when making decisions about how the plan's assets are invested. E.ON draws, for example, on the Norwegian State Pension Fund's research and embargo lists in order to avoid questionable investments. We also select asset managers whose investment processes systematically take ESG aspects into account. In addition, E.ON continually develops its own ESG approach to the investment process in order to adapt to the latest developments at the Company and in the market.

## Business Report

### Macroeconomic and Industry Environment

#### Macroeconomic Environment

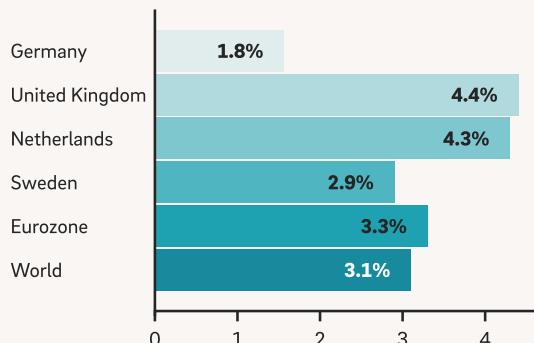
The Russia-Ukraine war, high inflation, and the repercussions of the Covid-19 pandemic weighed heavily on the economy in 2022, which is reflected in the forecasts for growth in gross domestic product ("GDP"). The OECD estimates that global GDP grew by 3.1 percent in 2022, which was lower than 5.6-percent growth in 2021.

#### Economic Developments in the EU

The outbreak of the war abruptly changed the initially positive economic outlook for the entire EU and affected anticipated GDP growth in the eurozone. According to the OECD, eurozone GDP only grew by 3.3 percent in 2022. Due to persistently high inflation throughout the eurozone during the year, in mid-2022 the European Central Bank ("ECB") reversed its monetary policy. In July the ECB raised the prime interest rate—for the first time in 16 years—by 0.5 percentage points. The next rate hike of 0.75 points—the biggest increase since the introduction of the common currency—followed in September, with additional increases of 0.75 and 0.5 points coming in late November and in mid-December. The ECB's aim in raising interest rates is to make credit more expensive, dampen demand, and thus counteract high inflation rates in order, over the medium term, to reduce inflation to the ECB's target of 2 percent. In the short term, the interest rate increase, which has already led to a rise in banks' interest rates, is likely to further dampen economic growth in Europe.

#### GDP Growth in Real Terms in 2022

Annual change in percent



Source: OECD, November 2022.

In addition, the sanctions against Russia imposed by the international community were and continue to be an important factor affecting the eurozone economy. Because Europe is highly dependent on Russia for energy, the sanctions have caused commodity prices to rise sharply. This resulted in general uncertainty on markets, which also adversely impacted the economy and, together with the historically high inflation rates in the EU and the United States, markedly worsened the economic outlook. Looming over all this was the additional threat of a European energy crisis, whose effect was felt not only in Germany but also in the other member states and significantly worsened the economic situation in Europe as a whole. The tense energy supply situation was exacerbated by Russia's suspension of gas deliveries through the Nord Stream 1 pipeline at the end of August and the damage to both Nord Stream pipelines.

Despite the challenges for the winter of 2022/2023, Europe has managed to replace most of the discontinued supply of gas from Russia. The European Union procured additional natural gas, for example from Norway, as well as liquefied natural gas ("LNG")

from the United States and Canada. The greater challenge will come in the winter of 2023/2024. The European Commission estimates that at the end of this summer there could be 30 billion cubic meters of gas less than is needed to fill the EU's storage facilities.

#### Economic Developments in Germany

In the fall of 2021 the economic forecasts for Germany in 2022 painted an initially optimistic but also complex overall picture. In the view of the ifo Institute, although GDP was expected to increase significantly—by 5.1 percent—economic growth would not benefit all sectors equally. The main reason for this, according to the assumptions, was the Covid-19 pandemic, whose impact, as in previous years, would vary by sector. The German economy entered 2022 with this mixed outlook.

The outbreak of the war dashed hopes for growth. Chancellor Olaf Scholz, addressing the Bundestag shortly afterward, spoke of a "historical turning point." The reorientation that was also announced has since then characterized policy decisions and legislation, especially in the energy sector. Since the start of the war and the concomitant accelerated rise in energy prices, the German federal government has initiated numerous laws to ensure the functioning of the gas market, to guarantee supply security, to ease the burden on industry and citizens, and thus also to help rein in the extremely high degree of uncertainty about future economic developments.

In March, Federal Economics Minister Robert Habeck proclaimed the early warning stage of the gas emergency plan and, in late June, the alarm stage. To stabilize electricity and gas prices and then allow them to fall, in October the Bundestag also approved a €200 billion set of safeguards. After initially placing Gazprom Germania, now operating under the name SEFE Securing Energy for Europe GmbH ("SEFE"), in trusteeship in April, in late September the federal government took over Uniper, Germany's biggest gas importer, as an additional measure to secure the energy supply. The takeover by the federal government also ended

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its plans to introduce a gas levy to support exposed companies. SEFE too was nationalized in November. According to the Federal Network Agency, security of supply in Germany continues to be ensured, partly because by late November gas storage facilities had been refilled faster than expected thanks to extensive purchases. The situation remains under close observation, however, due to the continuing tense situation on the gas market.

In mid-October the German Cabinet adopted an amendment to the Atomic Energy Act to further manage risks. The law, which took effect in early December, stipulates that Emsland, Isar 2, and Neckarwestheim 2 nuclear power plants ("NPPs") can only use their remaining fuel rods to continue operating on a temporary basis. The NPPs must cease operating on April 15, 2023, at the latest. The use of new fuel rods is not permitted. In the case of Isar 2 NPP, which is operated by PreussenElektra GmbH, a wholly owned E.ON Group subsidiary, this required a brief shutdown, which was suitably prepared for, to overhaul pressurizer pilot valves. This measure was successfully carried out at the end of October. As it did for most generation technologies, the German federal government introduced a levy on so-called excess earnings from nuclear energy from December 1, 2022, onward.

Despite all the support measures taken by policymakers in the wake of the geopolitical upheavals, which can only gradually take effect, the economy was hit to a considerable extent by developments on energy markets and other commodity markets, which experienced similarly massive price increases. The economic recovery that had been predicted by research institutes last year proved to be a false hope. The strong start to the year initially gave cause for optimism. Beginning in the summer at the latest, however, Germany's economy cooled noticeably. According to Destatis, GDP did not increase or increased only slightly in the second and third quarters of 2022 (0.0 percent and 0.3 percent, respectively, compared with the previous quarter). The OECD anticipates that Germany's GDP grew by 1.8 percent in 2022.

Rising inflation was felt by businesses and citizens throughout the year. The German government's fall forecast in mid-October assumed an average inflation rate of 8 percent for 2022 and 7 percent for 2023. The German Council of Economic Experts' November forecast had the same figure for 2022 and predicted inflation of 7.4 percent for 2023. One of the main reasons for high inflation is the development of energy prices.

The Covid-19 pandemic remained an important factor influencing the German economy in the year under review as well. Supply chains in particular continued to be severely disrupted worldwide, delaying a faster economic recovery. Although individual companies are already reporting improvements in their supply chain, the problems are likely to continue well into 2023. China, an important trading partner for Germany, plays a major role. The country continued, until the end of 2022, to adopt a strict and increasingly unpopular zero-covid strategy consisting of lockdowns, strict control, contact tracing, and forced quarantine. This repeatedly led to prolonged disruptions and supply bottlenecks for certain products such as semiconductors.

Infection rates in Germany remained at a high level throughout 2022. On the positive side, the omicron variant of the virus now dominates infections and is less likely to lead to severe illness. In addition, vaccinated people require hospital treatment less frequently than unvaccinated people. As a result, high infection rates continued to lead to increased sick leave at companies, but no longer to the same extent to a burden on the healthcare system and to fatalities as was the case in the first waves.

## Development of Energy Prices

Energy prices—and gas prices in particular—moved upward in 2022, in some cases sharply. The waning of the Covid-19 pandemic in the fall of 2021 favored an economic upswing and thus promoted an increase in energy demand, which put upward pressure on prices. In addition to this development, the Russia-Ukraine war and the subsequent sanctions triggered a shortage on the supply side, which likewise pushed up prices.

At the peak of the upward price spiral at the end of August 2022, the month-ahead contract for one MWh of gas at TTF, a virtual trading point in the Netherlands, cost €346, and the spot price rose above €300 as well. Prices settled at €64 and €82, respectively, at year-end 2022. Geopolitical uncertainty was one reason for last year's massively exaggerated prices. The other was that German market area manager Trading Hub Europe GmbH in particular was very active in order to fill gas storage facilities, which were still unusually empty in the spring of 2022, as quickly as possible and to comply with the new legal requirements for filling gas storage facilities issued in May 2022. Storage facilities in Germany account for around 24 percent of EU-wide capacity; their accelerated filling therefore also affected the price situation in the EU as a whole.

The statutory requirement for Germany's gas storage facilities to be 95 percent full was met before the mandatory November 1 deadline. By mid-November, these facilities were 100 percent full. In addition, the exceptionally mild weather in October and the first half of November put downward pressure on prices. Although gas prices have now settled at a rather moderate level compared with the summer of 2022, it can be assumed that prices will remain at a high level even after the war and Covid-19.

## Policy Measures to Control Energy Costs

Shortly after the start of the Russia-Ukraine war, individual member states called for Brussels to introduce a price cap on wholesale markets for natural gas. Different price-cap mechanisms were discussed during 2022. In May 2022, Spain and Portugal obtained the European Union's consent—dubbed the Iberian exception—to institute a price cap to reduce the impact of gas prices on energy prices for end-consumers. On December 19 the Council of the European Union decided to introduce a market correction mechanism. When its preconditions are met, the dynamic price cap is to remain in effect for 28 days and, under certain conditions, may be suspended automatically or by a decision by the Commission.

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The German federal government too responded to the sharp rise in energy prices by adopting far-reaching measures to ease the burden on citizens and industry. The value-added tax on gas was reduced from 19 percent to 7 percent for the period from October 1, 2022, to March 31, 2024. In addition, the increase in the carbon price of €5 per metric ton for heating oil, natural gas, and fuels, which was originally scheduled for the beginning of 2023, was postponed for one year. The carbon price rose to €30 per metric ton in 2022. The government took several steps for low-wage earners and social-transfer recipients, such as raising the tax-exempt amount, adjusting the housing allowance upward, and enacting heating cost subsidies.

The most far-reaching proposals, however, came from the Expert Commission on Gas and Heat formed by the federal government, which included E.ON CEO Leonhard Birnbaum. The commission submitted its final report to the government on October 31. It proposed to relieve gas and district heating customers in two steps. The first step was for the government to make all payments for December, with the exception of payments for industry and power plants that generate electricity.

The second step was to cap gas and heat prices from the beginning of March 2023 until at least the end of April 2024. The German federal government embraced the recommendations and transposed them into legislation. The government adopted the one-off one-month gas rebate recommended by the commission and passed a law to this effect on November 10. Households that use gas or district heating benefited from the emergency aid. SMEs that have standard load profile ("SLP") billing and that consume less than 1.5 million kWh of gas per year also had their December payment waived, as did, regardless of their annual consumption, social institutions such as hospitals, care facilities, and education institutions.

The commission also addressed the question of how to deal with imminent payment arrears in the customer relationship. It recommended the introduction of a hardship fund to cushion

emergencies in a targeted and needs-based manner. The federal government and the German states largely followed this suggestion in the legislation on the electricity and gas price cap.

Gas price cap. The Bundestag enacted the gas price cap in mid-December 2022. The German federal government's draft legislation largely followed the recommendations of the Expert Commission on Gas and Heat. The European Commission also gave the green light. From March 1, 2023, to April 30, 2024, at the latest, essentially those SLP customers that were also eligible for emergency aid will be granted relief by means of a guaranteed gas gross price of 12 cents per kWh for 80 percent of their projected annual consumption; for district heating, it is 9.5 cents per kWh. The contract price applies to the remaining 20 percent of consumption. The gas price cap applies retroactively to January 1, 2023. In March 2023 SLP customers were thus also credited with the relief amounts for January and February 2023.

The gas price cap applies to industry from January 1, 2023, onward. Industrial customers with consumption of more than 1.5 million kWh pay 7 cents per kWh as a net working price for gas for 70 percent of their consumption and 7.5 cents per kWh for district heating, although the law defines different reference figures for different end-consumers with regard to determining annual consumption. They are refunded the difference to their contractually agreed-on working price. The gas price cap applies to around 25,000 companies and around 1,900 hospitals nationwide. It is expected to cost about €54 billion. Suppliers will be fully compensated with funds from the Economic Stabilization Fund.

Electricity price cap. The Bundestag passed the Electricity Price Cap Act at the end of December. The electricity price cap applies from March 1, 2023, to April 30, 2024, at the latest. However, January and February are included retroactively. The electricity price for private consumers and SMEs with electricity consumption of up to 30,000 kWh will be capped at €0.40, including all taxes, levies, charges, and network fees. This rule applies to 80 percent of the forecast annual consumption or the

prior year's consumption, which is calculated based on the distribution system operator's annual consumption forecast. This gives distribution system operators—and thus E.ON in particular—an important role to play in implementing the cap. Industrial customers pay €0.13 plus taxes, levies, and surcharges for 70 percent of their prior-year's consumption. Suppliers will be fully compensated for the electricity price cap as well.

Stabilization of the network fees for power transmission systems. The federal government's third relief package stabilizes the network fees for power transmission systems as well. They are set at 3.12 cents/kWh for the transmission system in 2023. This measure will cost just under €13 billion and will initially be financed from the budget of the Renewable Energy Sources Act (German abbreviation: "EEG"), which had a positive balance of €18 billion late in 2022. Permanent relief of power transmission fees is to be provided by revenue from windfall profit tax on generation assets, which was established as part of the electricity price cap. So far there has been no direct relief for the distribution networks operated by E.ON.

In the wake of the Ministry of Economic Affairs' decision, the German Association of Energy and Water Industries (German abbreviation: "BDEW") rightly pointed out that rising costs can be expected at distribution systems as well. These increases will burden households proportionally more than industry. The BDEW contends that relief is therefore also necessary for distribution system fees.

Taxing windfall profits. EU member states decided at the end of September, on the basis of a proposal from the European Commission, to introduce a revenue cap of €180 per MWh in the wholesale electricity market. It applies to renewables, nuclear power, and lignite. The EU also decided to impose a solidarity charge on suppliers of oil, gas, and fuels. The Bundestag decided to tax the windfall profits of electricity producers not retroactively to September 1, 2022, but retroactively to December 1. The term of

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the tax is initially limited to June 30, 2023, but could be extended by ordinance to April 2024 at the latest.

## Energy Policy and Regulatory Environment

### Global

The question of by what means and how quickly climate change should be slowed continued to dominate the global debate on energy policy in 2022.

At the United Nations Framework Convention on Climate Change, 27th Conference of the Parties ("COP27") in Sharm el-Sheikh, a final declaration was issued that provides for the establishment of a joint fund to compensate poorer countries for climate damage. Developing countries that are particularly vulnerable are to benefit. However, no amounts are specified, and it remains unclear who is to pay into the fund. In addition, various countries reaffirmed the decision made in Glasgow last year to phase out coal. For the first time, the final document of a climate conference also calls for the expansion of renewables. However, the final declaration lacks a plan as to whether and by when the sum of \$100 billion for climate protection and climate adaptation—this is how much the industrialized countries should have been paying to poor countries annually since 2020—must be paid in arrears. The \$100 billion are to go toward measures for climate adaptation that are still possible, while the new fund compensates for damage that has already occurred. Furthermore, countries are called on to improve their climate protection plans by the next climate conference at the latest, but the call is voluntary and not binding.

The next UN climate conference, COP28, is expected to take place in Dubai in 2023.

Although the G20 meeting in Bali was overshadowed by the Russia-Ukraine war, the fight against climate change was on its agenda as well. In their final communiqué, the heads of state and government reaffirmed their intention to act decisively against global warming and called for more efforts and better funding for

projects and measures. In addition, renewables expansion should be pursued as a high priority and solutions should be found to keep energy markets stable and energy prices affordable.

### Europe

#### Impact of Climate Change on the Economy and Energy Supply in 2022

The series of heat waves across Europe along with unusually dry conditions posed significant challenges not only for people and nature, but also for Europe's economy and energy suppliers last year. 2022 was one of Europe's warmest years on record. According to data from the EU's Copernicus Climate Change Service, average temperatures from June to August were 0.4 degrees Celsius higher than the peak figures recorded in 2018 and 2021.

The heat and the lack of rain led to significant restrictions on shipping, especially on the Rhine. Low water levels prevented ships from carrying their usual loads, which increased transport costs and delivery times amid already strained supply chains.

At times less than half of France's 56 nuclear reactors were operating at full capacity because of maintenance and repair work, but also as a result of heat and drought and thus a shortage of cooling water from rivers. As a result, the share of nuclear power in the French electricity mix fell significantly, which in turn affected prices on the European wholesale markets.

Amid the energy crisis caused by the Russia-Ukraine war and the increasingly apparent consequences of climate change for people, the environment, economy, and energy supply, the EU and the German federal government intensified measures, or intend to institute measures, to accelerate renewables expansion and propel the decarbonization of the economy.

The need for such policy measures is explained in the first biennial report of the Council of Experts on Climate Change. If Germany

wants to achieve its climate targets for 2030, the amount of climate-damaging emissions displaced from 2022 to 2030 would have to more than double compared with 2011 to 2021. The Council of Experts states that the energy and building sectors in particular have contributed to the reduction of climate-damaging emissions achieved to date. For Germany to still achieve its climate targets by 2030, the industrial sector would have to increase its annual emissions savings roughly tenfold, the transport sector fourteenfold.

In line with its own corporate objectives, E.ON unambiguously supports policymakers' efforts to expand renewable power generation faster than planned and thus achieve climate targets. For this reason, last year E.ON also provided its expertise in support of much proposed legislation at both the European and federal level and advocated an ambitious climate policy backed by a clear regulatory framework for the energy sector.

EU climate legislation. In response to the Russia-Ukraine war, in May the European Commission presented REPowerEU, a large package of proposals to accelerate renewables expansion and the move away from fossil fuels. It is designed to lessen dependence on Russian energy imports, reduce carbon emissions, and speed up renewables expansion. The plans, which will be incorporated into the Renewable Energy Directive ("RED IV") as a legislative revision, call, among other things, for raising the 2030 target for the proportion of renewables in the EU energy mix to 45 percent. This is to be achieved by accelerating the construction of renewable generating facilities, including in "go-to areas" for renewables, which are to be defined by the member states. Existing legislation requires renewable energy facilities to meet at least 32 percent of the EU's energy needs by 2030.

On December 19 the Council of the European Commission also adopted, under Article 122, a temporary emergency regulation for expanding renewables. It took effect in late December 2022. The regulation accords renewables and the distribution networks to which they are connected an "overriding public interest." The

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Commission has thus prioritized the expansion of renewables and power lines over other public concerns, such as bird and species protection. Other measures in Commission's emergency regulation shorten approval procedures for solar facilities and heat pumps and simplify the repowering of existing facilities.

E.ON generally welcomes the measures proposed in REPowerEU and, partially, the accelerated rollout foreseen by the emergency regulation and is carefully following the consultation on RED IV. Yet E.ON points out that the expansion of smart energy grids in European member states must keep pace with renewables expansion. Without expanded infrastructure for transmitting and distributing energy, the EU's ambitious targets, which were raised last year, cannot be achieved.

Similarly ambitious expansion is needed for eMobility charging infrastructure. The EU decided at the end of October to allow only zero-emission vehicles in Europe from 2035 onward. It also wants to take a closer look at the use of eFuels. This fundamental decision will support the shift to electric vehicles ("EVs") and will thus the expansion of EV charging infrastructure. E.ON welcomes the decision as an effective climate policy to decarbonize the mobility sector, but points out that rapid expansion will require, in particular, simpler approval procedures and faster decisions on subsidy programs.

## Germany

Shortly before the parliamentary summer break, the Bundestag passed the so-called Easter package of legislation to accelerate renewables expansion. In particular, the Energy Industry Act (German abbreviation: "EnWG"), the Renewable Energy Sources Act (German abbreviation: "EEG"), and the Offshore Wind Energy Act (German abbreviation: "WindSeeG") were substantially amended. A total of 19 individual laws were amended. It was one of the largest energy policy amendments in recent decades.

Lawmakers increased the targets for renewables' share of gross electricity consumption from the previous 50 percent to 80

percent. The focus will be shifted to the expansion of solar energy. Germany now aims to more than double its installed photovoltaic capacity, from 100 GW to more than 215 GW. To achieve this, renewables expansion is enshrined as an "overriding public interest." This means that renewable energy generation will be given priority in approval processes over, for example, considerations of construction and road law, water protection areas as well as forestry, emission control, and nature conservation law. This step aims to accelerate planning and approval processes.

In addition, lawmakers passed the Onshore Wind Energy Act to accelerate the expansion of onshore wind energy. It requires the federal states to designate 2 percent of their federal territory for wind energy by 2032. By 2027, 1.4 percent of this land is to be set aside for wind energy. Preference will be given to repowering old turbines at existing wind farms.

In line with its corporate strategy, E.ON has provided substantial assistance to the German federal government's initiatives to accelerate renewables expansion and thus to the Easter package. We will also work to support fast-track renewables growth by expanding our smart distribution grids. This will require, in particular, that the mechanisms for speeding up planning and approval processes prove to be effective. This is the only way for Germany to achieve its ambitious climate targets.

The amendment of the Metering Point Operation Act was another key piece of legislation for accelerating the energy transition. The federal government wants this law to accelerate the rollout of smart energy meters. A legislative initiative adopted by the cabinet in December aims to restart the smart energy meter rollout and achieve the goals of Germany's smart energy meter plan. The plan stipulates that every meter must be smart or at least equipped with a digital interface by 2032. Overall, the rollout of smart energy meters has been slow owing to technical and regulatory hurdles. E.ON had installed 4.9 million smart energy meters in Germany by year-end 2022.

The Charging Infrastructure Master Plan II is intended to provide more impetus to the decarbonization of road transport. The federal government intends to ensure the charging of millions of additional EVs. It plans to spend €6.3 billion through 2025 to fund the expansion. E.ON welcomes the federal government's intention to no longer measure success in expanding eMobility charging infrastructure on a predefined number of charging points, but to look instead at actual demand, while considering a variety of charging solutions. Federal, state, and local governments also need to demonstrate that they can accelerate approval and funding processes.

Redispatch 2.0 dragged on for more than a year until the Federal Network Agency provided clarity in November 2022. System operators conduct redispatch by modifying the feed-in from generation resources like power stations in order to avoid network congestion. Since November, balancing group managers must receive immediate and detailed notification of redispatch measures, including the planned date, scope, and duration of the adjustment of active or reactive power generation. In addition, the Federal Network Agency clarified that prepayments to balancing group managers must be settled precisely. Network operators are therefore required to estimate lost load as accurately as possible. The agency also requires network operators to ensure that the balancing calculation factors in balance-sheet compensation as well.

In the Act on the Introduction of an Electricity Price Cap, lawmakers gave the Federal Network Agency, among other things, the option under the Energy Industry Act to deviate from previous practice and set reference periods or reference figures for calculating the return on equity of distribution system operators. We expect the Federal Network Agency to address the problem of increased terms for debt financing without delay.

## United Kingdom

The United Kingdom is facing its worst energy crisis in decades. The U.K. government is spending around £16 billion (€19 billion)

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to subsidize household utility bills—including those of prepayment customers—just for October 1, 2022, to March 31, 2023. The Energy Price Guarantee caps variable standard tariffs. A typical U.K. household will save about £900 over this period compared with undiscounted energy prices under the price cap. The U.K. government's 2022 Autumn Statement announced that the Energy Price Guarantee will be extended from April 2023 to April 2024. A typical U.K. household's energy bill will lower to around £3,000 over this period. Forecasts for undiscounted energy prices indicate that the capping of variable standard tariffs will yield savings of about £500.

## Netherlands

In 2022 the Dutch government adopted a roughly €11.2 billion relief package for its citizens. The government is using the money to finance a price cap in effect since January 2022 on a portion of households' and small businesses' electricity and gas consumption. In addition, the Netherlands paid a €190 lump-sum rebate to all households for November and December. Low-income citizens will receive an additional payment of €1,300. The government took the additional step of lowering the VAT on energy from 21 to 9 percent.

## Italy

The previous government under Prime Minister Mario Draghi adopted several aid packages. It supported companies in Italy and relieved the burden on citizens by providing aid loans and reducing the VAT on fuels. The government extended the applicable fuel discount of 30 cents per liter several times during the year. The new government under Prime Minister Giorgia Meloni, on the other hand, reduced the fuel discount to 18 cents per liter effective December 1. It is also increasing the minimum pension by 20 percent and reducing non-wage labor costs by 2 percent, or 3 percent in the case of low incomes. The new government's budget law provides a total of €66 billion in relief.

## Sweden

After the Social Democratic government was voted out of office in September, a right-wing three-party coalition was formed and confirmed in office in October. High electricity prices were a key topic of the energy policy debate in Sweden as well. In particular, the country's existing four price zones were called into question. In 2021, for example, the price level in southern Sweden was more than twice as high as in the North. This structural problem remained in 2022. An amendment to electricity network regulation took effect on June 1, 2021. The Ministry of Environment and Energy is currently working on an electrification strategy. The Ministry of Infrastructure established a Commission for Electrification that was active until the end of 2022.

## East-Central Europe

The Czech Republic enacted a gas price cap and an electricity price cap for households and small consumers. Electricity costs 6 crowns (25 cents) per kWh; gas, 3 crowns (12 cents). The government estimates that the resulting costs are equal to about €5.3 billion. Large consumers, such as those in industry, can apply for subsidies.

Poland has been particularly hard hit by high energy prices. It still imported 60 percent of its coal from Russia in 2021 and thus has taken far-reaching measures to ease the burden on citizens. Among other things, the Polish parliament passed an electricity price cap in the fall. Households up to an annual consumption of 2,000 to 3,000 kWh will pay the 2022 electricity price equal to €88.70 per MWh. Companies up to a certain size will pay no more than the equivalent of around €167 net per MWh between December 1, 2022, and December 31, 2023. The same cap applies to public entities. Since many people in Poland still use coal for heating, the government has already paid out a one-time coal subsidy equal to €650 per household and set a price cap equal to about €420 per metric ton of coal that municipalities sell to citizens from January 1, 2023, onward.

The Romanian government capped gas and electricity bills for consumers up to a certain level of monthly consumption. The cap for an average household is equal to €136 per MWh for electricity and €62 per MWh for gas. In return, suppliers receive compensation from the state to cover the shortfall.

Hungary's government discontinued the residential utility cost cap introduced in 2014 due to soaring energy prices. However, it emphasized that subsidized prices for gas and electricity would only rise for those households that consume more than the average. These households must pay the market price for the difference since August 1, 2022. This, in turn, will amount to a multiple of the subsidized prices.

## Special Events in the Reporting Period

### Corporate Bonds Issued

The following bonds were issued in the 2022 financial year:

- €500 million bond that matures in January 2026 and has a coupon of 0.125 percent (January 2022)
- €800 million green bond that matures in October 2034 and has a coupon of 0.875 percent (January 2022)
- €750 million green bond that matures in January 2025 and has a coupon of 0.875 percent (March 2022)
- €750 million green bond that matures in March 2031 and has a coupon of 1.625 percent (March 2022)
- €600 million bond that matures in August 2028 and has a coupon of 2.875 percent (August 2022)
- NOK 1,500 million private placement that matures in September 2032 and has a coupon of 5.02 percent. It is fully hedged for interest rate and currency. Including the hedging transaction, this yields a euro-denominated liability of roughly €150 million

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with an interest rate of 3.70 percent per annum (September 2022).

- CHF 155 million bond that matures in December 2025 and has a coupon of 1.860 percent. It is fully hedged for interest rate and currency. Including the hedging transaction, this yields a euro-denominated liability of roughly €158 million with an interest rate of 3.49 percent per annum (December 2022).
- CHF 145 million bond that matures in December 2029 and has a coupon of 2.503 percent. It is fully hedged for interest rate and currency. Including the hedging transaction, this yields a euro-denominated liability of roughly €148 million with an interest rate of 3.98 percent per annum (December 2022).

## Russia-Ukraine War Creates Significant Macroeconomic Uncertainty and Impacts the Energy Sector

Russia attacked Ukraine on February 24, 2022. The situation on energy markets has since then remained tense. E.ON's priority in these turbulent times is to secure the energy supply. The power, gas, and heat networks that E.ON operates in various regions of Europe are running stably, even in the current situation.

The war's repercussions also have implications for E.ON's business, in particular the rise in commodity prices during the year. These implications are described in greater detail below in the chapters entitled "Earnings Situation" and "Financial Situation." In addition, the stake in Nord Stream AG held in pension plan assets was reduced to its fair value of zero at December 31 2022. The write-down, which reduced equity, was recognized in other non-operating income. The situation assessable at the balance-sheet date indicated no other triggering events directly related to the war that would necessitate impairment charges on non-current assets.

## Conclusion of a Future Consolidation Agreement with ZSE Shareholders

On April 8, 2022, the shareholders of Západoslovenská energetika a.s. ("ZSE") and of Východoslovenská energetika Holding a.s. ("VSEH"), E.ON SE, and the Slovak Republic, concluded a Future Consolidation Agreement to combine ZSE and the VSEH Group. The agreement provides, among other things, for 100 percent of VSEH shares to be transferred to ZSE, the sale of all or selected VSEH subsidiaries to ZSE, and the implementation of corporate law changes at VSEH.

The transfer of VSEH shares to ZSE will result in ZSE becoming VSEH's sole shareholder (and thus also shareholder of selected VSEH subsidiaries). The ownership interests in ZSE will remain unchanged; that is, E.ON will have a 49-percent stake in VSE and the Slovakian state a 51-percent stake. The new ZSE shareholders agreement, which has yet to be concluded, will essentially correspond to the current shareholders agreement. After the transaction, ZSE will thus continue to be included in E.ON's Consolidated Financial Statements as a jointly owned company and accounted for using the equity method. After closing, the VSEH's business operations, which previously had been fully consolidated, will be accounted for using the equity method.

The transaction is expected to close in the second quarter of 2023.

## Disposal of Universal Service Provider Business in Hungary

To further optimize E.ON's portfolio in Hungary, E.ON Hungária Zrt. signed an agreement with MVM Zrt. on February 23, 2022, to sell 100 percent of its stake in E.ON Áramszolgáltató Kft. ("EÁS"). EÁS holds a regional universal service provider license under which it supplies electricity to customers in certain regions of Hungary. The transaction closed on April 14, 2022.

## E.ON and Igneo Establish Joint Venture for Accelerated High-Speed Broadband Rollout

In mid-July E.ON and Igneo Infrastructure Partners signed an agreement to found a joint venture for the rollout of high-speed broadband infrastructure in Germany. For this purpose, Igneo acquired a 50-percent stake in Westconnect GmbH (formerly Westenergie Breitband GmbH), which was previously a wholly owned E.ON SE subsidiary. The transaction closed on October 31, 2022. In the future, the joint venture intends to provide fiber-optic broadband connections to more than 1.5 million households and wholesale customers in Germany.

E.ON subsidiary Westenergie remains a 50-percent shareholder; the company's activities will be recorded in E.ON's Consolidated Financial Statements using the equity method.

On Capital Markets Day in the fall of 2021, E.ON announced that it planned to conduct €2 to €4 billion of portfolio optimization. The Igneo transaction is the first such measure.

## Contract of Management Board Chairman Leonhard Birnbaum Extended to 2028

At its meeting in late September 2022, the E.ON SE Supervisory Board extended the contract of Management Board Chairman Leonhard Birnbaum by five more years until June 30, 2028. Birnbaum has been a member of the E.ON Management Board since 2013 and its Chairman since April 2021.

## Agreement on the Temporary Continued Operation of Germany's Remaining Nuclear Power Plants

E.ON supports the amended Atomic Energy Act which makes possible the temporary continued operation of the three nuclear power plants ("NPPs") that remain online. This has enabled generating capacity to be maintained in the winter of 2022/2023 to stabilize the German power grid. The authorization of Emsland, Neckarwestheim 2, and Isar 2 NPPs (the latter of which is operated by PreussenElektra, an E.ON subsidiary) to operate does

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not expire until the close of April 15, 2023. Germany's NPPs can make a valuable contribution toward securing the energy supply amid the crisis and put downward pressure on prices.

Isar 2 may operate with its existing reactor core until April 15, 2023, at the latest. From January 1, 2023, onward PreussenElektra could earn power-market revenues for about 2 TWh of Isar 2's electricity output. These potential revenues must be set against the additional costs arising from the extension and the provisions of the Act on the Introduction of Electricity Price Caps and the Amendment of Other Energy Law Provisions (German abbreviation: "StromBP") on the recovery of electricity market proceeds, which took effect on December 24, 2022.

E.ON plans that any possible revenues resulting from Isar 2's continued operation will be used for the energy transition, such as for network infrastructure and the development of its hydrogen business.

## LNG Terminal in Brunsbüttel Connected to E.ON Subsidiary's Gas Distribution Network

In December 2022, after less than three months of actual construction time, the technical requirements for the connection of the liquefied natural gas ("LNG") terminal in Brunsbüttel in Schleswig-Holstein were established. In this phase of the project, the jetty for the floating LNG terminal was connected to the gas distribution network of Schleswig-Holstein Netz AG ("SH Netz"), which belongs to E.ON subsidiary HanseWerk AG, by means of a three-kilometer pipeline belonging to Gasunie. SH Netz has enabled the onward transport of the LNG gas to Germany by installing a large new special pipe network station in Brunsbüttel to regulate the gas flow as well as by making a variety of technical specifications at various gas transfer stations in its distribution network. SH Netz's pipelines are future-proof and in the future could transport hydrogen as well.

## Subsequent Events

### E.ON Successfully Issues Two Bonds in January 2023

E.ON successfully issued two bonds totaling €1.8 billion:

- €800 million bond that matures in January 2028 and has a coupon of 3.5 percent
- €1 billion green bond that matures in January 2035 and has a coupon of 3.875 percent.

### Earthquakes in Southeast Turkey and Northern Syria

Southeastern Turkey and northern Syria experienced several major earthquakes on February 6, 2023, and in the days afterward. They resulted in electricity and gas service outages. As a precaution, natural gas and crude oil flows were suspended. At E.ON, Enerjisa Enerji's supply territory was affected; it the affected area it supplies around 8.5 million inhabitants. Enerjisa Üretim had outages at lignite-fired and hydro power plants. In addition, near freezing temperatures and rainfall hampered ongoing operations. E.ON is working to restore service in the area as quickly as possible and to repair damage. From today's perspective, it is not yet possible to estimate the earthquake's cumulative impact.

## Business Performance

E.ON's operating business delivered a positive performance in the 2022 financial year, and E.ON surpassed its forecast for several key performance indicators.

Sales in the 2022 financial year increased by 50 percent to €115.7 billion. Customer Solutions delivered a large part of the increase, which to a great extent reflected price increases on commodity markets. This primarily affected the sales business in Germany, the United Kingdom, and the Netherlands.

Adjusted EBITDA for the E.ON Group of €8.1 billion was €0.2 billion above the prior-year figure and also above the forecast

range of €7.6 to €7.8 billion. Energy Networks recorded adjusted EBITDA of €5.5 billion, which was at the upper end of the forecast range of €5.3 to €5.5 billion that was revised in November 2022 (previously: €5.5 to €5.7 billion). Customer Solutions' adjusted EBITDA of €1.7 billion was also at the upper end of the forecast range of €1.5 to €1.7 billion. Adjusted EBITDA recorded under Corporate Functions/Other of -€0.2 billion reflects the forecast of -€0.2 billion. Non-Core Business posted adjusted EBITDA of €1.1 billion, which was at the upper end of the forecast range of €0.9 to €1.1 billion, which was revised in November 2022 (previously: €0.6 to €0.8 billion). Adjusted net income of €2.7 billion was around €0.2 billion above the prior-year figure and above the forecast range of €2.3 to €2.5 billion. Earnings per share, which are based on adjusted net income, amounted to €1.05 in the year under review (prior year: €0.96) and thus surpassed the forecast range of €0.88 to €0.96. The core business achieved a large share of the positive developments in the operating business. At the network business they are attributable to a variety of items, including cost savings, the leveraging of synergies, and further growth in the regulated asset base due to additional investments. The increase at Customer Solutions was generated primarily by the sales business as well as the EIS business. The main factors in the positive earnings performance were relatively mild weather, a significant reduction in customer churn amid the energy crisis, and the leveraging of synergies.

Cash-effective investments of €4.8 billion were at the prior-year level of €4.8 billion and thus below the target figure of €5.3 billion. Energy Networks' investments of €3.8 billion were below the forecast figure of €4.1 billion due to delays in the implementation of network projects. Customer Solutions' investments of €0.8 billion were likewise below the forecast figure of €1.1 billion. The deviation is largely attributable to delays in the realization of the EIS business's projects. Investments of €0.1 billion at Corporate Functions/Other were in line with the forecast figure. Non-Core Business's investments were negligibly low and reflected the forecast figure of €0 billion.

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## Acquisitions, Disposals, and Disposal Groups in 2022

In 2022 E.ON executed the following significant transactions and made the following reclassifications pursuant to IFRS 5. Note 5 to the Consolidated Financial Statements contains detailed information about them:

- Westenergie AG's consortium agreement with RheinEnergie and the reclassification of the stake in Stadtwerke Duisburg as an asset held for sale
- Partial disposal of Stromnetzgesellschaft Essen GmbH & Co. KG and the reverse leasing model.
- Partial disposal of Westconnect GmbH and thus its inclusion as a company accounted for by means of the equity method
- Continued classification of VSEH as a disposal group due to the planned combination with ZSE in Slovakia
- Sale of the universal service provider ("USP") business in Hungary.

Cash provided by investing activities of continuing operations included cash-effective disposal proceeds totaling €1.1 billion in 2022 (prior year: €1.0 billion).

## Earnings Situation

### Sales

The E.ON Group's sales in the 2022 financial year rose by €38.3 billion year on year to €115.7 billion.

Energy Networks' sales of €20.3 billion were €2 billion above the prior-year figure. The network business in Germany contributed this development, due in part to the expansion of its regulated asset base and to the increased upstream network costs of power transmission systems, which, pursuant to statutory regulations, distribution network operators must pass through in their network fees.

The €34.8 billion increase in Customer Solutions' sales to €96.2 billion mainly reflects price increases on commodity markets caused by the energy crisis and impacts, in particular, the sales business in Germany, the United Kingdom, and the Netherlands.

Sales at Non-Core Business declined by €0.6 billion year on year to €1.1 billion, mainly because Brokdorf and Grohnde nuclear power plants were shut down as planned on December 31, 2021. The decrease was only partially offset by higher sales prices on power marketed from Isar 2 nuclear power plant.

Sales recorded at Corporate Functions/Other rose by €40.5 billion year on year to €57.8 billion. The increase is mainly attributable to the fact that E.ON Energy Markets, our central commodity procurement unit, expanded its business operations by acquiring the portfolios of additional business units. In addition, the settlement of derivatives (+€3.7 billion relative to the prior year) amid rising prices on commodity markets led to significantly higher sales. The internal service relationships from central energy procurement are offset by corresponding consolidations.

### Sales

€ in millions	2022	2021	+/- %	Fourth quarter		Full year	
				2022	2021	+/- %	
Energy Networks	5,656	5,005	13	20,258	18,273	11	
Customer Solutions	32,963	23,209	42	96,221	61,428	57	
Non-Core Business	308	559	-45	1,060	1,632	-35	
Corporate Functions/Other	26,761	8,624	210	57,776	17,265	235	
Consolidation	-31,621	-8,126	-289	-59,655	-21,240	-181	
<b>E.ON Group</b>	<b>34,067</b>	<b>29,271</b>	<b>16</b>	<b>115,660</b>	<b>77,358</b>	<b>50</b>	

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## Other Line Items from the Consolidated Statements of Income

The Consolidated Statements of Income can be found in the Consolidated Financial Statements.

Own work capitalized of €997 million was 31 percent above the prior-year level (€761 million). Own work capitalized consisted predominantly of network investments as well as ongoing and completed IT projects.

Other operating income totaled €73,193 in 2022 (prior year: €47,383 million). Income from derivative financial instruments alone rose by €25,497 million year on year to €70,234 million owing mainly to the development of prices on commodity prices during the course of the year.

Income from currency-translation effects of €853 million was €375 million above the prior-year figure (€478 million). Corresponding amounts resulting from currency-translation effects and derivative financial instruments are recorded under other operating expenses. Income from sale of equity interests and securities totaled €999 million (prior year: €360 million). This mainly consists of the income of €810 million on the partial disposal of Westconnect GmbH.

Costs of materials of €108,627 million were significantly above the prior-year level (€78,096 million). The increase is primarily attributable to higher energy prices on commodity markets. This led to higher direct procurement costs, but also meant that forward procurement contacts, which under IFRS are accounted for as derivative financial instruments, had to be adjusted to the current market price at the time of settlement. Income from the

marking to market of commodity derivatives is recorded under other operating income. In addition, a change in provisions for pending transactions was recognized in costs of materials. These provisions were mainly created for contracted sales transactions that are not subject to IFRS 9 (failed own-use transactions) but that are commercially part of a portfolio that is partially offset by procurement transactions that are accounted for as derivative financial instruments.

Personnel costs of €5,437 million were €400 million below the prior-year figure of €5,837 million. The change is mainly attributable to a decline in the number of employees and lower expenditures for pension schemes. Lower expenditures for restructuring measures were an additional factor.

Depreciation charges declined from €3,922 in the prior year to €3,378 million. This is principally attributable to a decrease in scheduled depreciation charges of -€397 million (prior year: +€29 million). This decline mainly reflects the closure of Grohnde and Brokdorf nuclear power plants.

Other operating expenses of €71,736 million were €40,071 million above the prior-year level (€31,665 million), chiefly because expenditures relating to derivative financial instruments (including currency-translation changes) rose by €40,177 million to €66,663 million. Expenditures relating to currency-translation effects declined by €361 million to €524 million.

Income from companies accounted for under the equity method of €279 million was significantly below the prior-year level (€505 million). The decline resulted mainly from adverse earnings effects in conjunction with the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) in Turkey.

## Adjusted EBITDA

Effective January 1, 2022, we use earnings before interest, taxes, depreciation, and amortization adjusted to exclude extraordinary effects ("adjusted EBITDA") for the internal control of our intended growth and as an indicator of our business units' sustainable earnings strength.

### Adjusted EBITDA

€ in millions	2022	Fourth quarter		Full year	
		2021	+/- %	2022	2021
Energy Networks	1,390	1,118	24	5,459	4,988
Customer Solutions	269	171	57	1,686	1,493
Thereof: Energy Infrastructure Solutions ("EIS")	203	170	19	568	479
Corporate Functions/Other	-14	-48	71	-165	-213
Consolidation	-2	5	-140	-5	4
<b>Adjusted EBITDA from core business</b>	<b>1,643</b>	<b>1,246</b>	<b>32</b>	<b>6,975</b>	<b>6,272</b>
Non-Core Business	306	366	-16	1,084	1,617
<b>E.ON Group adjusted EBITDA</b>	<b>1,949</b>	<b>1,612</b>	<b>21</b>	<b>8,059</b>	<b>7,889</b>

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The core business's adjusted EBITDA in the 2022 financial year rose by €703 million, from €6,272 million in the prior year to €6,975 million.

Energy Networks' adjusted EBITDA climbed by €471 million year on year to €5,459 million. This segment recorded a variety of effects. The positive factors in Germany included further growth in the regulated asset base due to additional investments, the leveraging of planned synergies from the integration of innogy, cost savings, and the recovery of adverse earnings effects. These effects were partially offset by higher commodity prices and warmer weather. Earnings in Sweden declined because of higher costs for upstream networks and a reduction of wheeling volume due in part to warmer weather. The earnings decline at East-Central Europe/Turkey is chiefly attributable to higher procurement costs for network losses (especially in Romania and Hungary), the disposal of two network operators in Hungary in the third quarter of 2021, and lower wheeling volume due in part to weather factors.

Adjusted EBITDA at Customer Solutions increased by €193 million year on year to €1,686 million. Lower acquisition costs in Germany due to reduced customer churn and the leveraging of synergies as part of the innogy integration had a positive effect on earnings. Positive weather effects and earnings effects from the dynamic procurement strategy contributed to the increase in the Netherlands. Earnings in the United Kingdom declined owing to weather and consumption factors as well as precautionary measures related to payment defaults, particularly for residential customers and small and medium-sized enterprises, which could only be partially offset by cost savings achieved by the ongoing restructuring program. Distributed Energy Infrastructure Solutions ("EIS") is another unit of the Customer Solutions segment. Adjusted EBITDA at EIS increased from €479 million in the prior year to €568 million, primarily owing to investments.

Adjusted EBITDA recorded at Corporate Functions/Other improved by €48 million year on year to -€165 million, in particular because of cost savings.

Adjusted EBITDA at Non-Core Business decreased by €533 million to €1,084 million. This is primarily attributable to the non-recurrence of the one-off effect recorded in 2021 relating to the agreement between the German government and nuclear power plant operators on nuclear power output rights and the resulting refund of residual power purchases. The fact that Brokdorf and Grohnde nuclear power plants were shut down as planned on December 31, 2021, adversely affected earnings as well. These factors were partially offset by higher sales prices relative to the prior year. The provisions of the Act on the Introduction of an Electricity Price Cap and the amendment of other energy laws (such as "StromBP") to tax windfall electricity market profits (which apply from December 1, 2022, onward) adversely impacted earnings for the first time.

The E.ON Group recorded adjusted EBITDA of €8,059 million, which was €170 million above the prior-year figure. This improvement resulted from the aforementioned developments in the core business, which were partially offset by lower earnings at Non-Core Business.

E.ON generates a large portion of its adjusted EBITDA in very stable businesses. Regulated, quasi-regulated, and long-term contracted businesses accounted for the overwhelming proportion of E.ON's adjusted EBITDA in 2022.

E.ON's regulated business consists in part of operations in which revenues are largely set by law and based on costs. The earnings with regard to such approved cost components are therefore extremely stable and predictable. E.ON's quasi-regulated and long-term contracted business consists of operations in which earnings have a high degree of predictability because key determinants (price and/or volume) are largely set for the medium to long term. Examples include the operation of industrial customer solutions

with long-term supply agreements and the operation of heating networks.

Merchant activities are all those that cannot be subsumed under either of the other two categories.

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## Reconciliation to Adjusted Earnings Metrics

### Non-Operating Adjustments

€ in millions	Fourth quarter		Full year	
	2022	2021	2022	2021
Net book gains (+)/losses (-)	807	-8	748	26
Restructuring expenses	-3	-222	-88	-511
Effects from derivative financial instruments	-4,394	1,625	-3,123	3,250
Carryforward of hidden reserves (+) and liabilities (-) from the innogy transaction	-31	-119	-112	-188
Other non-operating earnings	-217	106	-961	432
<b>Non-operating adjustments of EBITDA</b>	<b>-3,838</b>	<b>1,382</b>	<b>-3,536</b>	<b>3,009</b>
Depreciation of hidden reserves (+) and liabilities (-) from the innogy transaction	-115	-158	-504	-603
Other non-operating impairments/reversals	-64	-439	-86	-453
Non-operating interest expense (+)/income (-)	484	110	1,817	391
Non-operating taxes	738	65	1,306	62
<b>Non-operating adjustments of net income/loss</b>	<b>-2,795</b>	<b>960</b>	<b>-1,003</b>	<b>2,406</b>

### Reconciliation to Adjusted EBITDA

€ in millions	Fourth quarter		Full year	
	2022	2021	2022	2021
<b>Adjusted EBITDA</b>	<b>1,949</b>	<b>1,612</b>	<b>8,059</b>	<b>7,889</b>
Non-operating adjustments of EBITDA	-3,838	1,382	-3,536	3,009
<b>Income/loss from continuing operations before depreciation, interest result, and income taxes</b>	<b>-1,889</b>	<b>2,994</b>	<b>4,523</b>	<b>10,898</b>
Scheduled depreciation/impairments and amortization/reversals	-965	-1,413	-3,453	-4,222
less income/loss from equity investments	16	-68	7	-167
<b>Income/loss from continuing operations before financial results and income taxes</b>	<b>-2,838</b>	<b>1,513</b>	<b>1,077</b>	<b>6,509</b>

Net income pursuant to IFRS includes earnings items that are not directly related to the E.ON Group's ordinary business activities or that are non-recurring or rare. Internal management control considers these non-operating items separately. Adjusted EBITDA and adjusted net income reflect the E.ON Group's long-term profitability and are key performance indicators for purposes of internal management control. They are therefore adjusted to exclude non-operating items.

Net book gains surpassed the prior-year figure owing to a partial disposal and the agreement between E.ON and igneo to found a joint-venture company for the purpose of expanding high-speed broadband infrastructure in Germany (see "Special Events in the Reporting Period").

Restructuring expenses were lower than in the 2021 financial year and consisted, as in the prior year, primarily of expenditures in

connection with the restructuring of the sales business in the United Kingdom.

Effects in conjunction with derivative financial instruments changed by -€6,373 million to -€3,123 million. The settlement of sales and procurement transactions recognized in the prior year as derivatives with positive fair values and the decline in the fair value measurement of unrealized sales and procurement transactions in line with price developments at year-end were mainly responsible for this change.

Non-operating earnings consist mainly of valuation effects for non-current provisions as well as earnings effects in the equity valuation of shareholdings in Turkey in conjunction with the application of IAS 29. This was partially offset by valuation effects for bonds denominated in foreign currencies. The prior-year figure was adversely affected by valuation effects for repurchase obligations pursuant to IAS 32 and by non-current provisions as well as realized effects resulting from hedging transactions for certain currency risks.

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In addition to the above-described non-operating earnings components of EBITDA, the reconciliation to adjusted net income includes the following items:

<b>Reconciliation of Adjusted Net Income</b>				
€ in millions	Fourth quarter		Full year	
	2022	2021	2022	2021
Adjusted net income	602	314	2,728	2,503
Operating earnings attributable to non-controlling interests	153	128	517	396
Non-operating adjustments of net income	-2,795	960	-1,003	2,406
<b>Net income</b>	<b>-2,040</b>	<b>1,402</b>	<b>2,242</b>	<b>5,305</b>

Alongside the separately disclosed depreciation charges in conjunction with the innogy purchase-price allocation, impairment charges were recorded in the 2022 financial year in particular at Energy Networks' business in Slovakia (mainly on goodwill owing to this business's reclassification as a disposal group). Impairment charges were recorded in the prior year principally at Energy Network's business in Romania and at Customer Solutions' business in Slovakia.

Non-operating interest expense/income results from the effects of interest-rate changes for non-current provisions. The positive effect from the difference between the nominal interest rate and the effective interest rate of former innogy bonds adjusted due to the purchase-price allocation was another factor.

The non-operating tax result includes significant amounts that result mainly from additions to deferred tax assets in conjunction with the valuation of pension obligations in the United Kingdom and commodity derivatives in Germany.

Non-controlling interests' share of operating earnings increased mainly because of higher operating earnings at minority-owned companies.

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## Financial Situation

### Finance Strategy

E.ON's finance strategy focuses on capital structure. At the forefront of this strategy is ensuring that E.ON always has access to capital markets commensurate with its debt level.

With its target capital structure E.ON aims to sustainably secure a strong BBB/Baa rating.

E.ON manages its capital structure using debt factor, which is equal to economic net debt divided by adjusted EBITDA; it is therefore a dynamic debt metric. Economic net debt includes not only financial liabilities but also provisions for pensions and asset-retirement obligations.

The increase in interest rates—including on asset-retirement obligations—put to an end the negative real interest rates that prevailed through September 30, 2022. Unlike in the prior year, the actual amount of asset-retirement obligations (without factoring in discounting and cost-escalation effects) exceeded the provisions shown in the balance sheet. This eliminates the limitation of economic net debt's relevance as key figure for purposes of management control that existed from year-end 2016 to September 30, 2022. Effective year-end 2022, E.ON therefore again uses the provisions shown in the balance sheet to calculate economic net debt.

Pursuant to IFRS valuation standards, innogy's financial liabilities at the time of initial consolidation were recorded at their fair value. This fair value is significantly higher than the original nominal value because interest-rate levels have declined since innogy's bonds were issued. The purchase-price allocation yielded a difference between the nominal value and the fair value, which results in additional liabilities of €1.7 billion at year-end 2022. This amount will be recorded in financial earnings as a reduction in expenditures and spread out over the maturity period of the respective bonds (see Note 10 to the Consolidated Financial

Statements. These balance-sheet and earnings effects do not alter the interest and principal payments. To manage economic net debt, E.ON continues to use the nominal amount of financial liabilities, which deviates from the figure shown in its balance sheets.

E.ON so far aimed for a debt factor of 4.8 to 5.2. Debt factor at year-end 2022 of 4.1 was significantly below this target range. Going forward, E.ON aims for a debt factor of up to 5.0.

### Economic Net Debt

Economic net debt declined by €6.1 billion relative to year-end 2021 (€38.8 billion) to €32.7 billion.

Financial liabilities of €32.5 billion reflect E.ON SE's issuance of bonds in the year under review as well as the repayment of five bonds (details on page 106). Short-term interim financing was paid down as well.

E.ON's net financial position improved by €3.1 billion compared with year-end 2021 to about -€21.6 billion. E.ON SE's dividend payment and investment expenditures as well as margin payments in conjunction with the development of commodity prices were more than offset by operating cash flow.

The increase in actuarial discount rates for pensions, which led to a reduction in defined benefit obligations, offset the decline in the return on plan assets and, on balance, had a positive impact on economic net debt (see Note 25 to the Consolidated Financial Statements). The reduction in provisions for asset-retirement obligations mainly resulted from the utilization of provisions for asset-retirement obligations in the nuclear energy business (see Note 26 to the Consolidated Financial Statements). Because the utilization affects operating cash flow, it had no overall effect on economic net debt.

### Economic Net Debt

	December 31,	
€ in millions	2022	2021
Liquid funds	9,378	5,965
Non-current securities	1,347	1,699
Financial liabilities <sup>1</sup>	-32,483	-32,730
FX hedging adjustment	196	391
<b>Net financial position</b>	<b>-21,562</b>	<b>-24,675</b>
Provisions for pensions	-3,735	-6,082
Asset-retirement obligations <sup>2</sup>	-7,445	-8,016
<b>Economic net debt</b>	<b>-32,742</b>	<b>-38,773</b>

<sup>1</sup>Bonds formerly issued by innogy are recorded at their nominal value. The figure shown in the Consolidated Balance Sheets is €1.7 billion higher (year-end 2021: €1.9 billion higher).

<sup>2</sup>This figure is again the same as the asset-retirement obligations shown in the Balance Sheets (€7,445 million at December 31, 2022). The figure at December 31, 2021, is calculated in part based on the actual amount of E.ON's obligations and therefore differs from the Balance Sheet amount of €9,230 million.

### Funding Policy and Initiatives

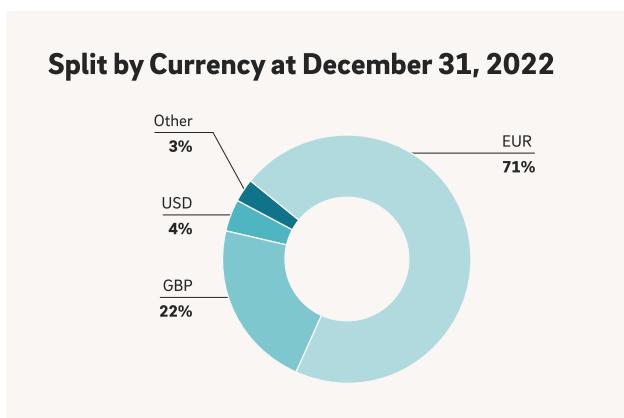
The key objective of E.ON's funding policy is for the Company to have access to a variety of financing sources at all times. E.ON achieves this objective by using different markets and debt instruments to maximize the diversity of its investor base. E.ON issues bonds with tenors that give its debt portfolio a balanced maturity profile. Moreover, large-volume euro-denominated benchmark issues may in some cases be combined with bonds denominated in foreign currencies, smaller euro-denominated issues, private placements, and/or promissory notes. Furthermore, from 2019 onward E.ON has issued green bonds and has since established them in its financing mix. E.ON intends to cover more than 50 percent of its annual long-term financing requirements with green bonds (the "E.ON on Capital Markets" chapter contains information about the E.ON Green Bond Framework).

External funding is generally carried out by E.ON SE, and the funds are subsequently on-lent in the Group. In the past, external funding was also carried out by the Company's Dutch finance subsidiary, E.ON International Finance B.V. ("EIF"), under guarantee of E.ON SE. In 2022 E.ON paid back in full maturities of

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€2.7 billion. E.ON issued new debt totaling €3.9 billion (see "Special Events in the Reporting Period").

With the exception of a U.S.-dollar-denominated bond issued in 2008, all of E.ON SE and EIF's currently outstanding bonds were issued under a Debt Issuance Program ("DIP"). Similarly, innogy and innogy Finance B.V. bonds were formerly issued under the former innogy Group's DIP. A DIP simplifies a company's ability to issue debt to investors in public and private placements in flexible time frames. E.ON SE's DIP was last updated in March 2022 with a total volume of €35 billion, of which about €18.4 billion was utilized at year-end 2022. E.ON SE intends to renew the DIP in 2023.



In addition to its DIP, E.ON has a €10 billion Commercial Paper ("CP") program and a US\$10 billion CP program, under which it can issue short-term notes. After years of inactivity, the U.S. dollar CP program was utilized again in 2022. €0.8 billion of CP was outstanding at year-end 2022 (prior year: €1.5 billion).

E.ON also has access to €3.5 billion syndicated credit facility, which was concluded on October 24, 2019. It originally had a five-year term and includes two options to extend the facility, in each case for one year. After both options to extend the facility were

exercised, the term of the credit facility ends on October 24, 2026. The credit margin is linked, among other things, to the development of certain ESG ratings, which gives E.ON financial incentives to pursue a sustainable corporate strategy. The ESG ratings are set by three renowned agencies: ISS ESG, MSCI ESG Research, and Sustainalytics. The facility serves as a reliable, ongoing general liquidity reserve for the E.ON Group and can be drawn on as needed. The credit facility is made available by 21 banks which constitute E.ON's core group of banks.

## Financial Liabilities

€ in billions	December 31,	
	2022	2021
Bonds <sup>1</sup>	27.2	26.4
EUR	19.3	18.0
GBP	6.1	7.1
USD	1.0	0.9
JPY	0.3	0.3
Other currencies	0.6	0.1
Promissory notes	0.0	0.0
Commercial paper	0.8	1.5
Other liabilities	4.5	4.8
<b>Total</b>	<b>32.5</b>	<b>32.7</b>

<sup>1</sup>Includes private placements.

Alongside financial liabilities, E.ON has, in the course of its business operations, entered into contingencies and other financial obligations. These include, in particular, guarantees, obligations from legal disputes and damage claims, as well as current and non-current contractual, legal, and other obligations. Notes 27, 28, and 32 to the Consolidated Financial Statements contain more information about E.ON's bonds as well as liabilities, contingencies, and other commitments.

E.ON's creditworthiness has been assessed by Standard & Poor's ("S&P") and Moody's with long-term ratings of BBB and Baa2, respectively. The outlook for both ratings is stable. In both cases

the ratings are based on the expectation that, over the near to medium term, E.ON will be able to maintain a debt ratio commensurate with these ratings. S&P's and Moody's short-term ratings are unchanged at A-2 and P-2, respectively.

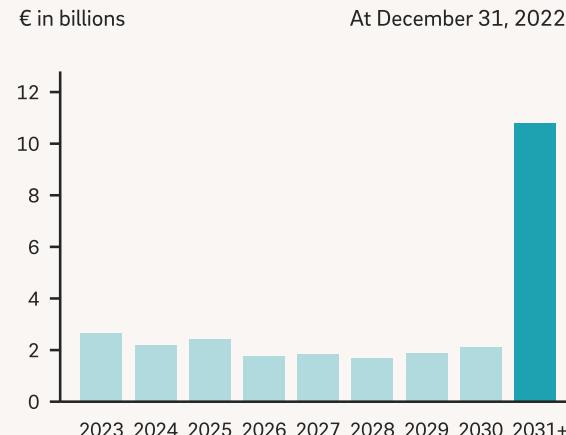
In May 2022 E.ON decided to commission Fitch Ratings to assess its creditworthiness as well. The Company is therefore assessed by all three major rating agencies. Fitch rates E.ON's corporate credit risk at BBB+ with a stable outlook, its bonds at A-, and its commercial paper at F2.

## E.ON SE Ratings

	S&P	Moodys'	Fitch
Long term	BBB	Baa2	BBB+
Outlook	Stable	Stable	Stable
Bonds	BBB	Baa2	A-
Short term	A-2	P-2	F-2

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## Maturity Profile of Bonds Issued by E.ON SE and E.ON International Finance B.V.



E.ON will continue to take into account the trust of rating agencies, investors, and banks at all times by means of a clear strategy and transparent communications. Alongside the ongoing dialog with capital market investors (at roadshows, for example) and rating analysts, E.ON organizes events that include an annual informational meeting for its core group of banks.

### Investments

The E.ON Group's cash-effective investments of €4.8 billion in the 2022 financial year were almost at the prior-year level. Investments in property, plant, and equipment and intangible assets amounted to €4.6 billion (prior year: €4.5 billion). Share investments totaled €177 million versus €275 million in the prior year.

Investments		December 31	
€ in millions		2022	2021
Energy Networks		3,845	3,520
Customer Solutions		831	710
<i>Thereof: Energy Infrastructure Solutions ("EIS")</i>		523	409
Corporate Functions/Other		69	238
Consolidation		1	-4
<b>Investments in core business</b>		<b>4,746</b>	<b>4,464</b>
Non-Core Business		7	298
<b>E.ON Group investments</b>		<b>4,753</b>	<b>4,762</b>

Investments in the core business rose relative to the prior year. Energy Networks' investments of €3.8 billion were 9 percent above the prior-year figure of €3.5 billion. Investment activity in all regions focused primarily on new connections and network expansion in conjunction with the energy transition.

Customer Solutions' investments increased by 17 percent to €0.8 billion (prior year: €0.7 billion). Across all its regional markets, the Energy Infrastructure Solutions ("EIS") unit alone accounted for €0.5 of total investments. Key items relative to the prior year were the acquisition of a minority stake in Horisont Energi (a Norway-based company specializing in the production of blue ammonia and in carbon-storage technologies) along with higher investments in E.ON's district-heating networks and in the installation of additional smart energy meters in the United Kingdom.

Investments at Corporate Functions/Other declined by 71 percent to €0.1 billion (prior year: €0.2 billion). The reason is that the prior-year figure includes subsequent purchase-price payments in conjunction with the innogy acquisition.

Non-Core Business's investments decreased by €0.3 billion, because unlike in 2021 no residual power output rights were acquired.

### Cash Flow

Cash provided by operating activities of continuing operations before interest and taxes of €11.5 billion was €5.9 billion above the prior-year level (€5.6 billion). Energy Networks recorded a significant increase of €2.3 billion to €7 billion, in particular because of higher cash-effective earnings and positive changes in working capital at the network business in Germany. Operating cash flow before interest and taxes rose at Customer Solutions as well, increasing by €1.9 million to €2.4 billion; the business in the United Kingdom and in Germany contributed to this development. The consequences of the energy-price crisis varied significantly across this segment's individual markets depending on whether government support was provided or not; the consequences in some cases offset each other. Notably, operating cash flow in the United Kingdom was €1.3 billion above the prior-year figure. This will lead to correspondingly lower customer payments in subsequent quarters. The shutdown of power plants reduced Non-Core Business's operating cash flow by €0.8 billion. Corporate Functions/Other's operating cash flow was about €2.4 billion above the prior-year level, primarily because of internal settlements between E.ON Energy Markets GmbH and the segments due to the central procurement of power and gas. Cash provided by operating activities of continuing operations benefited from lower interest and tax payments (€0.1 billion).

Cash provided by investing activities of continuing operations of -€3.1 billion was €2.3 billion above the prior-year figure of -€5.4 billion. This development is primarily attributable to a change in the balance of cash inflows and outflows on commodity futures transactions. Investments and disposals were at the prior-year level. Disposals include in particular a payment inflow from the partial sale of Westconnect GmbH. Activities in Hungary were among those divested in the 2021 financial year.

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### Cash Flow

€ in millions	2022	2021
Operating cash flow	10,045	4,069
Operating cash flow before interest and taxes	11,511	5,639
Cash provided by (used for) investing activities	-3,146	-5,399
Cash provided by (used for) financing activities	-3,146	2,263

Cash provided by financing activities of continuing operations of -€3.1 billion was €5.4 billion below the prior-year figure of €2.3 billion. The net of the issuance and repayment of bonds, commercial paper, and bank liabilities in the year under review had an adverse impact on cash provided by financing activities, as did the balance of cash inflows and outflows on margins resulting from the settlement of derivative transactions.

### Cash-Conversion Rate

Cash-conversion rate ("CCR") indicates how much of the E.ON Group's earnings are transformed into cash flow. CCR is equal to operating cash flow before interest and taxes divided by adjusted EBITDA, without factoring in payments for the dismantling of nuclear power stations. E.ON's CCR in 2022 was 151 percent (prior year: 80 percent).

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## Asset Situation

Total assets and liabilities of €134 billion were about €14.3, or 12 percent, above the figure at year-end 2021. Non-current assets rose by €1.1 billion to €81.8 billion. This is mainly attributable to an increase in the value of companies accounted for using the equity method. Investments in property, plant, and equipment constituted another factor.

Current assets increased by 33.5 percent, from €39.1 billion to €52.2 billion. This resulted mainly from the change in receivables on derivative financial instruments as well as an increase in trade receivables and inventory.

Equity attributable to E.ON SE shareholders was about €21.9 billion at year-end 2022. Equity attributable to non-controlling interests was roughly €5.9 billion. The equity ratio (including non-controlling interests) at year-end 2022 was 16 percent, which is 1 percentage point higher than at year-end 2021. Primarily the remeasurement of pension obligations contributed to this development. Alongside net income, positive effects relating to interest-rate and commodity cash-flow hedges recorded under other comprehensive income were the other main factor.

Non-current debt rose by €13.3 billion, or 21.7 percent, chiefly because of the development of liabilities relating to derivative financial instruments. This was partially offset by a reduction in provisions for pension and a reduction in provisions for nuclear asset-retirement obligations.

Current debt of €37.5 billion was 7.5 percent below the figure at year-end 2021, due principally to a decrease in other provisions for contingent losses from pending transactions because of their utilization following the settlement of the underlying transactions and to a decline in liabilities relating to derivative financial instruments. An increase from trade accounts payable was a countervailing factor.

### Consolidated Assets, Liabilities, and Equity

€ in millions	Dec. 31, 2022	%	Dec. 31, 2021	%
Non-current assets	81,769	61	80,637	67
Current assets	52,240	39	39,122	33
<b>Total assets</b>	<b>134,009</b>	<b>100</b>	<b>119,759</b>	<b>100</b>
Equity	21,867	16	17,889	15
Non-current liabilities	74,670	56	61,359	51
Current liabilities	37,472	28	40,511	34
<b>Total equity and liabilities</b>	<b>134,009</b>	<b>100</b>	<b>119,759</b>	<b>100</b>

The Notes to the Consolidated Financial Statements contain more commentary on E.ON's asset situation.

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## Energy Networks

### Power and Gas Wheeling Volume

Overall, power and gas wheeling volume in the year under review declined relative to the prior year. The main reasons in Germany were the Russia-Ukraine war and the associated conservation of electricity. The significant decline in gas wheeling volume resulted from mild weather as well as the war and the related tense gas situation.

Power wheeling volume in Sweden decreased year on year owing to weather factors as well as the tense situation on energy markets. The same reasons applied at East-Central Europe/Turkey along with the sale of two network operators in Hungary, ETI and ÉMÁSZ. Gas wheeling volume was likewise under the prior-year figure due to weather effects and the tense gas and macroeconomic situation amid the war.

Billion kWh	Wheeling Volume		Germany		Sweden		East-Central Europe/Turkey		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Fourth quarter</b>										
Power	58.3	62.3	8.9	10.0	14.4	15.3	81.6	87.6		
Network loss, station use, etc.	2.0	1.9	0.2	0.4	0.8	0.2	3.0	2.4		
Gas	43.8	54.5	0.0	0.0	12.8	17.6	56.6	72.1		
<b>Full year</b>										
Power	229.6	234.7	33.7	36.9	57.0	66.2	320.3	337.8		
Network loss, station use, etc.	7.0	7.1	1.0	1.2	3.2	3.9	11.2	12.1		
Gas	159.8	183.9	0.0	0.0	43.0	49.8	202.8	233.7		

### System Length and Network Customers

E.ON's power system in Germany was about 691,000 kilometers long, slightly below the prior-year figure (700,000 kilometers). At year-end it had about 14.8 million network customers for power in its service territory (prior year: 14.9 million). E.ON's gas system likewise declined slightly to about 98,000 kilometers (prior year: 101,000 kilometers). By contrast, the number of network customers, 1.9 million, was essentially unchanged from 2021.

The length of E.ON's power system in Sweden was 141,000 kilometers (prior year: 140,000 kilometers). The number of customers in the power distribution system was about 1.1 million, unchanged from the prior year.

E.ON operates electricity networks in East-Central Europe/Turkey with a total system length of 275,000 kilometers (prior year: 274,000 kilometers) and supplies about 8.4 million network customers (prior year: 8.3 million). As in the prior year, gas networks operated by E.ON were roughly 49,000 kilometers long. The number of gas network customers was unchanged at 2.7 million (prior year: 2.7 million).

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## Sales and Adjusted EBITDA

Energy Networks									
€ in millions	Germany		Sweden		East-Central Europe/Turkey		Total		
	2022	2021	2022	2021	2022	2021	2022	2021	
<b>Fourth quarter</b>									
Sales	4,535	4,076	266	261	855	668	5,656	5,005	
Adjusted EBITDA	1,041	779	92	111	257	228	1,390	1,118	
<b>Full year</b>									
Sales	16,248	14,661	1,007	962	3,003	2,650	20,258	18,273	
Adjusted EBITDA	4,153	3,458	452	507	854	1,023	5,459	4,988	

Sales and adjusted EBITDA in Germany amounted to €16,248 million and €4,153 million, respectively. Sales were thus €1,587 million above the prior-year figure. The factors contributing to this development included further growth in the regulated asset base due to additional investments and increased upstream network costs of transmission systems, which, pursuant to statutory regulations, distribution network operators must pass through in their network fees. Adjusted EBITDA improved by €695 million relative to the prior year. The increase resulted from a variety of effects, including further growth in the regulated asset base due to additional investments, the leveraging of planned synergies from the innogy transaction, cost savings, and the recovery of adverse earnings effects. These positive effects were partially offset by higher commodity prices and warmer weather.

Sales in Sweden of €1,007 million were slightly above the prior-year figure (€962 million). Tariff adjustments were the reason for this development. Adjusted EBITDA declined by €55 million to €452 million. Earnings were reduced primarily by higher costs for upstream networks, adverse volume effects due in part to mild weather during the year, and higher expenditures for network losses and storm damage.

East-Central Europe/Turkey's sales of €3,003 million were higher (prior year: €2,650 million), whereas adjusted EBITDA of €854 million was below the prior-year figure (€1,023 million). The decline in earnings is chiefly attributable to higher procurement costs for network losses (especially in Romania and Hungary) and the disposal of two network operators in Hungary in the third quarter of 2021. The adverse earnings effect of increased expenditures for network losses is only temporary. Existing regulatory mechanisms enable these expenditures to be recovered by higher earnings in subsequent periods.

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## Security of Supply ✓

*GRI 2-6, GRI 3-3, GRI G4 Sector Disclosures Electric Utilities*

E.ON's objective as an energy company and distribution system operator is to ensure a secure supply of electricity to its customers. A reliable electricity supply is essential for industrialized countries to be able to maintain their economy and meet their inhabitants' needs. For example, industrial customers that operate high-precision production facilities require a constant network frequency. If frequency fluctuates, machinery can break down, resulting in additional costs. A complete interruption of the electricity supply can have serious consequences, and not just for industrial customers. At companies, government agencies, and households, most processes are no longer possible without electricity. One challenge in power supply is that energy is increasingly being generated decentrally and consequently fed into the E.ON network from many different points. Moreover, renewables feed-in fluctuates because it depends on the weather and other factors beyond E.ON's control.

### E.ON's Approach

E.ON wants to operate secure and stable networks in a future energy world as well and thus offer its customers a reliable electricity supply at reasonable costs. That is why E.ON is upgrading to smart grids by equipping networks with sensors and control technology, increasing the level of automation, and adding a digital layer. This will enable us to manage energy flows in line with demand and to monitor our grids in real time and with much greater granularity than today. Additionally, as is described in greater detail below under "Specific Actions," smart-grid technology makes it possible for us to avoid or delay some grid expansion.

Going forward, smart grids will serve as the platform for the innovative technologies and business models that contribute to the energy transition's success. Examples include:

- Flexible tariff models that use price incentives to influence demand and thus help stabilize networks
- The aggregation of multiple distributed power generating units into virtual power plants that respond dynamically to changes in consumption
- Peer-to-peer sharing solutions, such as for households and businesses
- Fluctuation-tolerant local energy systems that have battery, gas, or heat storage devices and their own generating units.

We launched the E.ON Lab in 2022 to study more potential innovations. In Arnsberg/Sundern and Lüneburg, Germany, E.ON is testing the extent to which various aspects of a future energy world are feasible, useful, and scalable. E.ON is expanding its digital equipment in these communities and assessing the value that such smart solutions add for customers and networks. We are also exploring whether and how current energy-market regulation can better reflect customer needs. E.ON's smart solutions promote secure and efficient network operation. This gives us a transparent view of the operating status of network equipment and energy flows and enables us to make targeted use of the flexibility available in our networks.

### Guidelines and Policies

In 2021 E.ON adopted a strategy for deploying more smart technology (smartification) in its low- and medium-voltage grids. The strategy applies in Germany and all other countries in Europe where the Company operates. E.ON's smart-tech deployment targets vary by country but generally far exceed those set by each country's regulatory scheme. We monitor progress using key performance indicators ("KPIs") on a regular basis.

### Organization and Responsibilities

E.ON's regional network companies are responsible for the safe and reliable operation of its distribution networks. Network control centers manage network operations. They are also responsible for resolving unforeseeable outages in their service territory. E.ON's crisis management system defines the responsibilities and procedures for dealing with widespread disruptions. The Incident and Crisis Management policy provides guidelines for such situations. The Chief Operating Officer—Networks ("COO-N") oversees the Energy Networks segment. Under his leadership, three departments (Energy Networks Europe, Energy Networks Germany, and Energy Networks Technology & Innovation) at Corporate Functions manage the segment's regional units. These departments' tasks include strategic development, investment planning, and asset management.

### Specific Actions

E.ON has an investment and maintenance programs under which it expands and maintains its networks in line with demand. E.ON will invest €26 billion in network expansion from 2023 to 2027. This is intended to enable us to ensure that all our network customers are connected to the network and receive a reliable energy supply. Our regional network companies are responsible for carrying out the measures, which are planned for one or more years. Part of the investment budget goes toward the gradual expansion of smart grids: E.ON's network structure is being progressively equipped with sensors, control and relay technology as well as being automated and digitally networked. The increasing use of smart-grid technology makes it possible to avoid or delay costly investments in network expansion, for example, by using new technology to making better use of existing overhead lines. Investment decisions always consider the efficiency of each measure alongside security of supply. This means that E.ON chooses those solutions that make the most sense from both a technical and business standpoint. This is because network investments also affect network fees, which account for a portion of the electricity price paid by customers.

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## Goals and Performance Review

E.ON's regional network companies record all planned and unplanned service interruptions in their distribution networks. The data collected are aggregated into the system average interruption duration index ("SAIDI") for electricity. It indicates the average interruption duration per customer and year.

E.ON reports the SAIDI of its fully consolidated network companies by country. The figures for Germany reflect the weighted average of its fully consolidated network companies there. They are calculated using the method prescribed by the Federal Network Agency (known by its German acronym, "BNetzA"). The calculations are based on service interruptions that have been verified by the BNetzA. All other countries in which E.ON operates networks have similar quality standards. Their national regulatory agencies verify and validate network operators' outage reports. The SAIDI figures for each country therefore reflect the methodology prescribed by its regulatory agency.

› Our network companies also calculate the system average interruption frequency index ("SAIFI"). This measures the average number of interruptions per customer and year. The data collection process for SAIFI is the same as for SAIDI. <

By the end of the data collection period in 2022, no regulatory agency had completed the process of validating outages for 2022. This report is intended to contain final figures on the continuity of supply that have been officially validated. Consequently, the country-specific figures for the prior year are disclosed below.

Although E.ON's does not use SAIDI and SAIFI for management control purposes, these figures provide important information on network reliability. At regular intervals, our network operators inform the E.ON Management Board member responsible for network operations about their supply reliability.

The following presentation of key figures on service quality considers different causes when classifying disruption-related interruptions in individual countries because their respective national regulatory agencies use different methodologies.

**SAIDI Power<sup>1</sup> G4-EU29**

Minutes per customer	2022			2021			2020		
	Scheduled	Unscheduled	Total	Scheduled	Unscheduled	Total	Scheduled	Unscheduled	Total
Germany <sup>2</sup>	7	16	24	7	15	22	7	16	23
Sweden	30	91	121	26	91	116	25	121	146
Hungary <sup>3</sup>	87	54	141	117	58	175	117	61	178
Czech Republic <sup>4</sup>	144	308	451	134	47	181	145	47	192
Romania	293	89	382	297	259	556	288	358	646
Slovakia <sup>4</sup>	80	66	146	70	58	128	143	65	208
Poland <sup>3</sup>	11	39	50	7	38	45	9	44	53

<sup>1</sup>Totals may deviate due to rounding.

<sup>2</sup>Unscheduled figures do not include force majeure events; the flood event in the Ahr valley was therefore not taken into account.

<sup>3</sup>Unscheduled figures do not include force majeure events.

<sup>4</sup>Due to a change in scope, unscheduled figures for 2022 (as opposed to previous years) include force majeure events and vandalism.

The positive trend in service reliability in Germany continued in 2022 (based on data from 2021). A similar development can be observed in Poland and Sweden. The significant reduction in unplanned service interruptions in Romania is attributable to extensive investments in technological upgrades and maintenance. The improvement in Hungary is due to the sale of distribution system operators ("DSOs") ETI and EMÁSZ. E.ON's networks in Germany have the Group's best service reliability. The exceptionally high unscheduled outages in the Czech Republic are related to a tornado in southern Moravia that left several dead and hundreds injured, as well as causing severe damage in the region.

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### SAIFI Power<sup>1</sup> G4-EU28

X

Interruptions per customer	2022			2021			2020		
	Scheduled	Unsched- uled	Total	Scheduled	Unsched- uled	Total	Scheduled	Unsched- uled	Total
Germany <sup>2</sup>	0.30	0.60	0.90	0.10	0.30	0.40	0.10	0.30	0.40
Sweden	0.40	1.30	1.70	0.20	0.90	1.10	0.20	1.20	1.40
Hungary <sup>2</sup>	0.30	0.80	1.10	0.40	0.80	1.20	0.40	0.80	1.30
Czech Republic <sup>3</sup>	0.60	0.50	1.10	0.50	0.60	1.10	0.60	0.80	1.40
Romania	0.80	0.90	1.70	1.00	2.70	3.60	0.90	3.60	4.60
Slovakia <sup>3</sup>	0.40	0.90	1.30	0.30	1.10	1.40	0.50	1.20	1.70
Poland <sup>2</sup>	0.10	0.90	1.00	0.10	0.60	0.70	0.20	0.80	1.00

<sup>1</sup>Totals may deviate due to rounding.

<sup>2</sup>Unscheduled figures do not include force majeure events.

<sup>3</sup>Unscheduled figures do not include force majeure events and vandalism.

### Progress and Measures X

The table below provides information on our system lengths through the end of 2022.

#### System Length at Year-end

Thousand kilometers	Power			Gas		
	2022	2021	2020	2022 <sup>2</sup>	2021 <sup>2</sup>	2020
Germany <sup>1</sup>	691	700	705	98	101	101
Sweden	141	140	139	0	0	0
Hungary	84	84	133	18	18	18
Czech Republic	67	67	66	5	5	5
Romania	83	83	82	25	24	23
Slovakia	23	23	50	0	0	0
Poland	18	18	0	0	0	0
<b>Total</b>	<b>1,107</b>	<b>1,115</b>	<b>1,176</b>	<b>146</b>	<b>148</b>	<b>147</b>

<sup>1</sup>Figures for Germany are for the respective previous year: 2021 for 2022, 2020 for 2021, and so forth.

<sup>2</sup>Excluding Croatia.

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## Customer Solutions

### Power and Gas Sales Volume

Power sales in the 2022 financial year declined by 111.1 billion kWh to 261.7 billion. Gas sales of 462.9 billion kWh were slightly above the prior-year figure of 448 billion kWh. The wholesale market business was responsible for the slight increase, which resulted primarily from the optimization of the procurement portfolio.

Power and gas sales to the customer groups decreased. The primary reasons for the decline in power and gas sales in almost all of E.ON's regional markets were portfolio streamlining in line with our B2B strategy, mild weather as well as crisis-related energy conservation and the associated decline in consumption.

#### Power Sales

Billion kWh	Germany		United Kingdom		The Netherlands		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Fourth quarter</b>										
Residential and SME	9.0	8.8	4.6	6.0	1.7	1.7	6.0	8.2	21.4	24.7
I&C	7.2	6.9	5.7	8.7	0.6	1.1	4.7	6.1	18.4	22.8
Sales partners	4.9	13.4	0.8	—	—	—	1.2	1.8	6.9	15.2
<b>Customer groups</b>	<b>21.1</b>	<b>29.1</b>	<b>11.1</b>	<b>14.7</b>	<b>2.3</b>	<b>2.8</b>	<b>11.9</b>	<b>16.1</b>	<b>46.7</b>	<b>62.7</b>
Wholesale market	19.0	50.5	1.2	28.1	3.2	2.3	2.3	2.4	25.6	83.0
<b>Total</b>	<b>40.1</b>	<b>79.6</b>	<b>12.3</b>	<b>42.8</b>	<b>5.5</b>	<b>5.1</b>	<b>14.2</b>	<b>18.5</b>	<b>72.3</b>	<b>145.7</b>
<b>Full year</b>										
Residential and SME	33.2	32.7	19.9	21.8	5.3	6.3	23.6	32.5	82.0	93.3
I&C	27.6	28.5	26.1	32.0	2.6	4.7	16.2	24.5	72.6	89.7
Sales partners	18.8	49.8	2.4	2.2	—	—	5.5	6.9	26.7	59.1
<b>Customer groups</b>	<b>79.6</b>	<b>111.0</b>	<b>48.4</b>	<b>56.0</b>	<b>7.9</b>	<b>11.1</b>	<b>45.3</b>	<b>64.0</b>	<b>181.3</b>	<b>242.3</b>
Wholesale market	53.5	77.0	6.0	35.8	11.2	8.2	9.8	9.7	80.4	130.7
<b>Total</b>	<b>133.1</b>	<b>188.0</b>	<b>54.4</b>	<b>91.8</b>	<b>19.1</b>	<b>19.2</b>	<b>55.1</b>	<b>73.6</b>	<b>261.7</b>	<b>372.8</b>

#### Gas Sales

Billion kWh	Germany		United Kingdom		The Netherlands		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Fourth quarter</b>										
Residential and SME	13.5	15.6	11.1	16.0	6.3	8.2	10.6	12.6	41.5	52.4
I&C	8.8	5.6	2.4	5.9	3.6	5.3	3.1	5.3	17.9	22.1
Sales partners	6.5	12.1	2.6	2.0	—	—	0.1	—	9.3	14.1
<b>Customer groups</b>	<b>28.8</b>	<b>33.3</b>	<b>16.1</b>	<b>23.9</b>	<b>9.9</b>	<b>13.5</b>	<b>13.8</b>	<b>17.9</b>	<b>68.7</b>	<b>88.6</b>
Wholesale market	30.9	38.0	10.2	31.9	13.1	10.7	3.9	2.5	58.1	83.1
<b>Total</b>	<b>59.7</b>	<b>71.3</b>	<b>26.3</b>	<b>55.8</b>	<b>23.0</b>	<b>24.2</b>	<b>17.7</b>	<b>20.4</b>	<b>126.8</b>	<b>171.7</b>
<b>Full year</b>										
Residential and SME	41.6	46.4	39.9	49.0	19.9	26.8	33.0	35.9	134.4	158.1
I&C	24.9	26.0	9.9	14.0	14.4	23.1	11.0	20.9	60.2	84.0
Sales partners	19.9	36.6	7.2	7.4	—	—	0.7	0.7	27.8	44.7
<b>Customer groups</b>	<b>86.4</b>	<b>109.0</b>	<b>57.0</b>	<b>70.4</b>	<b>34.3</b>	<b>49.9</b>	<b>44.7</b>	<b>57.4</b>	<b>222.4</b>	<b>286.7</b>
Wholesale market	92.8	80.3	95.9	41.0	41.1	32.6	10.7	7.4	240.5	161.3
<b>Total</b>	<b>179.2</b>	<b>189.3</b>	<b>152.9</b>	<b>111.4</b>	<b>75.4</b>	<b>82.5</b>	<b>55.4</b>	<b>64.9</b>	<b>462.9</b>	<b>448.1</b>

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## Customer Numbers

Customer Solutions' fully consolidated companies had a total of about 35.9 million customers at year-end 2022, less than the prior-year figure of 38.8 million.<sup>5</sup> The number of customers in Germany remained unchanged year on year at 14.4 million. In the United Kingdom the number of customers declined slightly to 9.1 million because of the challenging market conditions (prior year: 9.3 million). This was also the reason why the number of customers in the Netherlands decreased slightly to 4 million (prior year: 4.1 million). The total number of customers in the other regions declined from 11 million to 8.4 million. Customer losses are attributable almost exclusively to power customers in Hungary due to the return of the ELMÜ universal service provider ("USP") license and the resulting restructuring of the business. Customer losses relate to both power and gas customers.

## Sales and Adjusted EBITDA

The €34.8 billion increase in Customer Solutions' sales to €96.2 billion mainly reflects price increases on commodity markets during the energy crisis and impacted, in particular, the sales business in Germany, the United Kingdom, and the Netherlands. Adjusted EBITDA increased by €193 million to €1,686 million. Distributed energy infrastructure solutions ("EIS") for customers account for a significant portion of Customer Solutions. Adjusted EBITDA of these activities totaled €568 million in the year under review.

Adjusted EBITDA in Germany rose by €66 million to €760 million. The main reasons were lower acquisition costs due to less customer churn as well as the leveraging of synergies in the wake of the innogy integration.<sup>6</sup> On balance, the adjustment of end-customer prices offset increased procurement costs as well as the costs for anticipated payment defaults due to the passthrough of high energy prices.

Adjusted EBITDA in the United Kingdom decreased by €53 million to €208 million. The decline resulted mainly from weather and consumption effects as well as precautionary measures for payment defaults, especially in the business with residential customers and small and medium-sized enterprises. These items were only partially offset by cost savings delivered by the ongoing restructuring program.

Adjusted EBITDA in the Netherlands rose by €172 million to €324 million. Positive weather effects and the dynamic procurement strategy including the optimized use of gas storage facilities made a significant contribution to this positive earnings performance.

The other regions generally delivered a positive sales and adjusted EBITDA performance as well. Sales increased by €4,556 million to €15,315 million and adjusted EBITDA by €8 million to €394 million. The sale of the regulated retail business had a particularly positive effect on earnings in Hungary, whereas the regulatory scheme had an adverse impact in Romania.

## Customer Solutions

€ in millions	Germany		United Kingdom		The Netherlands		Other		Total		Thereof EIS	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Fourth quarter</b>												
Sales	11,974	11,564	12,789	6,392	3,591	1,730	4,609	3,523	32,963	23,209	-	-
Adjusted EBITDA	285	161	-302	-35	115	50	171	-5	269	171	203	170
<b>Full year</b>												
Sales	38,732	28,711	31,992	17,870	10,182	4,088	15,315	10,759	96,221	61,428	-	-
Adjusted EBITDA	760	694	208	261	324	152	394	386	1,686	1,493	568	479

<sup>5</sup>The adjustment resulted from the harmonization of npower in the United Kingdom.

<sup>6</sup>Cash-effective costs of €105 million were recorded in 2022 for innogy's integration into the E.ON Group.

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## Sustainable Products and Services ✓

GRI 3-3

Greenhouse gas emissions cannot be limited only by the way energy is generated. Energy efficiency and other methods of reducing consumption as well as energy recovery can lower emissions too. E.ON has a broad portfolio of such solutions, which it markets to residential customers and to industrial, commercial, and municipal customers. E.ON continually adjusts this portfolio to better meet its customers' needs, respond to market changes, and utilize new technologies.

### E.ON's Approach

E.ON offers distributed energy systems for households under the brand name Future Energy Home. Customers can use a variety of solutions: solar modules for generating their own energy and battery systems for storing it as well as charging stations for electric vehicles ("EVs"), heat pumps, and other heating solutions. The devices are connected to E.ON Home, an energy-management app; launched in 2018, it was available in six countries in the year under review. Three more countries are to be added in 2023. Regardless of where they are, customers can use the app to view their home's energy output and consumption, control their devices, and reduce their energy use and carbon emissions. E.ON added new functions to the app in 2022, particularly for electromobility ("eMobility"). More solutions are being tested, such as solar charging.

For digital energy-management solutions to function seamlessly, smart energy meters are essential. An EU Directive from 2009 stipulates that, to the degree technically and financially feasible, all customers should have a smart energy meter. Member states must transpose this directive into national law. Germany's Act on the Digitalization of the Energy Transition of 2016, for example, specifies that all customers must be equipped with a smart energy meter by 2032. More information can be found below under "Goals and Performance Review."

Also eMobility will play a significant role in the energy transition. Germany's transport sector emitted around 148 million metric tons of CO<sub>2</sub> equivalents ("CO<sub>2</sub>e") in 2021. The German Climate Protection Act, which was amended in 2021, calls for these emissions to be reduced to a maximum of 85 million metric tons of CO<sub>2</sub>e per year by 2030. To achieve this, passenger car and road freight transport must be climate-neutral and the range of alternative drive trains and the infrastructure to supply them with energy must be massively expanded. One million publicly accessible charging points are to be installed in Germany alone by 2030. In addition, there will be charging points in eCar drivers' private and business environments and at the premises of EV fleet operators. E.ON's objective is to use its experience in the energy sector to simplify EV charging in public places, at work, and at home.

E.ON offers comprehensive infrastructure solutions to make charging both economical and climate-friendly. Under its E.ON Drive brand, E.ON plans and installs charging stations and connects them to the power grid. E.ON is also responsible for supplying energy and operating the equipment. We further optimized our eMobility business in the year under review and will concentrate on three areas in the future: E.ON Drive Solutions serves private and business users. Its focus is on offerings for charging at work, on the go, and at home, which include a variety of wall-mounted charging stations as well as related installation and energy services. In addition, E.ON Drive eTransport is engaged in the electrification of commercial vehicles. E.ON Drive Infrastructure is responsible for charging in public places.

Distributed, flexible, and connected supply systems are crucial for the future energy world. E.ON wants to propel their development with Energy Infrastructure Solutions ("EIS"). It consists of two units, City Energy Solutions ("CES") and Business-to-Business ("B2B"), which develop, own, and operate distributed energy infrastructure. EIS aims to help commercial, industrial, municipal, and real estate customers achieve their sustainability goals. The relevant assets are installed at customers' premises or in their

vicinity. EIS specializes in four areas: comprehensive embedded generation solutions for electricity, heat, and steam as well as the supply of district heating and cooling. Its portfolio also includes distributed solutions for city districts and industrial and commercial customers as well as products and services for greater energy efficiency. EIS's offerings incorporate the latest technology, including combined-heat-and-power ("CHP") and energy-recovery plants as well as waste-heat recovery and low-temperature heating and cooling networks. Some solutions are complemented by software-based solutions and analytics that enable customers to reduce their energy consumption, costs, and greenhouse gas emissions by visualizing and optimizing their energy use.

### Organization and Responsibilities

Our Chief Operating Officer—Commercial, who is a member of the E.ON Management Board, has overall responsibility for the entire customer business, including the Customer Solutions segment. The segment also includes concepts that enable customers to create social, environmental, and financial value. E.ON Energy Infrastructure Solutions ("EIS") and Business-to-Customer ("B2C") work with various E.ON business units on a wide range of topics, such as product development, plant operation, and sustainability management. Responsibility for this lies with the regional units for their respective market (including Western, Central, and Eastern Europe, the United Kingdom, and Scandinavia).

E.ON's distribution system operators ("DSOs") across Europe, which are part of the Energy Networks segment, are responsible for installing smart energy meters in their service territories; the exception is the United Kingdom, where E.ON's retail organization provides them to its customers. German law created two roles for the provision of smart energy meters. The first role, the default metering provider, is responsible for the mass rollout of the standard smart energy meter mandated by German law. At E.ON, this role is performed by its DSOs. The second role, the competitive metering service provider, offers the standard smart energy meter as well as other metering solutions. At E.ON, this role is performed by its German retail sales unit. In addition, E.ON

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subsidiaries act as smart energy meter service providers for municipal utilities and regional energy suppliers in Germany.

Of E.ON's three business units active in eMobility, E.ON Drive Solutions plays a Group-wide role as a competence center for effective and attractive charging solutions. E.ON Drive Solutions is represented across Europe, and its task areas include sales, operations, and IT management.

### Specific Actions

E.ON Plus enables residential customers in Germany to bundle two or more energy contracts for power or gas and to benefit from 100 percent green power at no extra charge. By meeting certain conditions, they can receive an annual discount of €60 per contract. E.ON contracts throughout Germany are eligible. Moreover, customers can bundle their own contracts or participate in E.ON Plus with family members, friends, or neighbors. E.ON Plus electricity is certified green by TÜV Süd.

As an eMobility provider ("EMP"), we give eCar drivers access to our charging network. This network also includes charging points from other providers that are available to E.ON customers as roaming options. In addition, we offer residential customers innovative charging stations and specific electricity tariffs. We supply our commercial customers with both regular and fast charging stations. Furthermore, we support them with solutions for EV fleet management.

In addition, since 2018 E.ON has been a member of the Climate Group's global EV100 initiative, which aims to make EVs the new normal by 2030. To lead the way, E.ON is gradually electrifying its vehicle fleet and car parks for employees, guests, and customers. For more information about EV100, visit the [Environmental Management chapter](#).

On the commercial vehicle side, E.ON Drive aims to capitalize on growth in the market segments of electric road haulage and public passenger transport as well. Battery-powered commercial vehicles

are still the exception, especially in the heavy-duty category. Unlike the passenger car market, the transportation sector is only at the beginning of its evolution toward zero-emissions mobility. But interest among companies and municipalities in electrifying their truck, bus, and van fleets is growing. Climate targets, increasing freight transport, and the growth trajectory of electric drives in local and long-distance public transport will pose greater challenges for charging infrastructure, land use, and grid connections as well. E.ON wants to help fleet operators meet these challenges by significantly expanding its portfolio of products and services for charging fleets of electric commercial vehicles. We want to expand E.ON Drive eTransport, which provides charging solutions for commercial vehicles, to become one of the leading offerings in Europe by 2025.

EIS pursues a partnership-based business approach both in its B2B unit and in CES's products for business customers and municipalities. It develops integrated solutions for heating, cooling, electricity, and mobility. These holistic concepts that integrate the individual sectors; for example, electricity from photovoltaic systems can be used to power heat pumps and eMobility charging infrastructure. E.ON enters into long-term partnerships, such as the cooperation agreement it signed with Deutsche ErdWärme GmbH ("DEW") in 2022. Together, we want to develop and implement geothermal projects to provide our business customers with green, regionally generated heat.

CES customers increasingly link their sustainability targets to the United Nations Sustainable Development Goals ("UN SDGs"), especially SDGs 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), and 13 (Climate Action). CES formed partnerships with municipal and real estate customers across Europe in 2022 to support them in achieving their sustainability targets. By assisting them with development projects that have long-lasting effects, we also aim to help safeguard their assets' long-term value.

E.ON continues to take part in research projects at universities and research institutions. The purpose is to develop the technologies, systems, and approaches that will make it possible to meet the needs of tomorrow's energy world. Our flagship partnership is with the E.ON Energy Research Center at RWTH Aachen University. Its research has an interdisciplinary approach and focuses mainly on distributed generation, smart grids, and efficient building technologies.

### Goals and Performance Review

E.ON wants to offer its customers pioneering energy solutions for the energy world of today and tomorrow. We want our solutions to help them save money, use less energy where possible, and emit less carbon dioxide. E.ON has set a target for this: by 2030, the Company aims to reduce customers' carbon dioxide emissions by 50 percent relative to 2016 (you can find out more about E.ON's climate targets in the [Climate Protection chapter](#)).

E.ON's goal is to equip all its customers with a smart energy meter in the markets covered by the EU directive. However, regulatory delays in the certification of the communication units, known as smart energy meter gateways, prevented DSOs in Germany from starting to gradually rollout smart energy metering systems until February 2020. Until the responsible federal authority withdrew the market declaration in May 2022, the rollout of smart energy metering systems in Germany proceeded according to plan. Since then, it has continued on a reduced scale. A renewed ramp-up requires a legal change, which E.ON expects in 2023.

The E.ON Drive Infrastructure team invests in, builds, and operates charging infrastructure at publicly accessible locations to support the development of a Europe-wide network. It aims to expand its network by 1,000 charging points per year and is focusing on three key use cases to achieve this target:

- in the immediate vicinity of densely populated residential areas, city centers, and attractions

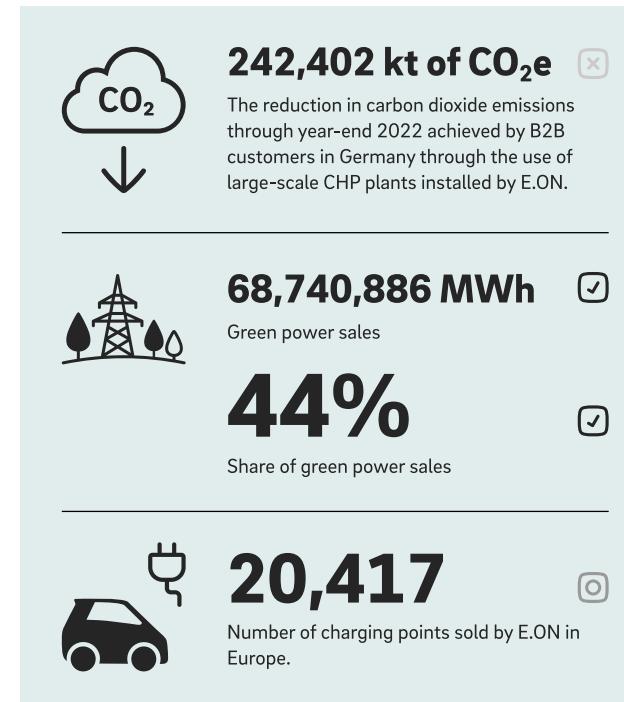
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- in partnership with high-traffic destinations, such as supermarkets or hotels and restaurants
- along freeways.

The impact of our B2B projects on our customers' sustainability can be measured by a variety of KPIs. These KPIs range from carbon-emissions savings to reductions in energy costs and consumption including reductions in final energy consumption (such as electricity) as well as primary energy usage (for example, fuel consumption to generate electricity or heat). Due to country-specific standards and reporting obligations, however, these KPIs are not consistently consolidated Group-wide.

Depending on the project and customer requirements, we also use a variety of KPIs to evaluate the effectiveness of CES solutions for customers. These KPIs include primary energy consumption (such as the use of gas to generate heat), avoided emissions (typically CO<sub>2</sub>), and the deployment of renewable generation technologies (such as geothermal energy and heat pumps) in new property developments. Targets differ based on customer demands and market standards. Teams from our regional units monitor these projects on a regular basis.

## Progress and Measures



### Installed Smart Energy Meters by Country 🔗

Thousand units	2022	2021	2020
<b>Rollout countries</b>			
United Kingdom	5,300	4,738	4,208
Germany <sup>1</sup>	4,874	3,112	2,540
Sweden	1,050	1,047	1,044
<b>Pilot countries</b>			
Romania	346	306	288
Slovakia	105	100	231
Hungary	330	188	142
Czech Republic	10	5	2
Poland	163	158	0
<b>Total</b>	<b>12,178</b>	<b>9,654</b>	<b>8,455</b>

<sup>1</sup>Includes digital meters.

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## Non-Core Business

### Fully Consolidated and Attributable Generating Capacity

PreussenElektra's fully consolidated and attributable generating capacity at year-end 2022 was 1,058 MW, unchanged from year-end 2021.

### PreussenElektra's Power Generation

Owned generation and purchases of 9.1 billion kWh in the 2022 financial year were significantly below the prior-year level owing to the shutdown of Brokdorf and Grohnde nuclear power plants ("NPPs") on December 31, 2021, pursuant to Germany's Atomic Energy Act.

#### Power Generation

	PreussenElektra	
Billion kWh	2022	2021
<b>Fourth quarter</b>		
Owned generation	2.0	7.7
Purchases	0.4	0.2
<i>Jointly owned power plants</i>	–	–
<i>Third parties</i>	0.4	0.2
<b>Total</b>	<b>2.4</b>	<b>7.9</b>
Station use, line loss, etc.	-0.1	–
<b>Power sales</b>	<b>2.3</b>	<b>7.9</b>
<b>Full year</b>		
Owned generation	8.7	30.5
Purchases	0.6	1.1
<i>Jointly owned power plants</i>	–	–
<i>Third parties</i>	0.6	1.1
<b>Total</b>	<b>9.3</b>	<b>31.6</b>
Station use, line loss, etc.	-0.2	-0.1
<b>Power sales</b>	<b>9.1</b>	<b>31.5</b>

### Sales and Adjusted EBITDA

Non-Core Business's sales declined by €572 million year on year to €1,060 million. Adjusted EBITDA fell as well, by €533 million to €1,084 million.

The year-on-year reduction in sales at PreussenElektra resulted mainly from the fact that Brokdorf and Grohnde NPPs were shut down as planned on December 31, 2021. This was partially offset by higher sales prices on power marketed from Isar 2 NPP. The decline in adjusted EBITDA is primarily attributable to the non-recurrence of the one-off effect recorded in 2021 in conjunction with the agreement between the German federal government and NPP operators on nuclear power output rights and the resulting refund of residual power purchases.

Brokdorf and Grohnde NPPs as planned on December 31, 2021, was another factor. This was partially offset by higher sales prices relative to the prior year. The provisions of the Act on the Introduction of an Electricity Price Cap and the amendment of other energy laws (such as "StromBP") to tax windfall electricity market profits (which apply from December 1, 2022, onward) adversely impacted earnings for the first time.

At the power generation business in Turkey, by contrast, equity earnings on E.ON's stake in Enerjisa Üretim surpassed the prior-year figure, primarily because of operating improvements, which were partially offset by currency-translation effects resulting from the weakening of the Turkish lira.

#### Non-Core Business

€ in millions	PreussenElektra	Generation in Turkey		Total		
	2022	2021	2022	2021	2022	2021
<b>Fourth quarter</b>						
Sales	308	559	–	–	308	559
Adjusted EBITDA	277	346	29	20	306	366
<b>Full year</b>						
Sales	1,060	1,632	–	–	1,060	1,632
Adjusted EBITDA	922	1,563	162	54	1,084	1,617

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## E.ON SE's Earnings, Financial, and Asset Situation

### The 2022 Financial Year

E.ON SE prepares its Financial Statements in accordance with the German Commercial Code, the SE Ordinance (in conjunction with the German Stock Corporation Act), and the Electricity and Gas Supply Act (Energy Industry Act).

#### Balance Sheet of E.ON SE (Summary)

	December 31	
€ in millions	2022	2021
Intangible assets	1	22
Property, plant, and equipment	12	13
Financial assets	45,743	46,059
<b>Non-current assets</b>	<b>45,756</b>	<b>46,094</b>
Receivables from affiliated companies	13,515	12,553
Other receivables and assets	2,442	2,257
Liquid funds	5,224	1,666
<b>Current assets</b>	<b>21,181</b>	<b>16,476</b>
Accrued expenses	73	62
Asset surplus after offsetting of benefit obligations	0	4
<b>Total assets</b>	<b>67,010</b>	<b>62,636</b>
Equity	11,723	11,440
Provisions	1,141	1,055
Bonds	15,601	13,731
Liabilities to affiliated companies	37,769	34,714
Other liabilities	547	1,451
Deferred income	229	245
<b>Total equity and liabilities</b>	<b>67,010</b>	<b>62,636</b>

The decline in financial assets resulted mainly from impairment charges on equity interests in affiliated companies (-€649 million) and from the assumption and issuance of loans to affiliated companies (€300 million). The increase in receivables from

affiliated companies and the increase in liabilities to affiliated companies mainly reflected changes in cash-pooling balances.

The increase in other receivables results mainly from the acquisition of money market funds; the decline in other liabilities results mainly from the repayment of short-term financial liabilities and from a reduction in liabilities relating to other taxes.

The change in equity reflects changes in treasury shares under the employee stock-purchase program conducted in 2022 along with a €271 million increase in net income available for distribution.

The increase in provisions mainly results from the provision for recultivation and remediation obligations.

E.ON SE issued new bonds and commercial paper in the amount of €3,852 million in the 2022 financial year and repaid bonds in the amount of €1,250 million. The increase in cash and cash equivalents results chiefly from cash inflows from external financing and an increase in liabilities to affiliated companies.

Information on treasury shares can be found in Note 11 to Financial Statements of E.ON SE and Note 20 to the Consolidated Financial Statements.

#### Income Statement of E.ON SE (Summary)

€ in millions	2022	2021
Income from equity interests	2,954	2,107
Financial result	-876	-26
Other expenditures and income	-635	-101
Taxes	106	26
<b>Net income</b>	<b>1,549</b>	<b>2,006</b>
Profit carryforward from the prior year	1,276	898
Net income transferred to retained earnings	0	-350
<b>Net income available for distribution</b>	<b>2,825</b>	<b>2,554</b>

E.ON SE is the parent company of the E.ON Group. As such, its earnings situation is affected by income from equity interests. The main contributors to positive income from equity interests were income from the transfer of profits from E.ON Beteiligungen GmbH in the amount of €1,333 million, E.ON Finanzanlagen GmbH in the amount of €984 million, and E.ON Energie AG in the amount of €501 million.

The financial result for 2022 includes expenses from impairment charges on equity interests in affiliated companies and a deterioration in net interest expense, mainly due to the increase in interest rates.

The negative balance of other income and expenses in 2022 resulted primarily from €221 million in expenses for purchased third-party services, €215 million in personnel-related expenses, €60 million in auditing and consulting services, and €14 million in net expenses from currency effects. In addition, €109 million of the expenses reflect the increase in the provision for recultivation and remediation obligations. The prior-year figure included income of €368 million relating to the reversal of impairment charges on equity interests in affiliated companies.

The activities of the company E.ON SE within the meaning of Section 6b (3) of the Energy Industry Act consist mainly of other activities outside the electricity and gas sector. In addition, E.ON SE provides a relatively limited degree of energy-specific services to affiliated network operators for network operations relating to electricity distribution and/or gas distribution and prepares activity statements for these services. The resulting earnings, individually and in total, are minimal (about -€1 million).

In the year under review, total income from taxes amounted to €106 million relating to taxes for prior years. This consists of an income tax income of €118 million and an expense from other taxes of €12 million.

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At the Annual Shareholders Meeting in 2023, the Management Board will propose that net income available for distribution be used to pay a dividend of €0.51 per ordinary share and the remaining amount of €1,494 million to be carried forward to the next financial year. Management's proposal for the use of net income available for distribution is based on the number of ordinary shares on March 6, 2023, the date the Financial Statements of E.ON SE were prepared.

The complete Financial Statements of E.ON SE, with an unqualified opinion issued by the auditor, KPMG AG, Düsseldorf, will be announced in the *Bundesanzeiger*.

## Outlook

The E.ON SE Management Board has decided on a dividend policy that foresees annual growth in the dividend per share of up to 5 percent through the dividend for the 2027 financial year. This also applies to dividend growth of up to 5 percent for the 2023 financial year. E.ON will aim for an annual increase in dividend per share after 2027 as well. In E.ON's strategy, sustainability with an emphasis on climate-neutral economic activities is a key growth factor that will enable E.ON to meet its dividend targets.

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## Forecast Report

### Business Environment

#### Macroeconomic Situation

Amid the ongoing crises and challenges, the global economy lost pace in 2022. Persistently high inflation spread across countries and products. In addition, the Russia-Ukraine war increases the risk of a debt crisis in low-income countries. In view of this situation, the OECD's November 2022 economic outlook projects global economic growth of 2.2 percent in 2023 and 2.7 percent in 2024. Emerging economies in Asia will account for almost three quarters of global growth in 2023, whereas the upswing in the United States and Europe will lose momentum. Furthermore, inflation rates are expected to remain at a high level in 2023.

The European Union's autumn economic forecast assumes that GDP growth is likely to reach 0.3 percent in 2023 in both the EU and the eurozone. It predicts economic growth averaging 1.6 percent in 2024 in the EU and 1.5 percent in the eurozone. At the same time, the inflation rate is expected to decline in 2023 but remain high at 7 percent in the EU and 6.1 percent in the eurozone, before easing to 3 percent and 2.6 percent, respectively, in 2024.

The German Council of Economic Experts had forecast as recently as the spring of 2022 that Germany would achieve GDP growth of 3.6 percent in 2023. It corrected its prediction in the fall of 2022 and now expects GDP to decline by 0.2 percent in 2023. The OECD published a similar forecast. It assumes that Germany will record negative economic growth of 0.3 percent. By contrast, it expects GDP to recover by 1.5 percent in 2024. This will require that foreign demand picks up as anticipated, pressure on energy prices decreases, and the inflation rate declines.

### General Statement on E.ON's Anticipated Development

The growth strategy adopted in 2021 as a continuation of the Group's far-reaching transformation in the preceding years proved to be correct and resilient even in the crisis year 2022. In our view, the strategic elements of sustainability and digitalization, which remain valid and underscore E.ON's growth ambitions, are precisely the success factors that will accelerate the transformation of the energy system. We anticipate that in 2023 our operating business will continue to be shaped by the high level of inflation and interest rates as well as volatile and higher wholesale energy prices than before the start of the crisis. Policy and regulatory measures will have an indirect and direct impact on our business operations in individual countries. However, they are now more concrete than in the previous year. The forecast therefore includes the impact of the energy crisis to the extent that we can estimate macroeconomic factors and regulatory intervention.

### Anticipated Earnings and Financial Situation

#### Forecast Earnings Performance

The most important key performance indicators for managing the E.ON Group are adjusted EBITDA, investments, and earnings per share from adjusted net income ("EPS"). E.ON expects adjusted Group EBITDA of €7.8 to 8.0 billion in the 2023 financial year. It anticipates adjusted net income of €2.3 to 2.5 billion, or €0.88 to €0.96 per share in 2023 (based on around 2,610 million shares outstanding). We report on the E.ON Group's dividend policy and planned annual dividend growth in the "E.ON on Capital Markets" chapter.

Forecast by segment:

#### Adjusted EBITDA<sup>1</sup>: 2023 Plan

€ in billions	
Energy Networks	6.0 to 6.2
Customer Solutions	1.8 to 2.0
Corporate Functions/Other	circa -0.1
<b>E.ON Group</b>	<b>7.8 to 8.0</b>

<sup>1</sup>Adjusted for non-operating effects.

E.ON expects Energy Networks to record a significant earnings increase in 2023 compared with the past financial year. This performance will result from further growth in the regulated asset base due to additional investments. In addition, lower adverse effects from the procurement of loss energy compared with the previous year and catch-up effects from previous years are expected.

Earnings at Customer Solutions are expected to be above the prior-year level. The Company expects a positive performance, particularly in the United Kingdom, as a result of successful restructuring and a more stable market environment compared with the prior year. In addition, this segment will benefit from further growth in distributed EIS activities.

Earnings at Corporate Functions/Other are expected to be above the prior-year level. The earnings streams from generation activities in Turkey, which are reported under Corporate Functions/Other effective the start of the 2023 financial year, will have a positive impact.

Adjusted net income and earnings per share from adjusted net income ("EPS") are expected to be below the prior-year level. In addition to the above-described developments in adjusted EBITDA, higher depreciation charges due to increased investments in the

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energy transition and a slight increase in interest costs will have a negative impact.

## Planned Investments

Investments in the sustainable expansion and digital transformation of energy networks and customer solutions operations form the basis for the value-driven growth E.ON aims to achieve. Investments of around €5.8 billion are therefore planned for the 2023 financial year.

Customer Solutions' investments will largely be channeled into the expansion of the EIS business of providing climate-friendly, distributed energy infrastructure solutions, particularly in our markets in Sweden, Germany, and the United Kingdom. E.ON will also invest in advanced IT platforms, smart energy meters (primarily in the United Kingdom), smart charging solutions for eMobility, and integrated energy solutions.

Corporate Functions/Other's investments will go mainly toward Group-wide IT infrastructure and digital platforms for the networks and customer solutions business.

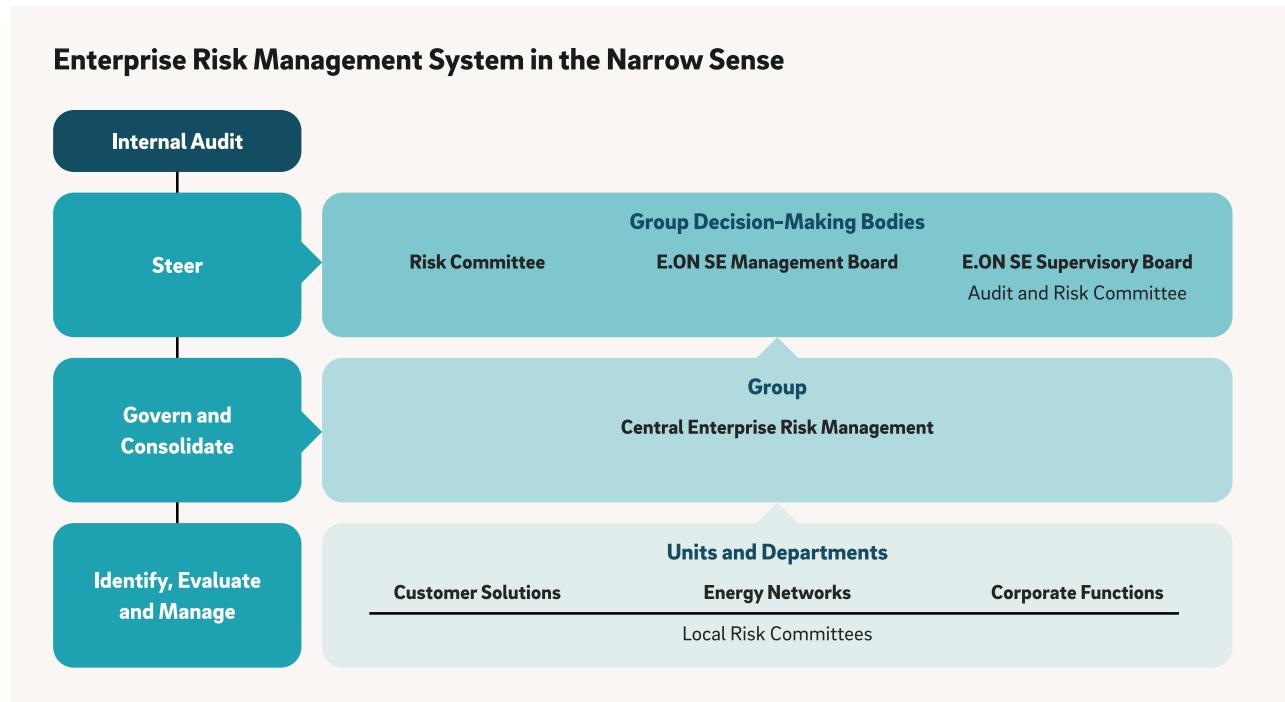
### Cash-Effective Investments: 2023 Plan

	€ in billions	Percentages
Energy Networks	-4.6	79
Customer Solutions	-1.1	19
Corporate Functions/Other	-0.1	2
<b>E.ON Group</b>	<b>-5.8</b>	<b>100</b>

E.ON will make most of these investments in its Energy Networks segment, the backbone of a successful energy transition. Investments will go toward expanding, enhancing, and modernizing networks, switching equipment, and metering and control technology in order to ensure the reliable, uninterrupted, and sustainable distribution of electricity and to meet rising energy demand. In addition, E.ON will invest in the digitalization of network planning, monitoring, and control.

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## Risks and Chances Report



### Objective

E.ON's Enterprise Risk Management ("ERM") provides the management of all units as well as the E.ON Group with a fair and realistic view of the risks and chances resulting from their planned and contracted business activities. It provides:

- meaningful information about risks and chances to the business, thereby enabling the business to derive individual risks/chances as well as aggregate risk profiles within the time horizon of the medium-term plan
- transparency on E.ON's risk position in compliance with legal requirements including KonTraG, BilMoG, and BilReG.

The ERM is based on a centralized governance approach that defines standardized processes and tools covering the identification, evaluation, countermeasures, monitoring, and reporting of risks and chances. Overall governance is provided by the Group Controlling & Risk division's Group Risk department on behalf of the E.ON SE Risk Committee.

All risks and chances have an accountable member of the Management Board, have a designated risk owner who remains operationally responsible for managing that risk/chance, and are identified in a dedicated bottom-up process.

### Scope

E.ON's risk management system in the broader sense has a total of four components:

- an internal monitoring system
- a management information system
- preventive measures
- the ERM, which is a risk management system in the narrow sense.

The purpose of the internal monitoring system is to ensure the proper functioning of business processes. It consists of preventive organizational measures (such as policies and work instructions) and internal controls and audits (particularly by Internal Audit).

The E.ON internal management information system identifies risks early so that steps can be taken to actively address them. Close consultation between the business units and with departments at Corporate Functions such as Controlling, Finance, and Accounting as well as Internal Audit is of particular importance in early risk detection.

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## General Measures to Limit Risks

E.ON takes the following general preventive measures to limit risks.

### Managing Legal and Regulatory Risks

E.ON engages in extensive and constructive dialog with government agencies and policymakers in order to manage the risks resulting from the E.ON Group's policy, legal, and regulatory environment. Furthermore, the Company strives to conduct proper project management so as to identify early and minimize the risks attending major investments.

E.ON attempts to minimize the operational risks of legal proceedings and ongoing planning processes by managing them appropriately and by designing appropriate contracts beforehand.

### Managing Operational and IT Risks

To limit operational and IT risks, E.ON continually improves its network management and the optimal dispatch of its assets. At the same time, E.ON implements operational and infrastructure improvements that will enhance the reliability of its generation assets and distribution networks, even under extraordinarily adverse conditions. In addition, E.ON has factored the operational and financial effects of environmental risks into its emergency plan. They are part of a catalog of crisis and system-failure scenarios prepared for the Group by the Incident and Crisis Management team.

E.ON IT systems are maintained and optimized by qualified E.ON Group experts and outside experts and by a wide range of technological security measures. In addition, the E.ON Group has in place a range of technological and organizational measures to counter the risk of unauthorized access to data, the misuse of data, and data loss.

### Managing Health, Safety, and Environmental ("HSE"), Human Resources ("HR"), and Other Risks

The following are among the comprehensive measures E.ON takes to address such risks (including in conjunction with operational and IT risks):

- systematic employee training, advanced training, and qualification programs for employees
- further refinement of production procedures, processes, and technologies
- regular facility and network maintenance and inspection
- company guidelines as well as work and process instructions
- quality management, control, and assurance
- project, environmental, and deterioration management
- crisis-prevention measures and emergency planning
- management systems for health, safety, and environmental protection certified to ISO standards; in some cases, technical safety management ("TSM") as well
- defined continual improvement processes ("CIPs").

Should an accident occur despite the measures taken, E.ON has a reasonable level of insurance coverage. Detailed information can be found in various chapters of the Combined Group Management Report.

### Managing Market Risks

E.ON uses a comprehensive sales-management system and extensive customer management to manage margin risks caused by market prices. E.ON conducts systematic risk management to limit exposure to risks of price changes. Its key elements are, in addition to binding Group-wide policies and a Group-wide reporting system, the use of quantitative key figures, the limitation of risks, and the strict separation of functions between departments. Furthermore, E.ON utilizes derivative financial instruments that are commonly used in the marketplace. These instruments are transacted with financial institutions, brokers, power exchanges, and third parties whose creditworthiness is monitored on an ongoing basis. E.ON's local sales units and the remaining generation operations conduct local risk management under central governance standards to monitor these underlying commodity risks and to minimize them through hedging.

### Managing Strategic Risks

E.ON has comprehensive preventive measures in place to manage potential risks relating to acquisitions and investments. These measures include, in addition to the relevant company guidelines and manuals, comprehensive due diligence, legally binding contracts, a multistage approvals process, and shareholding and project controlling. Comprehensive post-acquisition projects also contribute to successful integration.

### Managing Finance and Treasury Risks

This category encompasses credit, interest-rate, currency, tax, and asset-management risks and chances. E.ON uses systematic risk management to monitor and control its interest-rate and currency risks and manage these risks using derivative and non-derivative financial instruments. Here, E.ON SE plays a central role by aggregating risk positions through intragroup transactions and hedging these risks in the market. Due to E.ON SE's intermediary role, its risk position is largely closed.

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In the context of Group-wide credit risk management, E.ON systematically assesses and monitors the creditworthiness of its business partners on the basis of Group-wide minimum standards. E.ON manages credit risk by taking appropriate measures, which include obtaining collateral and setting limits. The E.ON Group's Risk Committee is regularly informed about credit risks. A further component of E.ON's risk management is a conservative investment strategy for financial funds and a broadly diversified portfolio.

Note 31 to the Consolidated Financial Statements contains detailed information about the use of derivative financial instruments and hedging transactions. Note 32 describes the general principles of E.ON's risk management and applicable risk metrics for quantifying risks relating to commodities, credit, liquidity, interest rates, and currency translation.

## Enterprise Risk Management ("ERM")

E.ON's ERM, which is the basis for the risks and chances described in the next section, encompasses:

- systematic risk and chance identification
- risk and chance analysis and evaluation
- management and monitoring of risks and chances by analyzing and evaluating countermeasures and preventive systems
- documentation and reporting.

As required by law, E.ON's ERM's effectiveness is reviewed regularly by Internal Audit. In compliance with the provisions of Section 91, Paragraph 2, of the German Stock Corporation Act relating to the establishment of a risk-monitoring and early warning system, E.ON has a Risk Committee for the E.ON Group and for each of its business units. The Risk Committee's mission is to achieve a comprehensive overview of E.ON's risk exposure at

the Group and unit level and to actively manage risk exposure in line with E.ON's risk strategy.

The ERM applies to all fully consolidated E.ON Group companies and all companies valued at equity whose gross book value in the Consolidated Financial Statements is greater than €50 million. E.ON takes an inventory of its risks and chances at each quarterly balance-sheet date.

To promote uniform financial reporting Group-wide, E.ON has in place a central, standardized system that enables effective and automated risk reporting. Company data are systematically collected, transparently processed, and made available for analysis both centrally and decentrally at the units.

## Risks and Chances

### Methodology

E.ON's IT-based system for reporting risks and chances has the following risk categories:

Risk Category	Examples
Legal and regulatory risks	Policy and legal risks and chances, regulatory risks, risks from public consent processes
Operational and IT risks	IT and process risks and chances, risks and chances relating to asset operations and new-build projects
HSE, HR, and other	Health, safety, and environmental risks
Market risks	Risks and chances from the development of commodity prices and margins and from changes in market liquidity
Strategic risks	Risks and chances from investments and disposals
Finance and treasury risks	Credit, interest-rate, foreign-currency, tax, and asset-management risks and chances

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E.ON uses a multistep process to identify, evaluate, simulate, and classify risks and chances. Risks and chances are generally reported on the basis of objective evaluations. If this is not possible, estimates by in-house experts are used. The evaluation measures a risk's/chance's financial impact on the current earnings plan while factoring in risk-reducing countermeasures. The evaluation therefore reflects the net risk.

For quantifiable risks and chances, E.ON then evaluates the likelihood of occurrence and the potential loss or damage. In the commodity business, for example, commodity prices can rise or fall. This type of risk is modeled with a normal distribution. Modeling is supported by a Group-wide IT-based system. Extremely unlikely events—those whose likelihood of occurrence is 5 percent or less—are classified as tail events. Tail events are not included in the simulation described below.

This statistical distribution makes it possible for E.ON's internal risk management system to conduct a Monte Carlo simulation of these risks. This yields an aggregated risk distribution that is quantified as the deviation from the Company's current earnings plan for adjusted EBITDA.

E.ON uses the 5th and 95th percentiles of this aggregated risk distribution as the worst case and best case, respectively. Statistically, this means that with this risk distribution there is a 90 percent likelihood that the deviation from the Company's current earnings plan for adjusted EBITDA will remain within these extremes.

Impact Classes	
Low	$x < €50 \text{ million}$
Moderate	$€50 \text{ million} \leq x < €200 \text{ million}$
Medium	$€200 \text{ million} \leq x < €500 \text{ million}$
Material	$€500 \text{ million} \leq x < €2 \text{ billion}$
High	$x \geq €2 \text{ billion}$

The last step is to assign, in accordance with the 5th and 95th percentiles, the aggregated risk distribution to impact classes—low, moderate, medium, major, and high—according to their quantitative impact on planned adjusted EBITDA. The impact classes are shown in the table above.

The impact classes were reviewed as part of the ERM process in the fourth quarter and in view of the change from EBIT as a key performance indicator to EBITDA. For example, the impact class "high" increased for the 2022 financial year, for example, from " $x \geq €1 \text{ billion}$ " to " $x \geq €2 \text{ billion}$ ."

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## General Risk Situation

The table below shows the maximum annual aggregated risk position (aggregated risk distribution) across the time horizon of the medium-term plan for all quantifiable risks and chances (excluding tail events) for each risk category based on E.ON's most important financial key performance indicator, adjusted EBITDA. E.ON altered its methodology in the 2022 financial year from considering its average risk position over the time horizon of the medium-term plan to its maximum annual risk position.

### Risk Position

Risk category	Worst case (5th percentile)	Best case (95th percentile)
Legal and regulatory risks	Medium	Moderate
Operational and IT risks	Moderate	Low
HSE, HR, and other	Low	Low
Market risks	Material	Material
Strategic risks	Low	Low
Finance and treasury risks	Material	Medium

The following description of risks by category alludes to the aforementioned impact classes. It also addresses major/high tail events and major/high qualitative risks. In the case of qualitative risks (which by definition are more difficult to assess both in terms of their loss amount and their probability), a further distinction is made between risks with a low probability (6 percent < x ≤ 25 percent) and a medium probability (26 percent < x ≤ 50 percent). Example: in category x, there is a risk y (medium, high) and a risk z (low, major).

In the case of tail events and qualitative risks, the focus is not only on E.ON's key performance indicator, adjusted EBITDA, but also on other indicators relating to its asset and financial position.

The E.ON Group has major risk positions in the following categories: market risks as well as finance and treasury risks. As a result, the aggregate risk position of E.ON SE as a Group is major. In other words, the E.ON Group's maximum annual adjusted EBITDA risk ought not to exceed -€500 million to -€2 billion in 95 percent of all cases.

The further sharp increase in commodity prices in 2022 in conjunction with the Russia-Ukraine war has significant implications for the assessment of individual risks as well as, on the positive side, individual chances. On the one hand, the increase can affect wheeling volume and prices in the sales business; on the other, it is a material risk factor for possible bad debts in the sales business. Higher commodity prices also lead to a further increase in counterparty risks; however, our major suppliers' good credit ratings and system relevance continue to render the likelihood of occurrence very low (tail/high).

The network business could likewise experience a decline in wheeling volumes, credit losses, and price increases for network losses which result in lower earnings. A distinctive feature of several of the regulatory jurisdictions in which we operate networks is that regulatory mechanisms generally foresee that a decline in wheeling volume and price-driven cost increases for network losses can generally be recovered in subsequent years by corresponding adjustments to network tariffs.

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## Risks and Chances by Category

E.ON's major risks and chances by risk category are described below. Also described are major risks and chances stemming from tail events as well as qualitative risks that would impact adjusted EBITDA by more than €500 million. Also included are risks and chances that would affect planned net income and/or cash flow by more than €500 million.

### Legal and Regulatory Risks

The political, legal, and regulatory environment in which the E.ON Group does business is a source of risks. This could confront E.ON with direct and indirect consequences that could lead to possible financial disadvantages. New risks—but also opportunities—arise from energy-policy decisions at the European and national level. Foremost among them are the European Commission's Green Deal (which was presented in 2019 and revised and expanded in late 2020), the REPowerEU plan, and the proposal for a directive on common rules for the internal markets for renewable gases, natural gas, and hydrogen (at the end of 2021). Others include the German federal government's decision to phase out conventional hard-coal- and lignite-fired power generation (the Coal Phaseout Law of August 2020) and the laws to set price caps on electricity, natural gas, and heat (at the end of 2022), whose purpose is to provide relief to households and companies for higher energy costs. The achievement of these (environmental) policy objectives will require legal and regulatory implementation measures that themselves could in the future pose new risks for certain E.ON Group business operations.

In the wake of the economic and financial crisis in many EU member states, interventionist policies and regulations have been adopted in recent years, such as additional taxes and additional reporting requirements (for example, EMIR, MAR, REMIT, MiFID2). The relevant agencies monitor compliance with these regulations closely. This leads to attendant risks for E.ON's operations. The same applies to price moratoriums, regulated price reductions, statutory price adjustment requirements, and changes to support

schemes for renewables, which could pose risks to, as well as create chances for, E.ON's operations in the respective countries.

The operation of energy networks is subject to a large degree of government regulation. New laws and regulatory periods cause uncertainty for this business. In addition, matters related to Germany's Renewable Energy Sources Act, such as issues regarding solar energy, can cause temporary fluctuations in cash flow and adjusted EBITDA. The rapid growth of renewables is also creating new risks for the network business. For example, insolvencies among renewables operators or feed-in tariffs unduly paid by grid operators lead to court or regulatory proceedings.

This risk category also includes major risks arising from possible litigation, fines, and claims, governance and compliance issues, as well as risks and chances related to contracts and permits. Changes to this environment can lead to considerable uncertainty with regard to planning and, under certain circumstances, to impairment charges, but can also create chances. This results in a medium risk and a moderate chance position.

The operations of the E.ON Group's Customer Solutions segment subject it to certain risks relating to legal proceedings, ongoing planning processes, and regulatory changes. But these risks also relate, in particular, to legal actions and proceedings concerning contract and price adjustments to reflect market dislocations or (including as a consequence of the energy transition) an altered business climate in the power and gas business, alleged price-rigging, and anticompetitive practices. This poses a major risk (tail/high).

A significant change will result from Germany's implementation of the European Court of Justice's ruling requiring it to form a largely independent national regulatory agency, which could have an impact on the other EU countries in which E.ON conducts regulated business activities (low/major).

PreussenElektra's business is substantially influenced by regulation as well. External risks associated with the policy and regulatory environment (such as liability risks, the approval of containers for the final storage of nuclear waste, the granting of approval for the dismantling of decommissioned nuclear power plants) are addressed, for example, by constructive cooperation with supervisory and regulatory agencies and by the monitoring of legislation and court rulings (tail/high).

### Operational and IT Risks

The operational and strategic management of the E.ON Group relies heavily on complex information technology ("IT") and complex operational technology ("OT"). Consequently, there are risks and chances in conjunction with information security and the security of operating processes in E.ON's business segments.

Cybersecurity and the continuous protection of IT and OT systems against cyberattacks constitute a focus area of E.ON's risk management. Examples include the analysis of attacks on the systems of the network business (which could affect the operation of E.ON's critical infrastructure), on the sales business (which could result in the loss of customer data), and on internal systems (which E.ON uses to control commercial processes in all its business units). It is important that the operating units and the Cybersecurity and Enterprise Risk Management divisions jointly and proactively evaluate and manage risks for E.ON.

Technologically complex production facilities are used in the production and distribution of energy, resulting in major risks from procurement and logistics, construction, operations and maintenance of assets as well as general project risks. The risks at PreussenElektra encompass dismantling activities as well. E.ON's operations in and outside Germany face major risks of a power failure, power-plant shutdown, and higher costs and additional investments resulting from unanticipated operational disruptions or other problems. Operational failures or extended production stoppages of facilities or components of facilities as well as environmental damage could negatively impact earnings, affect

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the cost situation, and/or result in the imposition of fines. In unlikely cases, this could lead to a high risk. Overall, it results in a moderate risk position and a low chance position in this category. General project risks can include delays and increased capital requirements.

Extraordinary environmental events could also affect the operation of energy networks or equipment and equipment components. This could pose a liquidity risk for E.ON (tail/major).

E.ON could also be subject to environmental liabilities associated with its power generation operations that could have a significant adverse impact on its business. In addition, new or amended environmental laws and regulations may result in cost increases for E.ON.

### HSE, HR, and Other Risks

Health and occupational safety are important aspects of E.ON's day-to-day business. The Company's operating activities can therefore pose risks in these areas and create social and environmental risks and chances. In addition, E.ON's operating business potentially faces risks resulting from human error and employee turnover. It is important that E.ON act responsibly along its entire value chain and that it communicates consistently, enhances the dialog, and maintains good relationships with key stakeholders. E.ON actively considers environmental, social, and corporate governance issues. These efforts support the Company's business decisions and public relations. E.ON's objective is to minimize reputational risks and retain public acceptance so that the Company can continue to operate its business successfully. These matters result in a low risk and chance position.

In the past, predecessor entities of E.ON SE conducted mining operations, resulting in obligations in North Rhine-Westphalia and Bavaria (low/major). E.ON SE can be held responsible for damage. This could lead to major individual risks that E.ON currently only evaluates qualitatively.

### Market Risks

E.ON's units operate in an international market environment that is characterized by general risks relating to the business cycle. In addition, the entry of new suppliers into the marketplace along with more aggressive tactics by existing market participants and reputational risks have created a keener competitive environment for the Company's sales business in and outside Germany, which could reduce margins. However, market developments could also have a positive impact on E.ON's business. Such factors include wholesale and retail price developments, customer churn rates, and temporary volume effects in the network business. This results in a major risk and chance position in this category.

The demand for electric power and natural gas is seasonal, with E.ON's operations generally experiencing higher demand during the cold-weather months of October through March and lower demand during the warm-weather months of April through September. As a result of these seasonal patterns, E.ON's sales and results of operations are higher in the first and fourth quarters and lower in the second and third quarters. E.ON procures the required quantities of electricity and gas for its customers based on robust demand forecasting methods. Nevertheless, actual customer demand may deviate from the forecast owing to various factors (such as the weather and the economy). Such deviations could have a positive or negative business impact, particularly in an environment of highly volatile prices. E.ON aims to reduce these impacts by, for example, pursuing a prudent hedging strategy in conjunction with a proactive approach to reforecasting or by pricing its risks vis-à-vis customers.

After the Uniper spinoff, E.ON established its own procurement organization for its sales business and ensured market access for the output of its remaining energy production in order to manage the remaining commodity risks accordingly. In addition, E.ON founded a subsidiary, E.ON Energy Markets GmbH ("EEM"), which functions as a central interface to wholesale markets. EEM's main purpose is to consolidate E.ON's commodity positions in order to diversify and mitigate credit and margin risks.

EEM has so far acted on behalf of the main E.ON procurement portfolios in Germany and the Netherlands. Procurement activities in the United Kingdom are in the process of being added. OTC transactions were migrated to EEM in 2022; exchange transactions for gas will be migrated in 2023.

### Strategic Risks

E.ON's business strategy involves acquisitions and investments in its core business as well as disposals. This strategy depends in part on the ability to successfully identify, acquire, and integrate such companies that enhance, on acceptable terms, the Company's energy business. In order to obtain the necessary approvals for acquisitions, E.ON may be required to divest other parts of its business or to make concessions or undertakings that affect its business. In addition, there can be no assurance that E.ON will be able to achieve the returns expected from any acquisition or investment. It is also possible that E.ON will not be able to realize its strategic ambition of enlarging its investment pipeline and that significant amounts of capital could be used for other opportunities. The overall risk and chance position in this category was low at the balance-sheet date.

Furthermore, acquisitions and investments in new geographic areas or lines of business require E.ON to become familiar with new sales markets and competitors and to address the attending business risks.

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In the case of planned disposals, E.ON faces the risk of disposals not taking place or being delayed and the risk that E.ON receives lower-than-anticipated disposal proceeds. In addition, after transactions close E.ON could face major liability risks resulting from contractual obligations (tail/major).

### Finance and Treasury Risks

E.ON is exposed to credit risk in its operating activities and through the use of financial instruments. Credit risk results from non-delivery or partial delivery by a counterparty or customer of the agreed consideration for services rendered, from total or partial failure to make payments owed on existing accounts receivable, and from replacement risks in open transactions. In addition, in unlikely cases joint and several liability for jointly operated power plants could lead to a major risk.

E.ON's international business operations expose it to risks from currency fluctuation. One form of this risk is transaction risk, which arises when payments are made in a currency other than E.ON's functional currency. Another form of risk is translation risk, which arises when currency fluctuations lead to accounting effects when assets/liabilities and income/expenses of E.ON companies outside the eurozone are translated into euros and entered into E.ON's Consolidated Financial Statements. Positive developments in foreign-currency rates can also create chances for E.ON's operating business.

E.ON faces earnings risks relating to net income from financial liabilities, planned funding, and interest-rate derivatives that are based on variable interest rates and from non-current asset-retirement obligations.

Derivative transactions may result in short-term cash inflows or outflows. This relates in particular to margin payments for electricity and gas procurement transactions on energy exchanges. The additional liquidity requirements potentially resulting from this are factored into E.ON's financing strategy.

In addition, the price changes and other uncertainty relating to the current and non-current investments E.ON makes to cover its non-current obligations (particularly pension and asset-retirement obligations) could, in individual cases, be major.

In principle, E.ON could also encounter tax risks and chances.

This category has a major risk and a medium chance position.

Furthermore, declining or rising discount rates could lead to increased or reduced provisions for pensions and asset-retirement obligations, including non-current liabilities (tail, major). This can create a high balance-sheet risk for E.ON.

Refinancing terms on debt capital markets depend in part on rating agencies' credit ratings. Rating agencies Moody's, S&P, and Fitch have given E.ON a strong investment-grade rating. E.ON has contracts that would trigger additional collateral requirements if certain rating levels were not met. Consequently, significant rating downgrades could lead to additional liquidity requirements (tail/high). On the other hand, positive business performance or further debt reduction could have a positive impact on E.ON's rating.

### ESG Risks and Chances

► E.ON strives to operate responsibly at all times and therefore monitors all the material impacts of its business activities. Alongside financial aspects, E.ON also considers environmental, social, and governance ("ESG") aspects along its value chain. This encompasses monitoring and assessing ESG risks and chances as well as their possible impact on the E.ON Group, but also the impact of E.ON's business activities on the climate, the environment, employees, suppliers, and customers. The systematic consideration of non-financial issues enables the Company to identify opportunities and risks for business development at an early stage.

E.ON has integrated the reporting of non-financial risks related to ESG and their impact on the Group into the ERM. All risks and chances related to ESG are made identifiable in the ERM system. E.ON views ESG risks as factors in the known risk categories listed below. Sustainability risks can have a considerable impact on all of these known risk categories and can be a factor in contributing to their materiality.

In addition, E.ON analyzes potential reportable risks within the meaning of Section 289c, Paragraph 3, Sentence 1, Items 3 and 4 of the German Commercial Code (German abbreviation: "HGB"), while taking into account its ESG materiality analysis, management approaches, and the ERM's findings. This involves considering risks relating to environmental, employee, and social matters as well as human rights, anti-corruption, and anti-bribery. At year-end 2022, E.ON had not identified any major risks related to its own business activities and business relationships as well as products and services pursuant to Section 289c, Paragraph 3, Sentence 1, Items 3 and 4 of the HGB that are very likely to have or will have serious negative impacts on ESG aspects.

E.ON places an emphasis on analyzing its climate risks, in part because of E.ON's support of the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"). Safeguarding its assets against climate-change impacts and the climate resilience of its business model are economically relevant to E.ON. Our analysis therefore includes both physical risks (direct impacts of climate change, such as extreme weather and rising temperatures) and transitory risks resulting from the transition to a low-carbon and more climate-resilient economy (such as changes in consumer preferences, the regulatory environment, and carbon pricing).

Physical climate risks are also the focus of the EU Taxonomy Regulation's do-no-significant-harm ("DNSH") provisions (see the "EU Taxonomy" chapter). They are assigned to the EU environmental objective 2 "climate change adaptation." E.ON assesses DNSH compliance with climate change adaptation at the

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Group level. Each E.ON Group business unit is required to comprehensively assess and record climate risks as part of its risk reporting. Any risks that significantly jeopardize climate change adaptation are identified in the risk management process. This basic approach to identifying any potential harm to climate change adaptation is verified in consultation with relevant specialist departments.

In addition, in 2021 E.ON for the first time developed a qualitative scenario analysis describing the impact of three different climate scenarios on E.ON and on individual E.ON business units through 2050. This involved defining three reference scenarios (conservative, ambitious, and fully committed) and assessing and identifying the relevant business units on the basis of key value drivers and related key performance indicators ("KPIs"). The next step was to develop a qualitative scenario impact analysis by analyzing the key value drivers identified by the business units and by performing a risk assessment as well as by evaluating the business impacts. The last step was to develop strategic recommendations.

This scenario analysis was enlarged in 2022 and applied to the climate risks defined in the EU taxonomy. First, E.ON's main EU taxonomy-aligned economic activities and its companies making the main contribution to the corresponding investments were identified centrally. Next, these companies used a bottom-up process to determine the climate risks for the relevant economic activities or investments in accordance with the EU taxonomy catalog. These risks were then subjected to a scenario analysis. A qualitative risk assessment was performed for each identified climate risk and economic activity in line with the IPCC scenarios SSP1-2.6 and SSP5-8.5 for the reference period 2041 to 2060. This risk assessment does not differ in nature from the risks already reported and managed in the ERM. As for the amount of damage estimated in the scenario analysis, there are also no significant deviations from the century events for weather or climate risks already reported in the ERM. ◀

## Management Board's Evaluation of the Risk and Chances Situation

The E.ON Group's overall risk and chances situation at year-end 2022 changed materially relative to year-end 2021, in particular because of higher commodity prices. Although the maximum annual risk for the E.ON Group's adjusted EBITDA over the period under consideration is classified as major and despite the increase in counterparty risk resulting from the development of commodity prices and risks resulting from lawsuits and legal proceeding relating to contract and price adjustments at Customer Solutions, from today's perspective E.ON does not perceive any risk profile that could threaten the existence of E.ON SE, the E.ON Group, or individual segments.

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

### General Principles

E.ON applies Section 315e, Paragraph 1, of the German Commercial Code (German abbreviation: "HGB") and prepares its Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") and the interpretations of the IFRS Interpretations Committee ("IFRSIC") 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 the balance-sheet date (see Note 1 to the Consolidated Financial Statements). Energy Networks (Germany, Sweden, and East-Central Europe/Turkey), Customer Solutions (Germany, United Kingdom, Netherlands, Other), Non-Core Business, and Corporate Functions/Other are the Company's IFRS-reportable segments.

E.ON SE prepares its Financial Statements in accordance with the German Commercial Code, the SE Ordinance (in conjunction with the German Stock Corporation Act), and the German Energy Act.

E.ON prepares a Combined Group Management Report which applies to both the E.ON Group and E.ON SE.

### Accounting Process

All companies included in the Consolidated Financial Statements must comply with E.ON's uniform Accounting and Reporting Guidelines for the Annual Consolidated Financial Statements and the Interim Consolidated Financial Statements. These guidelines describe applicable IFRS accounting and valuation principles. They also explain accounting principles typical in the E.ON Group, such as those for provisions for nuclear-waste management, the

treatment of financial instruments, and the treatment of regulatory obligations. E.ON regularly analyzes amendments to laws, new or amended accounting standards, and other important pronouncements for their relevance to, and consequences for, the Consolidated Financial Statements and, if necessary, update its guidelines and systems accordingly.

Corporate Functions defines and oversees the roles and responsibilities of various Group entities in the preparation of E.ON SE's Financial Statements and the Consolidated Financial Statements. These roles and responsibilities are described in a Group Policy document.

E.ON Group companies are responsible for preparing their financial statements in a proper and timely manner. They receive substantial support from Business Service Centers in Regensburg, Germany; Cluj, Romania; and Kraków, Poland. E.ON SE combines the financial statements of subsidiaries belonging to its scope of consolidation into its Consolidated Financial Statements using standard consolidation software. Group Accounting is responsible for conducting the consolidation and for monitoring adherence to the guidelines for scheduling, processes, and contents. Monitoring by means of system-based automated controls is supplemented by manual checks.

In conjunction with the year-end closing process, additional qualitative and quantitative information relevant for accounting is compiled. Furthermore, dedicated quality-control processes are in place for all relevant departments to discuss and ensure the completeness of important information on a regular basis.

E.ON SE's Financial Statements are prepared with SAP software. The accounting and preparation processes are divided into discrete functional steps. Bookkeeping processes have largely been outsourced to E.ON's Business Service Centers. Cluj has the primary responsibility for processes relating to subsidiary ledgers and several bank activities. Regensburg has the principal responsibility for processes relating to the general ledgers.

Automated or manual controls are integrated into each step. Defined procedures ensure that all transactions and the preparation of E.ON SE's Financial Statements are recorded, processed, assigned on an accrual basis, and documented in a complete, timely, and accurate manner. Relevant data from E.ON SE's Financial Statements are, if necessary, adjusted to conform with IFRS and then transferred to the consolidation software system using SAP-supported transfer technology.

The following explanations about E.ON's internal control system ("ICS") and its general IT controls apply equally to the Consolidated Financial Statements and to E.ON SE's Financial Statements.

### Internal Control System

The purpose of the ICS framework and the annual ICS process is to provide sufficient assurance to prevent error or fraud from resulting in material misrepresentations in the Financial Statements, the Combined Group Management Report, the Half-Year Financial Report, the Quarterly Statements, as well as ESG reporting. Furthermore, it serves to assure compliance to significant internal and external regulations and to assure effectiveness and efficiency of business activities. The management of each unit in the E.ON Group is legally responsible for establishing and maintaining an adequate and effective internal control system ("ICS"). The Compliance function is responsible for the implementation of the compliance management system ("CMS") which is described in the Corporate Governance Declaration. The ICS department at Corporate Audit is responsible for the oversight and coordination of the overall ICS process in order to ensure an effective ICS in the E.ON Group. For this purpose, the ICS department at Corporate Audit provides the ICS framework and the necessary tools. An ICS Business Partner ("ICS BP") is assigned to each unit which is of particular importance to the E.ON Group and therefore in the ICS documentation scope. The ICS BP is responsible for coordinating and monitoring the unit's ICS activities and advises and supports management in implementing an effective internal control system. The unit's

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management remains responsible for the appropriateness and effectiveness of the implemented ICS. The ICS BP system ensures a uniform approach as well as consistent and efficient collaboration and fosters continuous improvement by means of extensive information-sharing among Group companies.

## E.ON's ICS Framework

E.ON's ICS is based on the globally recognized COSO framework from May 2013 (COSO: The Committee of Sponsoring Organizations of the Treadway Commission).

The catalog of ICS Principles, which defines the minimum requirements for an effective internal control system, is a key component of E.ON's ICS. It contains overarching principles such as authorization, segregation of duties, and master data management as well as specific requirements for managing potential risks in various areas and processes, such as supplier monitoring, project management, invoice verification, payments, and ESG reporting. All fully consolidated companies and majority-owned units are subject to the ICS Principles.

In addition to the ICS Principles, certain units of special importance to the E.ON Group's Consolidated Financial Statements must fulfill several additional ICS requirements for selected processes. These requirements relate to the documentation and assessment of the relevant processes and controls—the ICS model—as well as reporting to Corporate Audit. The ICS model, which incorporates company- and industry-specific aspects, defines potential risks for accounting (financial reporting), for ESG reporting (non-financial reporting), for compliance with important internal and external rules, and for the operating units' of their operating targets, and serves as a checklist, and provides guidance for the establishment of internal controls as well as their documentation and implementation.

A functionally managed digital organization and third-party service providers provide IT and digital services for the E.ON Group. IT systems used for accounting as well as IT systems relevant for the

ESG-Reporting are subject to the internal control system framework, which includes IT general controls, such as access controls, segregation of duties, processing controls, measures to prevent the intentional and unintentional falsification of the programs, data, and documents as well as controls related to supplier monitoring. The documentation of the IT general controls is stored in E.ON's documentation system.

Each year, qualitative criteria and quantitative materiality aspects are used to determine which processes and controls must be documented and assessed by which E.ON units.

E.ON units in the ICS documentation scope use a central documentation system (SAP-GRC) for this purpose. The system contains the scope, detailed documentation requirements, the assessment requirements for process owners, and the final Sign-Off process.

## Management Self-Assessment and Control Tests

After E.ON units have documented their processes and controls, the individual process owners conduct an annual assessment of the design and the operational effectiveness of the controls embedded in these processes and the ICS principles. This is known as a management self-assessment. The assessment is supported by tests of control effectiveness for selective risk areas. Corporate Audit's ICS department defines the methodology for these tests, which are conducted by the process owners or employees assigned by them.

In addition, the effectiveness of the internal controls is audited by Internal Audit. These audits are conducted based on a risk-oriented audit plan. Any identified deficiencies are reported to the relevant companies.

Furthermore, the general IT controls, the controls of the Business Service Centers in Regensburg and Cluj, the controls of the Human Resources Service Center in Germany (E.ON Country Hub Germany GmbH), and the controls of the Pension Service

Company in Germany (Energie Pensions-Management GmbH) were audited as part of the audit of the Group's Consolidated Financial Statements.

The findings of the management self-assessments and the audits are included in the annual report on the effectiveness of the entire E.ON Group's ICS and are reported to the E.ON SE Management Board.

## Sign-Off Process

Based on the self-assessment result and internal and external audit findings, the respective management of the unit conducts the final Sign-Off. The final step of the internal evaluation process is the submission of a formal written declaration confirming the ICS's effectiveness ("Sign-Off"). The Sign-Off process is conducted at all levels of the Group companies before E.ON SE, as the final step, conducts it for the Group as a whole. The Chairman of the E.ON SE Management Board and the Chief Financial Officer perform the final Sign-Off for the E.ON Group.

Corporate Audit regularly informs the E.ON SE Supervisory Board's Audit & Risk Committee about the ICS for financial reporting and about any significant deficiencies identified in the E.ON Group's various processes.

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## Disclosures Pursuant to Section 289a and Section 315a of the German Commercial Code and Explanatory Report

### Composition of Share Capital

The share capital totals €2,641,318,800 and consists of 2,641,318,800 registered shares without nominal value. Each share of stock grants the same rights and one vote at a Shareholders Meeting.

### Restrictions on Voting Rights or the Transfer of Shares

An employee stock-purchase program was offered in 2021 and 2022. Shares acquired by employees under the employee stock-purchase program are subject to a blackout period that begins the day ownership of such shares is transferred to the employee and that ends on December 31 of the next calendar year plus one. As a rule, an employee may not sell such shares until the blackout period has expired.

Pursuant to Section 71b of the German Stock Corporation Act (German abbreviation: "AktG"), the Company's treasury shares give it no rights, including no voting rights.

### Legal Provisions and Rules of the Company's Articles of Association Regarding the Appointment and Dismissal of Management Board Members and Amendments to the Articles of Association

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

The Supervisory Board appoints members to the Management Board for a term not exceeding five years; reappointment is permissible. If several persons are appointed as members of the Management Board, the Supervisory Board may appoint one of the members as Chairperson of the Management Board. If there is a vacancy on the Management Board for a required member, the court makes the necessary appointment upon petition by a concerned party in the event of an urgent matter. The Supervisory Board may revoke the appointment of a member of the Management Board and of the Chairperson of the Management Board for serious cause (for further details, see Sections 84 and 85 of the AktG).

Resolutions of the Shareholders Meeting require a majority of the valid votes cast unless mandatory law or the Articles of Association explicitly prescribe otherwise. An amendment to the Articles of Association requires a two-thirds majority of the votes cast or, in cases where at least half of the share capital is represented, a simple majority of the votes cast unless mandatory law explicitly prescribes another type of majority.

The Supervisory Board is authorized to decide by resolution on amendments to the Articles of Association that affect only their wording (Section 10, Paragraph 7, of the Articles of Association).

Furthermore, the Supervisory Board is authorized to revise the wording of Section 3 of the Articles of Association upon utilization of authorized or conditional capital.

### Management Board's Power to Issue or Buy Back Shares

Pursuant to a resolution of the Shareholders Meeting of May 28, 2020, the Management Board is authorized, until May 27, 2025, to have the Company acquire treasury shares. The shares acquired and other treasury shares that are in possession of or to be attributed to the Company pursuant to Sections 71a et seq. of the

AktG must altogether at no point account for more than 10 percent of the Company's share capital.

At the Management Board's discretion, the acquisition may be conducted:

- through a stock exchange
- by means of a public offer directed at all shareholders or a public solicitation to submit offers
- by means of a public offer or a public solicitation to submit offers for the exchange of liquid shares that are admitted to trading on an organized market, within the meaning of the German Securities Purchase and Takeover Law, for Company shares
- by the use of derivatives (put or call options or a combination of both).

These authorizations may be utilized on one or several occasions, in whole or in partial amounts, in pursuit of one or more objectives by the Company and also by its affiliated companies or by third parties for the Company's account or one of its affiliates' account.

With regard to treasury shares that will be, or have been, acquired based on the aforementioned authorization and/or prior authorizations by the Shareholders Meeting, the Management Board is authorized, subject to the Supervisory Board's consent and excluding shareholder subscription rights, to use these shares—in addition to a disposal through a stock exchange or an offer granting a subscription right to all shareholders—as follows:

- to be sold and transferred against cash consideration
- to be sold and transferred against contributions in kind

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- to be used in order to satisfy the rights of creditors of bonds with conversion or option rights or, respectively, conversion obligations issued by the Company or its Group companies
- to be offered, with or without consideration, for purchase and transferred to individuals who are or were employed by the Company or one of its affiliates as well as to board members of affiliates of the Company
- to be used for the purpose of a scrip dividend where shareholders may choose to contribute their dividend entitlement to the Company in the form of a contribution in kind in exchange for new shares.

In addition, the Management Board is authorized to cancel treasury shares, without such cancellation or its implementation requiring an additional resolution by the Shareholders Meeting.

These authorizations may be utilized on one or several occasions, in whole or in partial amounts, separately or collectively, including with respect to treasury shares acquired by affiliated companies or companies majority-owned by the Company or by third parties for their account or the Company's account.

In each case, the Management Board will inform the Shareholders Meeting about the utilization of the aforementioned authorization, in particular about the reasons for and the purpose of the acquisition of treasury shares, the number of treasury shares acquired, the amount of the registered share capital attributable to them, the portion of the registered share capital represented by them, and their equivalent value.

By shareholder resolution adopted at the Annual Shareholders Meeting of May 28, 2020, the Management Board was authorized, subject to the Supervisory Board's approval, to increase, until May 27, 2025, the Company's share capital by a total of up to €528 million through one or more issuances of new registered no-par-value shares against contributions in cash and/or in kind.

(authorized capital pursuant to Sections 202 et seq. of the AktG; "Authorized Capital 2020"). Subject to the Supervisory Board's approval, the Management Board is authorized to exclude shareholders' subscription rights.

At the Annual Shareholders Meeting of May 28, 2020, shareholders approved a conditional increase of the Company's share capital (with the option to exclude shareholders' subscription rights) up to the amount of €264 million ("Conditional Capital 2020"). Note 20 to the Consolidated Financial Statements contains more information about Conditional Capital 2020.

## Significant Agreements to Which the Company Is a Party That Take Effect on a Change of Control of the Company Following a Takeover Bid

The underlying contracts of debt issued since 2007 contain change-of-control clauses that give the creditor the right of cancellation. This applies, inter alia, to bonds issued by E.ON SE and E.ON International Finance B.V. and guaranteed by E.ON SE and other instruments such as credit contracts. Granting change-of-control rights to creditors is considered good corporate governance and has become standard market practice. More information about financial liabilities is contained in the section of the Combined Group Management Report entitled Financial Situation and in Note 27 to the Consolidated Financial Statements.

## Settlement Agreements 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 service agreements of Management Board members entitle them to severance and settlement payments.

To the extent that the Company has agreed to settlement payments for Management Board members in the case of a change of control, the purpose of such agreements is to preserve the independence of Management Board members.

A change-of-control event would also result in the early payout of virtual shares under the E.ON Performance Plan.

## Other Disclosures Regarding Takeovers

The Company has been notified about the following **direct or indirect interests in its share capital that exceed 10 percent of the voting rights:**

- notification on December 10, 2020, by RWE Aktiengesellschaft for 15 percent of the voting rights.

**Stock with special rights granting power of control** has not been issued. In the case of **stock given by the Company to employees**, employees exercise their rights of control directly and in accordance with legal provisions and the provisions of the Articles of Association, just like other shareholders.

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

### Declaration of the Executive Board and Supervisory Board of E.ON SE pursuant to Section 161 of the German Stock Corporation Act on the German Corporate Governance Code

The Executive Board and Supervisory Board declare that the recommendations of the "Government Commission German Corporate Governance Code" (version of December 16, 2019) published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on March 20, 2020, have been fully complied with since the submission of the last declaration in December 2021.

The Executive Board and Supervisory Board further declare that the recommendations of the "Government Commission on the German Corporate Governance Code" (version dated April 28, 2022) published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on June 27, 2022, will be complied with in full.

Essen, December 14, 2022

For the Supervisory Board of E.ON SE:  
Karl-Ludwig Kley  
(Chairman of the Supervisory Board of E.ON SE)

For the Executive Board of E.ON SE:  
Leonhard Birnbaum  
(Chairman of the Board of Management of E.ON SE)

All compliance declarations of the past five years are continuously available to the public on the Company's Internet page.

## Compensation Report and Compensation System

The resolution adopted by the Annual Shareholders Meeting on May 19, 2021, pursuant to Section 113, Paragraph 3 of the German Stock Corporation Act (known by its German abbreviation, "AktG") on the compensation of the members of the Supervisory Board and the applicable compensation system for the Management Board pursuant to Section 87a, Paragraphs 1 and 2, Sentence 1 of the AktG, which was also approved by the Annual Shareholders Meeting on May 19, 2021, are available on the Internet at [eon.com](http://eon.com).

The Compensation Report and the auditor's report pursuant to Section 162 of the AktG are also made publicly available at [eon.com/compensation-report](http://eon.com/compensation-report).

## Relevant Information about Management Practices

### Corporate Governance

E.ON views good corporate governance as a central foundation of responsible and value-oriented management, efficient collaboration between the Management Board and the Supervisory Board, transparent disclosures, and appropriate risk management.

In the past financial year, the Management Board and Supervisory Board paid close attention to E.ON's compliance with the German Corporate Governance Code's recommendations and suggestions. The changes resulting from the amended version of the German Corporate Governance Code of April 28, 2022, published in the official section of the Federal Gazette on June 27, 2022, were also discussed. It was determined that E.ON SE fully complies with all of the Code's recommendations. In addition, E.ON fully complies with all of the Code's suggestions.

## Compliance

The goal of compliance at E.ON is to prevent or at least detect and put a stop to corporate misconduct. It is E.ON's responsibility never to deceive, lie to, or otherwise deliberately harm its customers, business partners, or other stakeholders. Strict compliance with laws and company policies is therefore the foundation of good corporate governance.

E.ON has in place a compliance management system ("CMS") to mitigate the risk of compliance violations. The CMS is based on a number of widely recognized practices, including the promotion of a compliance culture. This encompasses an active commitment to compliance targets, the identification and analysis of compliance risks, and the design of a risk-adequate compliance program and a compliance organization.

E.ON's Supplier Code and its Code of Conduct (both of which are available in the languages of all countries in which E.ON operates) focus on the guiding principle, "Doing the right thing." They provide easy-to-understand guidance, in particular human rights, anti-corruption, fair competition, and compliant relationships with E.ON's business partners. The Code of Conduct also contains an integrity test that employees can use to check whether their assessment of a situation is in compliance with E.ON principles and values. Every employee in the E.ON Group is obliged to act in accordance with the Code of Conduct's rules. The Code is therefore part of E.ON employees' duties under their employment contract. Employees and third parties can report violations of the Code of Conduct, anonymously, if they wish, by means of a whistle-blower hotline. The Code of Conduct is published on the Internet. It is supplemented by ten Group-wide People Guidelines which explain in greater detail how employees can be sure that they are doing things right.

## Sustainability

Sustainability is one of the key aspects of the strategy E.ON updated in 2021. E.ON's business activities are guided by the

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principle that commercial success can only be achieved through a consistent focus on responsible, sustainable business practices and long-term added value for all stakeholders: for customers, employees, shareholders, business partners, and for the environment.

E.ON is committed to acting sustainably and to factoring the short- and long-term impacts on tangible and intangible resources and stakeholders into all its business decisions. E.ON's strategy sets ambitious sustainability targets to provide guidance. Their main theme is the fight against climate change and E.ON's contribution to decarbonizing the energy world: E.ON aims for its Scope 1 and Scope 2 emissions to be climate-neutral by 2040 and also to reduce its Scope 3 emissions by 100 percent by 2050 (relative to 2019). The climate crisis requires swift action. E.ON therefore intends to reduce its Scope 1 and 2 emissions by 75 percent by 2030. For this purpose, E.ON has put in place a Group-wide system to manage its CO<sub>2</sub> emissions.

In addition, four key sustainability targets are part of the compensation system for the E.ON Management Board and for all senior executives: the reduction of direct emissions (Scope 1 and Scope 2), the increase in proportion of female executives, the reduction of serious safety incidents among our employees ("Mission ZERO"), and the Group's performance in ESG ratings. Sustainability issues' high degree of relevance for E.ON is underscored by the CEO's Sustainability Council, which meets on a regular basis and includes representatives from various E.ON business units.

E.ON's risk management system addresses major ESG risks as well. High-quality ESG data form the basis for holistic business decisions. Furthermore, E.ON has stepped up the collection of ESG data in its reporting and internal control systems in order to continually improve data quality and data availability.

## Transparent Management

Transparent management is a high priority of the Management Board and Supervisory Board. E.ON's shareholders, all capital market participants, financial analysts, shareholder associations, and the media regularly receive up-to-date information about the situation of, and any material changes to, the Company. E.ON primarily uses the Internet to provide equal access to comprehensive and timely information.

E.ON SE issues reports about its and the E.ON Group's situation and earnings by the following means:

- Integrated Annual Report and Annual Finance Statements,
- Half-Year Financial Report and Quarterly Statements
- Annual press conferences and other analysts conferences
- Press releases
- Telephone conferences held on most releases of the quarterly and annual results
- Numerous discussions with financial analysts in and outside Germany
- Periodic events for investors
- E.ON Green Bond Report and the "Supporting paper on E.ON's decarbonization strategy and climate-related aspects."

A financial calendar lists the dates on which the Company's periodic financial reports are released.

The Company issues ad hoc statements about information that could have a significant impact on the price of E.ON stock.

The Supervisory Board Chairman is involved to a suitable extent in E.ON's communications with investors at an annual corporate governance roadshow. The main topics are the scope of the Supervisory Board Chairman's duties and responsibilities, the influence of regulatory requirements on the Supervisory Board's work, and the Annual Shareholders Meeting. Alongside governance issues, interest in environmental and social issues has become increasingly important in investor dialog. These issues are therefore an essential part of the corporate governance roadshow.

The financial calendar and ad hoc statements are available on the Internet.

## Management Board

### Management Board Members

In 2022 the Management Board consisted of five members and had one Chairman. The members were four men and one woman. As a result, the statutory minimum composition requirement of at least one woman and at least one man, which applied from August 1, 2022, was already met before the requirement took effect. No Management Board member has more than two supervisory board memberships in listed non-Group companies or on the supervisory bodies of non-Group companies that require a similar commitment. No Management Board member has reached the general retirement age.

More detailed information about the members of the Management Board and their CVs, which are updated annually, are available on the E.ON SE website.

### Management Board's Way of Working

The E.ON SE Management Board manages the Company's businesses, with all its members bearing joint responsibility for its decisions. It determines the Group's objectives, corporate policy, organizational setup, and, in consultation with the Supervisory Board, its fundamental strategic direction. The Management Board has in place policies and procedures for the business it conducts

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and, in consultation with the Supervisory Board, has assigned areas of responsibility to its members.

The Management Board reports to the Supervisory Board on a regular, timely, and comprehensive basis on all relevant issues, particularly those relating to strategy, planning, business development, risk situation, risk management, relevant sustainability aspects, and compliance. It also submits the Group's investment, finance, and personnel plan for the next financial year as well as the medium-term plan to the Supervisory Board, generally at the last meeting of each financial year.

The Chairman of the Management Board informs, without undue delay, the Chairman of the Supervisory Board of important events that are of fundamental significance in assessing the Company's situation, development, and management and of any defects that have arisen in the Company's monitoring systems. Transactions and measures requiring the Supervisory Board's approval are also submitted to the Supervisory Board in a timely manner.

Members of the Management Board are required to promptly report conflicts of interest to the Chairman of the Supervisory Board and the Chairman of the Management Board and to inform the other members of the Management Board. Members of the Management Board may only assume other corporate positions, particularly appointments to the supervisory boards of non-Group companies, with the consent of the Executive Committee of the Supervisory Board.

Any material transactions between the Company and members of the Management Board, their relatives, or entities with which they have close personal ties require the consent of the Executive Committee of the Supervisory Board. No such transactions took place in the reporting period.

## Management Board Committees

The Management Board has no board committees but has established a number of committees that support it in the fulfillment of its tasks. The members of these committees are senior representatives of various departments of E.ON SE whose experience, responsibilities, and expertise make them particularly suited for their committee's tasks. Among these committees are the following:

The Management Board has established a Disclosure Committee and an Ad hoc Committee for issues relating to financial disclosures. These committees ensure that all information is disclosed in a correct and timely fashion.

In addition, a Risk Committee ensures the correct application and implementation of the legal requirements of Section 91 of the AktG. This committee monitors the E.ON Group's risk situation and its risk-bearing capacity and devotes particular attention to the early identification of developments that could potentially threaten the Company's continued existence. In this context, the Risk Committee also deals with risk-mitigation strategies (including hedging strategies). In collaboration with relevant departments, the committee ensures and refines the implementation of, and compliance with, company policies regarding commodity risks, credit risks, and enterprise risk management.

## Statement on the E.ON Group's Internal Control System and Enterprise Risk Management System in the Narrow Sense

The entire E.ON SE Management Boards affirms that it is aware of its responsibility to establish and maintain a suitable and effective Internal Control System ("ICS") and a Enterprise Risk Management System ("ERM") for the E.ON Group and that its examination of the ICS and ERM along with the reports of the Corporate Audit and Group Risk departments have not made it aware of any circumstances that would speak against these systems' suitability and effectiveness.

## Diversity Concept and Long-term Succession Plan for the Management Board

With regard to the Management Board's composition, the Supervisory Board of E.ON SE has developed a diversity concept that considers the recommendations of the German Corporate Governance Code.

### Diversity Concept

When appointing members of the Management Board, the candidates' outstanding professional qualifications, long-term leadership experience and past performance, as well as value-driven management shall be of paramount importance. Members shall be capable of taking forward-looking strategic decisions. In particular, they shall be capable of managing businesses sustainably and of ensuring that they are consistently focused on customer needs.

The Management Board as a whole must have expertise and experience in the energy sector as well as in the fields of finance and digitization.

The members of the Management Board shall be leaders and as such shall act as role models for the employees through their own performance and conduct.

Attention shall be paid to diversity when appointing members of the Management Board. For the Supervisory Board, diversity means, in particular, different complementary academic profiles, professional and personal experience, personalities, as well as internationality and a reasonable age and gender structure.

The appointment period of a member of the Management Board shall end, at the latest, at the end of the month on which the Management Board member reaches the general retirement age.

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## Achievement of Objectives

The composition of the Management Board meets all the appointment objectives described above.

## Long-term Succession Plan

In consultation with the Executive Committee and the Management Board, the Supervisory Board is in charge of long-term succession planning for the Management Board.

Appointment decisions are made on the basis of specific requirement profiles for Management Board members.

In addition to its own experience, the Supervisory Board draws on the expertise of outside consultants to ensure that the Company's succession planning is appropriate and creates value.

The Supervisory Board is informed on a regular basis (once a year) by the Management Board on the progress in talent identification and development as well as succession planning for top executives on the basis of the qualifications required for business success and the continually evolving personnel development processes. It discusses the respective status accordingly.

## Supervisory Board

### Supervisory Board Members

To ensure that, after the acquisition of the majority of the shares of innogy SE (in 2019), innogy's employees are represented without delay on the Supervisory Board of E.ON SE as the Group's parent company, the Supervisory Board was enlarged to 20 members for a limited period of time. The Articles of Association provide for the Supervisory Board to again consist of 12 members from the conclusion of the 2023 Annual Shareholders Meeting. Pursuant to E.ON SE's Articles of Association, the Supervisory Board is composed of an equal number of shareholder and employee representatives. The shareholder representatives are elected by the shareholders at the Annual Shareholders Meeting; the Supervisory Board nominates candidates for this purpose. The

Annual Shareholders Meeting decides on the elections by individual vote. Pursuant to the agreement regarding employees' involvement in E.ON SE, the other currently ten members of the Supervisory Board are appointed by the SE Works Council, with the provision that at least three different countries are represented and one member is selected by a trade union that is represented at E.ON SE or one of its subsidiaries in Germany.

The current members of the Supervisory Board are listed on the E.ON SE homepage along with information about their other directorships and their CVs.

## Competence and Diversity Concept

In view of recommendation C.1 of the German Corporate Governance Code (version dated April 28, 2022) and Section 289f, Paragraph 2, Item 6, of the German Commercial Code, the Supervisory Board defined specific targets for its composition, including a diversity concept and competency profile for the entire body, that go beyond the applicable legal requirements and are as follows:

"The composition of the Supervisory Board of E.ON SE shall comply with the specific SE requirements and Germany's Stock Corporation Act, and with the recommendations of the German Corporate Governance Code.

a) The following **general** objectives shall be observed:

- At least more than half of the shareholder representatives shall according to their estimation – be independent from the Company and the Executive Board. Members shall be deemed to be independent if they have no personal or business relationship with the Company or its Executive Board, where such relationship may give rise to a material and not merely temporary conflict of interests. In assessing the independence of its members from the Company and its Executive Board, the shareholder side shall in particular consider whether the Supervisory Board member or a close family member was a

member of the Executive Board of the Company in the two years prior to the appointment, currently or up to the year of appointment, directly or as a shareholder or in a responsible function of a company outside the Group maintains or has maintained a significant business relationship with the Company or a company dependent on it, is a close family member of a member of the Executive Board or has been a member of the Supervisory Board for more than 12 years.

- The Chairman of the Supervisory Board, the Chairman of the Audit Committee and the Chairman of the Executive Committee shall be independent of the Company and the Executive Board.
- The Supervisory Board shall not include more than two former members of the Executive Board.
- Members of the Supervisory Board must not have seats on the boards of, or act as consultants for, any of the Company's major competitors or have a personal relationship with a competitor.
- Supervisory Board membership shall be limited to no more than 12 years.
- All Supervisory Board members must have sufficient time available to perform their duties on the boards of various companies. Anyone who is not a member of the Executive Board of a listed company shall only be a member of the Supervisory Board of E.ON if he or she does not hold more than five Supervisory Board mandates at non-group listed companies or comparable functions, whereby a Supervisory Board chairmanship counts double. A person who is a member of the Executive Board of a listed company shall only be a member of the Supervisory Board of E.ON if he/she does not hold more than two Supervisory Board mandates in total at non-group listed companies or comparable functions and does not chair the Supervisory Board of a non-group listed company.

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- b) In addition, the Supervisory Board has adopted the following **diversity concept** so as to ensure a balanced structure of the Supervisory Board in terms of age, gender, personality, educational background and professional experience.
  - In the search for qualified Supervisory Board members, due consideration shall be given to diversity. When preparing nominations for the election of Supervisory Board members, due consideration shall be given in each case to the question as to whether complementary academic profiles, professional and life experience, a balanced age mix, various personalities and a reasonable gender balance benefit the Supervisory Board's work. In this context, care shall be taken to ensure that a gender quota of 30 percent will be achieved; this shall apply to the Supervisory Board as a whole and to the shareholders' and employees' representatives separately.
  - The members of the Supervisory Board shall usually not hold office for longer than the age of 75. They shall not be older than 72 years at the time of their election.
  - At least four Supervisory Board members shall have international experience, i.e. they shall have spent, for instance, part of their professional career outside Germany.
  - c) In addition, the following **skills profile** shall apply; especially the Nominations Committee will strive to apply the skills profile when preparing nominations of candidates for the shareholders' representatives to be proposed to the Annual General Meeting.
  - The majority of the members should have specific knowledge in the energy sector.
  - At least two members should have specific knowledge of sales and customer business.
- At least two members shall have specific knowledge related to regulated industries.
- At least two members should have specific knowledge in the areas of new technologies, digitization and IT.
- At least two members should have specific knowledge related to new business models, innovation and disruption.
- At least two members should have specific knowledge of the functioning of the capital and financial markets.
- At least one independent shareholder representative shall have special knowledge and experience in the application of accounting principles and internal control and risk management systems, and at least one other independent shareholder representative shall have special knowledge and experience in auditing.
- At least two members should have specific knowledge in the field of sustainability, specifically in the dimensions of environmental concerns (especially reduction of CO<sub>2</sub> emissions), employee and social concerns as well as human rights and anti-corruption.
- At least two members should have specific knowledge in the subject areas of human resources and cultural change.
- At least two members should have specific knowledge in the areas of law and compliance.
- At least four members shall have experience, as Executive or Supervisory Board members, in the strategic management or supervision of listed organizations."
- In view of continually changing business requirements, the Supervisory Board will continue to identify necessary competencies early to ensure that these are covered.

## Current Composition of the Supervisory Board

a) The members of the E.ON SE Supervisory Board fulfill all requirements imposed by applicable law and the German Corporate Governance Code for the acceptance of a Supervisory Board position. In particular, the Supervisory Board believes that all of its members, in particular the Chairmen of the Supervisory Board and the Chairpersons of all its committees, are independent. No former Management Board member or a close family member of a Management Board member sits on the Supervisory Board. Furthermore, no Supervisory Board member currently has or had in the year up to his or her appointment, either directly or as a shareholder or in a responsible role in a company outside the Group, a significant business relationship with the Company or one of its affiliates. No Supervisory Board member exercises any executive or advisory functions for major competitors, has a personal relationship with a major competitor, or has been a Supervisory Board member for more than 15 years.

The Supervisory Board's assessment of independence considered the fact that Karen de Segundo has been a Supervisory Board member since 2008 and is thus the only member to have been a member for more than 12 years. In view of the changes in the composition of the Management Board and Supervisory Board in recent years, Ms. de Segundo continues to maintain the objective detachment from the Company and its Management Board necessary to perform her monitoring role. Furthermore, she does not and has not at any time in the past had a significant business or personal relationship with the Company, one of its affiliates, or the Management Board, either directly or as a shareholder or in a responsible capacity in a company outside the Group. She is therefore independent within the meaning of the German Corporate Governance Code.

The Supervisory Board believes that in the case of no Supervisory Board member there are specific indications of relevant situations or relationships that could give rise to a conflict of interest. The Supervisory Board included only one serving member of the executive board of listed companies during the course of the year,

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namely until her departure in late June 2022 Carolina Dybeck Happe, who has been CFO of General Electric Company since March 2020. In addition, Ms. Dybeck Happe had no more than two seats on the supervisory boards of non-Group listed companies or exercised comparable functions. None of the other Supervisory Board members had seats on more than five supervisory boards of non-Group listed companies or exercised comparable functions. In the reporting year, no conflicts of interest of individual members were reported to the Chairman of the Supervisory Board. Such an obligation is stipulated in Section 18 of the Supervisory Board's Rules of Procedure.

b) In its current composition the Supervisory Board meets the objectives of its diversity concept. The Supervisory Board's composition of women and men complies with the legal requirements for minimum percentages; separate compliance with the statutory gender quota by the employee and shareholder sides occurred from the 2018 Annual Shareholders Meeting. The age range of the Supervisory Board is currently 47 to 76 years. At 76, Ms. de Segunda has surpassed the age of 75. Consequently, she will end her service at the conclusion of her appointment, which coincides with the conclusion of the 2023 Annual Shareholders Meeting. At least four members have international experience.

In their entirety, the members bring a wide range of specific knowledge to committee work and have special expertise in one or more businesses and markets relevant to the Company.

The Supervisory Board believes that the requirements of the Supervisory Board's competency profile are met by the current members of the Supervisory Board. The following qualification matrix indicates the status of implementation:

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## Qualification Matrix for Shareholder Representatives

Competencies (and other characteristics)	Kley	Clementi	de Segundo	Fröhlich	Grillo	Groth	A. Schmitz	R. Schmitz	Wilkens	Woste
Experience as officer or director in other publicly listed companies	✓	✓		✓	✓	✓	✓	✓	✓	
Expertise in capital and/or financial markets	✓	✓			✓	✓	✓	✓	✓	✓
Energy industry	✓	✓	✓		✓	✓	✓	✓	✓	✓
Sales and customer business	✓	✓		✓	✓	✓	✓	✓	✓	✓
Regulated industries	✓	✓	✓			✓	✓	✓	✓	✓
New technologies, digitalization, IT					✓	✓				
New business models, innovation, disruption	✓	✓	✓	✓						✓
Accounting	✓					✓	✓	✓		✓
Auditing of financial statements	✓					✓	✓	✓		✓
Legal affairs and compliance	✓		✓		✓	✓	✓	✓		
Human resources, cultural change	✓	✓	✓	✓	✓	✓				
Sustainability	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
International experience	✓	✓	✓	✓	✓	✓	✓		✓	
Independence	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

## Qualification Matrix for Employee Representatives

Competencies (and other characteristics)	C. Schmitz	Zettl	Schulz	Bauer	Luha	May	Pelouch	Pinczesne Marton	Pöhls	Wallbaum
Experience as officer or director in other publicly listed companies	✓									
Expertise in capital and/or financial markets	✓				✓					
Energy industry	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sales and customer business	✓	✓	✓	✓	✓		✓		✓	
Regulated industries	✓	✓	✓			✓	✓	✓	✓	✓
New technologies, digitalization, IT	✓				✓	✓	✓	✓		✓
New business models, innovation, disruption					✓					
Accounting				✓					✓	✓
Auditing of financial statements			✓						✓	✓
Legal affairs and compliance					✓	✓	✓			
Human resources, cultural change	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sustainability	✓				✓	✓			✓	
International experience			✓		✓		✓		✓	
Independence	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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All members of the Audit and Risk Committee have knowledge in the preparation and auditing of financial statements.

Andreas Schmitz and Ulrich Grillo in particular fulfill the requirements for expert knowledge and experience in the application of accounting principles, internal control and risk management systems, and the auditing of financial statements. Andreas Schmitz has many years of experience in banking and has been a member of the Audit and Risk Committee of E.ON SE since April 2017 and its Chairman since May 2018. He was a member of the Audit and Risk Committee of various other companies and has been extensively involved and familiar with accounting topics, sustainability reporting and auditing, and internal control and risk management systems for many years. Ulrich Grillo, who holds a degree in business administration, worked in the past as audit manager at auditing firm Arthur Andersen LLP. In addition, Mr. Grillo is a member of the Rheinmetall AG Supervisory Board and has been a member of its Audit Committee as well since 2017 and has therefore been involved with issues relating to accounting, internal control and risk management systems, and the audit of financial statements for many years. Both also qualify as independent in the opinion of the Supervisory Board.

New members of the Supervisory Board initially complete an onboarding process. In addition to individualized thematic onboarding, in which external Supervisory Board members are familiarized in depth with the structures, processes, and specific topics of E.ON's business activities, such as its business areas, market development, strategy, and capital market story, all new Supervisory Board members receive a collection of all relevant information and documents.

## The Supervisory Board's Way of Working

The Supervisory Board oversees the Company's management and advises the Management Board on an ongoing basis. The Management Board requires the Supervisory Board's prior approval for significant transactions and measures. The transactions requiring prior approval are listed in particular in

Section 10 the Rules of Procedure, which are published on the Company's Internet page.

The Supervisory Board holds at least four regular meetings in each financial year. Its rules and procedures include mechanisms by which, if necessary, a meeting of the Supervisory Board or one of its committees can be called at any time at the request of a Management Board member. Specific details on the number of meetings and their preparation, the attendance of Supervisory Board members, and the relevant topics can be found in the 2022 Report of the Supervisory Board.

The Supervisory Board has established Rules of Procedure for itself, which are available on the Company's Internet page.

## Committees

The Supervisory Board has established four committees: the Executive Committee, the Audit and Risk Committee, the Innovation and Sustainability Committee, and the Nomination Committee.

The specific members of the committees and their chairpersons and deputy chairpersons are named at [eon.com/en/about-us/supervisory-board.html](http://eon.com/en/about-us/supervisory-board.html). The Supervisory Board's Rules of Procedure stipulates the individual committees' respective tasks and the number of their members.

The Executive Committee is, in particular, responsible for preparing the meetings of the Supervisory Board and advising the Management Board on matters of general policy relating to the Company's strategic development. It decides on the Supervisory Board's behalf in urgent cases and in the case of measures requiring prior approval that do not exceed certain thresholds stipulated in the Supervisory Board's Rules of Procedure. In addition, it is responsible for the preparation and implementation of the Supervisory Board's personnel decisions.

In particular, the Audit and Risk Committee deals with the monitoring of accounting including the accounting process; the effectiveness of the internal control system, the internal risk management system, and the internal audit system; compliance as well as the auditing of financial statements.

The Innovation and Sustainability Committee advises the Management Board on innovation issues and growth opportunities as well as E.ON's digital transformation. In addition, the committee advises the Supervisory Board and the Management Board on environmental, social, governance ("ESG"), and sustainability issues.

The Nomination Committee recommends to the Supervisory Board suitable candidates for election to the Supervisory Board by the Annual Shareholders Meeting. For this purpose, the members of the Nomination Committee are in contact with potential candidates on an ongoing basis. In particular, candidate screening is conducted in part with the support of personnel consultants, during which the members of the Executive Committee satisfy themselves that the selection of candidates will meet the targets for the Supervisory Board's composition and that the candidates are able to commit the necessary time to their role. The Chairman of the Nomination Committee keeps the Supervisory Board informed on an ongoing basis of the status of considerations regarding the nomination of new Supervisory Board members.

The Audit and Risk Committee, Executive Committee, and the Innovation and Sustainability Committee meet at regular intervals and when specific circumstances require it in accordance with their task areas as defined in the Rules of Procedure. The Nomination Committee has adopted a resolution at least once annually since 2016. The Report of the Supervisory Board contains information about the activities of the Supervisory Board and its committees in the year under review.

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## Report on the Supervisory Board's Self-evaluation

In the year under review, the Supervisory Board conducted a regularly scheduled self-assessment (efficiency review) of the Supervisory Board's work. An online questionnaire provided the Supervisory Board members with the opportunity to evaluate the effectiveness of the Supervisory Board's work and to make suggestions for improving it. The Chairman then held detailed one-on-one discussions with the members of the Supervisory Board for the purpose of improving the Supervisory Board's work. The findings were used to design specific measures to improve the Supervisory Board's work, which are being implemented on an ongoing basis. They relate primarily to the content of the meetings and their preparation.

## Shareholders and Annual Shareholders Meeting

E.ON SE shareholders exercise their rights and vote their shares at the Annual Shareholders Meeting. The convening of the Annual Shareholders Meeting and the reports and documents required by law for the Annual Shareholders Meeting, including the Annual Report, are published on the Company's Internet page together with the agenda and the explanation of the conditions of participation, shareholders' rights, and any counter motions and election proposals submitted by shareholders. The Company's financial calendar, which is published in the Annual Report, in the quarterly statements or financial reports, and on the Internet, regularly informs shareholders about important Company dates.

At the Annual Shareholders Meeting, shareholders may vote their shares themselves, through a proxy of their choice, or through a Company proxy who is required to follow the shareholder's voting instructions.

Due to the ongoing pandemic, the 2022 E.ON SE Annual Shareholders Meeting as well was not held as an in-person event in order to protect the Company's shareholders and employees. Instead, in accordance with the law it was held as a virtual Annual

Shareholders Meeting without the physical participation of shareholders or their proxies.

As stipulated by German law, the Annual Shareholders Meeting votes to select the Company's independent auditor.

On May 19, 2021, the Annual Shareholders Meeting appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, to audit the Condensed Consolidated Interim Financial Statements and Interim Group Management Report for the first quarter of 2022. On May 12, 2022, the Annual Shareholders Meeting appointed KPMG AG Wirtschaftsprüfungsgesellschaft to be independent auditor and Group independent auditor and to audit the Condensed Consolidated Interim Financial Statements and Interim Group Management Reports for the 2022 financial year and the first quarter of the 2023 financial year. The Supervisory Board intends to recommend to the 2023 Annual Shareholders Meeting to appoint KPMG AG Wirtschaftsprüfungsgesellschaft to be independent auditor and Group independent auditor and to audit the Condensed Consolidated Interim Financial Statements and Interim Group Management Reports for the 2023 financial year and the first quarter of the 2024 financial year.

## Stipulation to Promote the Inclusion of Women and Men in Leadership Positions

In May 2017 the Management Board set a target quota for the proportion of women for E.ON SE regarding the composition of the first level of management below the Management Board of 30 percent and a quota of 35 percent for the second level of management below the Management Board, with an implementation deadline of June 30, 2022. At the time of the deadline, the proportion of women in first and second levels of management below the Management Board was 26.9 percent and 29.3 percent, respectively.

E.ON has undertaken a variety of measures during the implementation period to increase the proportion of women in

leadership positions. Examples include an in-house mentoring program and membership in the Initiative Women into Leadership ("IWIL") as well as, since the beginning of 2021, the option of a part-time leadership position and the promotion of co-leadership. This is an arrangement under which two part-time managers can share a leadership position and thus achieve a more flexible work-life balance. Another example is that E.ON's recruitment policy for management positions was adjusted so that the short list should include at least one candidate of the underrepresented gender.

Despite these specific measures, the targets have been achieved yet. The target of 30 percent for the first management level below the Management Board was achieved at the end of both 2019 and 2020. However, the total number of positions at this management level is small. Even minor changes—like departures or the elimination of individual positions—therefore have a significant impact in percentage terms. As a result, E.ON has recorded a lower proportion of women at this level since year-end 2021.

After setting the target in 2017, E.ON recorded a significant decline in the proportion of women for E.ON SE at the second management level below the Management Board in 2018 because of organizational effects. Since then, the proportion of women at this level has increased to 29.3 percent.

E.ON aims to continually increase the proportion of women at all levels. In addition, the targets for the Group as a whole are among our long-term targets relevant for executive compensation. In February 2022 the Management Board adopted new target quotas of 36 percent for the proportion of women regarding appointments to both the first and second management levels below the Management Board. The implementation deadline is June 30, 2027.

The E.ON SE Management Board has recommended to those E.ON Group companies that are legally obligated to set targets for the proportion of women on their supervisory board, management board, and the next two levels of management that they select

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ambitious targets. In addition, it was recommended that other relevant E.ON Group companies set appropriate quota targets even if they are not legally obligated to do so. This will enable the joint Group target of 32 percent women in management positions by 2031 to be supported by specific individual targets.