

Registration number: 08241182

Npower Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

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Npower Group Limited
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Npower Group Limited

Strategic Report for the year ended 31 December 2021

The directors present their Strategic Report on Npower Group Limited ("the Company") for the year ended 31 December 2021.

Business review and future developments

The Company's loss for the financial year ended 31 December 2021 is £411m (2020: loss £7m), which includes £425m (2020: £nil) of charges relating to waived loans to subsidiaries and £nil (2020: £52m) of additional bad debt provision against existing loans.

The Company offers financing to its subsidiaries with fluctuations in profit due to movements in underlying interest rates and borrowings between group undertakings, in addition to any dividends received from subsidiary companies. Dividends of £15m were received during 2021 (2020: £40.7m).

At 31 December 2021, the Balance Sheet comprised investments in subsidiaries of £131m (2020: £131m), net amounts owed to group undertakings of £705m (2020: Net amounts owed to group undertakings of £295m) and cash at bank of £nil (2020: £2m).

On 29th November 2019, it was announced that customers of npower Retail Group's Home and npower Business segments would transfer to E.ON UK systems commencing Q2 2020. The transfer of these customers was formalised in a Sale and Purchase Agreement (SPA) on 11th February 2020. The migration was successfully concluded in Q2 2021.

The migration of customers to E.ON UK resulted in the closure of the operational segments for the Home and npower Business with related office closures and the loss of around 4,500 employees, the final elements of the wind down of operations are expected to last into 2022. The npower Retail Group offers enhanced redundancy terms which will continue to apply for those employees who are made redundant as part of this process.

The npower Business Solutions segment merged with E.ON's Industrial and Commercial (I&C) segment during 2021. Npower Business Solutions customers have been fully migrated to the new billing platform and the business has been hived down entirely to Npower Commercial Gas Limited (NCGL), an indirect subsidiary of the Company, in the first half of 2021. The customers of E.ON I&C are being purchased by and transferred into NCGL during the period Q4 2021 to Q2 2022. The Company will continue as the parent company for subsidiaries in the npower Retail Group until such time that it is no longer required as subsidiaries no longer require the Company to continue the provision of funding.

Coronavirus / Covid-19

The global spread of the coronavirus and the measures taken to control it substantially limited economic activity over the course of 2021 across the globe and, in turn, the United Kingdom. The net adverse financial impact across the npower Retail Group amounted to more than £5m which primarily related to reduced sales volumes and increased bad debt charges, these downsides were partly offset by commodity hedge sellbacks due to market rates higher than original purchase prices.

Position of the business

The net liabilities of the Company at 31 December 2021 were £575m (2020: net liabilities £164m).

Npower Group Limited
Strategic Report for the year ended 31 December 2021 (continued)

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. These risks are not managed on a legal entity basis, but overseen for the npower Retail Group, of which this Company belongs, as part of the enterprise risk management process of E.ON UK. The npower Retail Group continues to invest in a formal, regular risk assessment process to identify, monitor and mitigate as far as possible any risk that should arise. Risks specific to npower Retail Group are reviewed by the Chief Financial Officer of npower, prior to formal review by the E.ON UK Risk Committee; this takes place on a quarterly basis and actions are taken as appropriate.


The key business risk affecting the npower Retail Group is the competitive retail market which could impact the Company's ability to achieve its targets for customer numbers and/or gross margin per customer. The main external uncertainties faced are: the impact of energy efficiency initiatives, the strength of the economy and weather impacts on customer consumption; volatility in wholesale energy prices; and the level of network and environmental charges. Furthermore, the Company has a number of operational risks as part of its end-to-end processes. The Covid-19 pandemic increases the risks to the Company as set out above, and additionally increases the risks related to customers' ability to pay. Detailed discussions of these risks and opportunities, in the context of the E.ON SE Group as a whole are provided on pages 83 through 91 of the E.ON SE 2021 Annual Report, which is available in the investor relations section of the eon.com website.

In line with the requirements of the German Corporate Control and Transparency Act (KonTraG), the Company's enterprise risk management system enables the directors to identify risks at an early stage and initiate mitigating action where necessary.

Key performance indicators (KPIs)

The Company does not have any trading operations or activity. For this reason, the Company's directors do not set KPIs for this entity.

Approved by the Board on 7 July 2022 and signed on its behalf by:


.....
Mr M Lewis
Director

Npower Group Limited

Directors' Report for the year ended 31 December 2021

The directors present their report on the Company and the audited financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is as the holding company for the npower Retail Group. The npower Retail Group consists of 5 main trading entities and 3 other entities. Each of the 5 main trading entities operate in varying business areas, namely:

- Home - residential customers
- npower Business - small and medium enterprise customers
- npower Business Solutions - industrial and commercial customers

The business areas in which each trading entity operates are detailed below:

Legal entity	Business area			
	Home	npower Business	npower Business Solutions	Other
Npower Limited	X		X	
Npower Northern Limited*	X	X		
Npower Yorkshire Limited*	X			
Npower Gas Limited*	X			
Npower Commercial Gas Limited			X	
Plus Shipping Services Limited**	X			
PS Energy UK Limited*	X			
Npower Business and Social Housing Limited***				X

* Ceased trading in 2021

** Sold to E.ON UK plc during 2021

*** Ceased trading in 2016

Dividends

The directors do not recommend the payment of a dividend (2020: £nil).

Directors of the Company

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Mr M Lewis

Mr J Scagell (resigned 30 June 2022)

Mr C Pilgrim (resigned 2 January 2022)

Mr S Stacey (resigned 2 January 2022)

Mr C Thewlis (resigned 3 September 2021)

The following director was appointed after the year end:

Mr R Brooks (appointed 13 June 2022)

Npower Group Limited

Directors' Report for the year ended 31 December 2021 (continued)

Directors' indemnity

The directors have the benefit of the indemnity provision contained in the Company's Articles of Association. This provision was in force throughout the last financial year and is currently in force. This provision is a qualifying third party indemnity provision under section 234 of the Companies Act 2006. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Future developments

Further details of significant changes in the future developments of the Company are provided in the Strategic Report on page 1.

Going concern

Notwithstanding net current liabilities of £706m as at 31 December 2021 and a loss for the year then ended of £411m, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

- The Company is part of the E.ON SE Group, and performs key business activities within the Npower Business Solutions segment of E.ON UK, the Company is a holding entity for the Npower group companies, which includes the trading entities, and it is anticipated that the company will continue to act as an intermediate holding company.
- The Company is a member of the UK cash pooling facility managed by E.ON SE. To the extent that working capital requirements arise, these are met through access to the cash pooling facility.
- Npower Group Limited, has prepared a combined cash flow forecast covering the Company's subsidiaries and Npower Group Business Services Limited ("the Npower Retail Group including NGBS "), for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its group lending facility from its intermediate parent company, Innogy SE, to meet its liabilities as they fall due for that period.
- Reasonably possible downside scenarios considered against the funding available to the Npower Retail Group including NGBS, were sales volume declines, increases in customer insolvency and non-payment of invoices, billing delays on the customer portfolio that was migrated from Npower Limited to Npower Commercial Gas Limited in the period and unexpected industry charges such as mutualisation after supplier failure.
- The Company's immediate parent, E.ON International Participations N.V, a subsidiary of Innogy SE has a history of ensuring the Company has sufficient funds, historically has provided an equity injection of £850m in 2019, and more recently the renewal of a £450m loan facility in February 2022 for a further year.
- Npower will play a key role for the future of E.ON UK as E.ON UK's Industrial and Commercial customers (I&C business) are transferring from E.ON's UK entities onto Npower's entities.
- The Company has received a letter of support from Innogy SE indicating that it intends to provide such funds as are necessary for the Company and its subsidiaries to trade. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Npower Group Limited

Directors' Report for the year ended 31 December 2021 (continued)

Financial risk management

Capital management

The Company's objectives, policies and processes for managing capital are consistent with those of the E.ON SE Group. Detailed discussions of these, in the context of the E.ON SE Group as a whole, are provided on page 83 to 91 of the E.ON SE 2021 Annual Report.

Liquidity risk

The Company forms part of the Npower Group Limited treasury arrangements, which actively manages a mixture of finance to ensure that the group has sufficient liquid resources to manage its current and future operational requirements.

Interest rate cash flow risk

The Company has interest-bearing assets and liabilities. Interest-bearing assets include loans to group undertakings. Interest-bearing liabilities include loans from group undertakings. Interest on loans is fixed which minimises the interest rate risk faced by the Company.

General risk management

As a subsidiary of EON SE, the Company complies with the relevant provisions of the German Law on Corporate Control and Transparency (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich), together with the German Stock Corporation Act (Aktiengesetz) and the German Commercial Code (Handelsgesetzbuch).

Compliance is achieved within the Company through the application of a tri-partite system of three separate but supportive elements, namely a risk controlling/early warning system, an internal control system and an internal audit process.

Streamlined Energy and Carbon Reporting (SECR) for the year ended 31st December 2021

The Company has no specific contractual emissions or energy usage to report and qualifies for the low energy user exemption. The SECR disclosure information is reported via its subsidiary companies' statutory accounts.

Npower Group Limited

Directors' Report for the year ended 31 December 2021 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Approved by the Board on 7 July 2022 and signed on its behalf by:



.....
Mr M Lewis
Director

Npower Group Limited
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NPOWER GROUP LIMITED

Opinion

We have audited the financial statements of Npower Group Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Npower Group Limited
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NPOWER GROUP LIMITED (continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the E.ON Group's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included cash journals posted to unusual accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This Company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Npower Group Limited
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NPOWER GROUP LIMITED (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

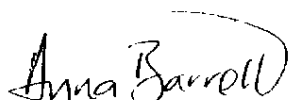
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Npower Group Limited
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NPOWER GROUP LIMITED (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Anna Barrell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

One, Snowhill
Snow Hill Queensway Birmingham
B4 6GH

7 July 2022

Npower Group Limited
Profit and Loss Account for the year ended 31 December 2021

	Note	2021 £ m	2020 £ m
Other operating income	4	-	2
Income from shares in group undertakings	5	15	41
Interest receivable and similar income	6	2	3
Amounts written off investments		-	(1)
Interest payable and similar expenses	7	(3)	(4)
Impairment of loans to group undertakings	12	<u>(425)</u>	<u>(52)</u>
Loss before taxation		(411)	(11)
Tax on loss	10	<u>-</u>	<u>4</u>
Loss for the financial year		<u><u>(411)</u></u>	<u><u>(7)</u></u>

The above results were derived from continuing operations.

There are no further items which would be included in other comprehensive income so no separate statement of comprehensive income has been prepared.

The notes on pages 14 to 24 form an integral part of these financial statements.

Npower Group Limited
Balance Sheet as at 31 December 2021

	Note	2021 £ m	2020 £ m
Fixed assets			
Investments	11	<u>131</u>	<u>131</u>
		<u>131</u>	<u>131</u>
Current assets			
Debtors: amounts falling due within one year	12	166	208
Cash at bank and in hand		<u>-</u>	<u>2</u>
		166	210
Current liabilities			
Creditors: amounts falling due within one year	13	<u>(872)</u>	<u>(505)</u>
Net current liabilities		<u>(706)</u>	<u>(295)</u>
Net liabilities		<u>(575)</u>	<u>(164)</u>
Capital and reserves			
Called up share capital	14	850	850
Profit and loss account		<u>(1,425)</u>	<u>(1,014)</u>
Total shareholders' deficit		<u>(575)</u>	<u>(164)</u>

The financial statements on pages 11 to 24 were approved by the Board on 7 July 2022 and signed on its behalf by:



Mr M Lewis

Director

Npower Group Limited registered company number: 08241182

The notes on pages 14 to 24 form an integral part of these financial statements.

Npower Group Limited
Statement of Changes in Equity for the year ended 31 December 2021

	Called up share capital £ m	Profit and loss account £ m	Total shareholders' deficit £ m
At 1 January 2021	850	(1,014)	(164)
Loss for the financial year	-	(411)	(411)
Total comprehensive expense for the year	-	(411)	(411)
At 31 December 2021	850	(1,425)	(575)

	Called up share capital £ m	Profit and loss account £ m	Total shareholders' deficit £ m
At 1 January 2020	850	(1,007)	(157)
Loss for the financial year	-	(7)	(7)
Total comprehensive expense for the year	-	(7)	(7)
At 31 December 2020	850	(1,014)	(164)

Called up share capital consists of funds raised by the Company issuing shares in return for cash or other consideration.

Profit and loss account represents the accumulated losses of the Company.

The notes on pages 14 to 24 form an integral part of these financial statements.

Npower Group Limited

Notes to the Financial Statements for the year ended 31 December 2021

1 General information

The Company is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

Westwood Business Park

Westwood Way

Coventry

CV4 8LG

United Kingdom

On 1 January 2022, the address of the Company's registered office was changed from Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, SN5 6PB.

The principal activity of the Company is as the holding company for the entities in the npower Retail Group.

2 Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance to with Financial Reporting Standard 101 'Reduced Disclosure Framework'. These financial statements were prepared under the historical cost convention and in accordance with Companies Act 2006.

Where required, equivalent disclosures are given in the E.ON SE group financial statements.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101 Reduced Disclosure Framework:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based payment.
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations.
- Paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.
- IFRS 7 Financial Instruments: Disclosures.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- Paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 Presentation of Financial Statements
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets

Npower Group Limited
Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- The following paragraphs of IAS 1 (Presentation of Financial Statements):

- (i) 10(d)
- (ii) 10(f)
- (iii) 16
- (iv) 38A
- (v) 38B-D
- (vi) 40A-D
- (vii) 111
- (viii) 134-136

- IAS 7 Statement of Cash Flows.

- Paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

- Paragraphs 17 and 18A of IAS 24 Related Party Disclosures.

- The requirements in IAS 24 Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group.

- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group financial statements of E.ON SE. The group financial statements of E.ON SE are available to the public and can be obtained as set out in note 16.

Going concern

Notwithstanding net current liabilities of £706m as at 31 December 2021 and a loss for the year then ended of £411m, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

- The Company is part of the E.ON SE Group, and performs key business activities within the Npower Business Solutions segment of E.ON UK, the Company is a holding entity for the Npower group companies, which includes the trading entities, and it is anticipated that the company will continue to act as an intermediate holding company.
- The Company is a member of the UK cash pooling facility managed by E.ON SE. To the extent that working capital requirements arise, these are met through access to the cash pooling facility.
- Npower Group Limited, has prepared a combined cash flow forecast covering the Company's subsidiaries and Npower Group Business Services Limited ("the Npower Retail Group including NGBS"), for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its group lending facility from its intermediate parent company, Innogy SE, to meet its liabilities as they fall due for that period.
- Reasonably possible downside scenarios considered against the funding available to the Npower Retail Group including NGBS, were sales volume declines, increases in customer insolvency and non-payment of invoices, billing delays on the customer portfolio that was migrated from Npower Limited to Npower Commercial Gas Limited in the period and unexpected industry charges such as mutualisation after supplier failure.

Npower Group Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Going concern (continued)

- The Company's immediate parent, E.ON International Participations N.V, a subsidiary of Innogy SE has a history of ensuring the Company has sufficient funds, historically has provided an equity injection of £850m in 2019, and more recently the renewal of a £450m loan facility in February 2022 for a further year.

- Npower will play a key role for the future of E.ON UK as E.ON UK's Industrial and Commercial customers (I&C business) are transferring from E.ON's UK entities onto Npower's entities.

- The Company has received a letter of support from Innogy SE indicating that it intends to provide such funds as are necessary for the Company and its subsidiaries to trade. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Exemption from preparing group financial statements

The financial statements contain information about Npower Group Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of E.ON SE, a company incorporated in Germany. A copy can be obtained from the address as detailed in note 16.

New standards, amendments and IFRS IC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 have had a material impact on the company.

Interest

Interest receivable and payable is credited or charged to the Profit and Loss Account on an accruals basis.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Npower Group Limited
Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Investments

All fixed asset investments are stated at cost less provision for any impairment.

Investments in securities are classified on initial recognition as fair value through other comprehensive income and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment. On disposal of the investment the cumulative change in fair value is transferred from the OCI reserve to the Profit and Loss Account.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Impairment of non-financial assets

The Company's management reviews the carrying amounts of its investments to determine whether there is any indication that the investments have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

If the recoverable amount of an asset or income generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or income generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the Profit and Loss Account.

The recoverable amount of an asset is based on the higher of its estimated value in use and fair value less disposal costs. Value in use is the present value of the future cash flows expected to be derived from use of the asset. The cash flow projections are based on future economic and market assumptions and forecast trading conditions drawn up by the Company's management as follows:

- Future market conditions and prices are based on detailed analysis and predictions prepared by E.ON economists based on the specific circumstances of the UK retail energy market
- Cash flow projections are based on management's approved long term business plan which incorporate the predictions of future market conditions above
- The cash flows obtained are discounted at a rate estimated to be appropriate for the retail energy business in the UK

Where an impairment loss subsequently reverses the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not exceeding the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised in the Profit and Loss Account.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Npower Group Limited
Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Debtors

Debtors are amounts due from group companies in respect of financing or group taxation relief. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

Creditors

Creditors are obligations to group companies in respect of financing. The accounting policy for financing creditors is detailed in the Borrowings section above. Creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Called up share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty

Valuation of debtors - estimation uncertainty

Debtors represent the most significant exposure to credit risk and are stated after an allowance for impairment. The Company makes an estimate of the recoverable value of loan receivables which comprise all debtor balances other than deferred tax. When assessing impairment of loan receivables, management considers the likelihood of repayment by the subsidiary based on the expected cash flows of that subsidiary and the ability to make repayments. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all loan receivables.

See notes 12 and for the net carrying amount of the receivables and associated impairment provision.

Npower Group Limited
Notes to the Financial Statements for the year ended 31 December 2021 (continued)

4 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2021	2020
	£ m	£ m
Proceeds from sale of Npower Direct Limited	<u>-</u>	<u>2</u>

During 2020, the Company sold Npower Direct Limited to E.ON UK plc for £2m, consisting of a £1.925m intercompany loan settlement and £75k of cash. The charge arising on derecognition of the investment in Npower Direct Limited was £1.

5 Income from shares in group undertakings

	2021	2020
	£ m	£ m
Dividend income	<u>15</u>	<u>41</u>

During the year, a dividend of £15m was received from Npower Northern Limited upon cessation of trade. Prior to this a loan waiver had been granted, see note 12 for full disclosure.

During 2020, a dividend of £39.7m was received by Npower Direct Limited prior to its sale to E.ON UK plc and £1m was received by the Company from Innogy Solutions Ireland Limited prior to its liquidation.

6 Interest receivable and similar income

	2021	2020
	£ m	£ m
Interest receivable from group undertakings	<u>2</u>	<u>3</u>

7 Interest payable and similar expenses

	2021	2020
	£ m	£ m
Interest payable to group undertakings	<u>3</u>	<u>4</u>

Npower Group Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

8 Directors' remuneration

The Company had no employees during the year (2020: none) other than the directors. During the year aggregate emoluments of £2.7m were paid to the directors (2020: £2.7m) for their services to the npower Retail Group as a whole. Compensation for loss of office of £0.2m was paid to the directors (2020: £nil).

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2021	2020
	No.	No.
Accruing benefits under defined benefit pension scheme	2	2
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

The accrued pension entitlement of the directors under the defined benefit pension scheme at 31 December 2021 was £93,128 (2020: £198,663).

The total cost of contributions paid into the defined contribution pension scheme for the year ended 31 December 2021 was £nil (2020: £nil).

The directors, including the highest paid director, received aggregate cash payments during the year of £190,459 (2020: £nil) under long-term incentive schemes from the Company, included within aggregate emoluments. None (2020: none) of the directors received or became entitled to receive shares in E.ON SE under long-term incentive schemes in the financial year. No (2020: no) directors, including the highest paid director, exercised share options for shares in E.ON SE in the financial year.

In respect of the highest paid director:

	2021	2020
	£	£
Remuneration	711,395	597,368
Defined benefit accrued pension entitlement at the end of the year	73,376	-
Defined benefit accrued lump sum at the end of the year	118,425	-

9 Auditors' remuneration

The audit fee for the Company was borne by Npower Limited, another npower Retail Group company. No fees were paid to the auditors for non-audit services.

There were no recharges in either the current year or prior year in respect of audit or non-audit fees.

Npower Group Limited
Notes to the Financial Statements for the year ended 31 December 2021 (continued)

10 Tax on loss

The tax credit is made up as follows:

	2021 £ m	2020 £ m
Current taxation:		
Adjustments in respect of prior periods	-	(4)
Deferred taxation:		
Total deferred taxation	-	-
Total tax credit to profit and loss account	-	(4)

The tax assessed on the loss before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ m	2020 £ m
Loss before taxation	(411)	(11)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(78)	(2)
Adjustments in respect of prior periods	-	(4)
Expenses not deductible for tax purposes	78	2
Total tax credit	-	(4)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

At the reporting date, Npower Group Limited had no unused tax losses (2020: £17,285). Npower Group Limited also has gross unrecognised temporary differences relating to interest of £120,209,387 (2020: £119,209,406). No deferred tax asset has been recognised in respect of the full amount as it is not considered probable that there will be future taxable profits available.

Npower Group Limited
Notes to the Financial Statements for the year ended 31 December 2021 (continued)

11 Investments

	Subsidiary undertakings £ m
Cost	
At 1 January 2021	<u>131</u>
At 31 December 2021	<u>131</u>
Carrying amount	
As at 31 December 2021	<u>131</u>
As at 31 December 2020	<u>131</u>

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held	
			2021	2020
Npower Limited	Energy supplier	England and Wales	100%	100%
Npower Yorkshire Limited	Non-trading company	England and Wales	100%	100%
Npower Yorkshire Supply Limited	Non-trading company	England and Wales	100%	0%
Npower Northern Limited	Non-trading company	England and Wales	100%	100%
Npower Northern Supply Limited	Non-trading company	England and Wales	100%	0%
Npower Business and Social Housing Limited	In liquidation	England and Wales	100%	0%

Investments in group undertakings are stated at cost. The directors believe that the carrying value of the investments is supported by their underlying net assets.

During the year, the Company acquired at book value, 100% of the share capital of Npower Yorkshire Supply Limited from Npower Yorkshire Limited and 100% of the share capital of both Npower Northern Supply Limited and Npower Business and Social Housing Limited from Npower Northern Limited.

During 2020, Npower Direct Limited was sold to E.ON UK plc and subsequently renamed E.ON Next Energy Limited.

Npower Group Limited**Notes to the Financial Statements for the year ended 31 December 2021 (continued)****12 Debtors: amounts falling due within one year**

	2021	2020
	£ m	£ m
Loans owed by group undertakings	166	188
Amounts owed by group undertakings	-	20
	<u>166</u>	<u>208</u>

Loans owed by group undertakings of £166m were held with Npower Commercial Gas Limited at the year end. The loans are unsecured and at 31 December 2021 bear interest at a rate of 0.54% (2020: 0.54%) The loans matured on 31 December 2021. Loans owed by group undertakings include accrued interest receivable on the loan agreements.

During 2021, the Company performed a loan waiver exercise to waive the majority of intra-group loans to subsidiaries. The total value of loans waived amounted to £790m and this resulted in a charge for the year of £425m (2020: £nil) net of bad debt provision. As of the balance-sheet date, the recoverable amounts of loans owed by group undertakings, which were calculated as fair value less costs of disposal, were compared to their carrying amounts.

The Company recognised a charge of £nil (2020: £52m) in respect of fair value provisions against loans to the npower Retail Group due to a deterioration in commercial assumptions and more difficult regulatory conditions. The total charge inclusive of bad debt and provisions for the 2021 year was £425m (2020: £52m).

Amounts owed by group undertakings are unsecured, interest free, repayable on demand and includes £0.2m (2020: £19.6m) in respect of group relief receivable.

13 Creditors: amounts falling due within one year

	2021	2020
	£ m	£ m
Loans owed to group undertakings	<u>872</u>	<u>505</u>

The Company has loan agreements totalling £871m with E.ON International Participations N.V. (EIP) (formerly Innogy International Participations N.V.), Npower Group Business Services Limited (NGBS) (formerly Innogy Business Services UK Limited) and Npower Limited. The loan from Npower Limited is unsecured and at 31 December 2021 bore interest at a rate of 0.06% (2020: 0.05617%), matured on 31 December 2021 and was repaid on 1 January 2022 utilising a new loan facility with NGBS that matures on 29th June 2022. Loans owed by group undertakings also include accrued interest receivable on the loan agreements.

The loan from EIP was entered into on 25 January 2021, is unsecured and at 31 December 2021 bore interest at a rate of 0.65463%. The loan matured on 25 February 2022 and was repaid on that date with a new loan facility that matures on 25 February 2023. The loan from NGBS is unsecured and at 31 December 2021 bore interest at a rate of LIBOR + 0.5%, matured on 31 December 2021 and was repaid on 1 January 2022 utilising a new loan facility with NGBS that matures on 29th June 2022.

Cash surpluses and deficits in each Group company are swept on a daily basis and recognised as loans owed to/by group undertakings. Interest is calculated on a daily basis and interest rates reflect the overall cost of borrowing or deposit rates and are updated where required.

Npower Group Limited
Notes to the Financial Statements for the year ended 31 December 2021 (continued)

14 Called up share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary shares of £1 each	<u>850,000,001</u>	<u>850,000,001</u>	<u>850,000,001</u>	<u>850,000,001</u>

15 Contingent liabilities

In the normal course of business the Company has provided parent company guarantees on behalf of its subsidiaries. As at 31 December 2021 the total value of these guarantees amounted to £4m (2020: £4m).

At the balance sheet date there were no bank issued letters of credit on the Company's facilities (2020: None).

All of the above guarantees are in place as security against the subsidiary companies failing to meet certain payment obligations. It is considered to be very unlikely that any event will occur that gives rise to any of the guarantees being affected as the npower Retail Group is part of the E.ON SE group of companies and is funded on an ongoing basis through a cash management agreement.

16 Controlling parties

The Company's immediate parent is E.ON International Participations N.V. (formerly Innogy International Participations N.V.), a company incorporated in the Netherlands.

The ultimate parent company and controlling party is E.ON SE, a company incorporated in Germany, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of E.ON SE consolidated financial statements can be obtained from E.ON SE, Brüsseler Platz 1, 45131 Essen, Germany.

GROUP PACKAGE ACCOUNTS
TO BE FILED WITH:

NPOWER GROUP LIMITED
No. 08241182.

**Annual Report
2021**

e.on

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17/09/2022

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COMPANIES HOUSE

In our markets, we encounter a wide variety of customer needs, new market participants and technologies, and a constantly evolving legal framework for the energy transition. Our expectation is clearly defined:

Connecting Everyone To Good Energy

About E.ON

E.ON Energy North America is a leading provider of energy services in the United States. We are a subsidiary of E.ON Energy Group, a global energy company. We provide a wide range of energy services, including electricity, natural gas, and energy management solutions. We are committed to providing reliable and sustainable energy services to our customers. For more information, please visit our website at www.eon.com.



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2021

5

E.ON at a Glance



2021 financial year successfully concluded despite the ongoing pandemic and crisis on energy markets—adjusted EBIT and adjusted net income slightly above the forecast that was revised in August



Dividend of €0.49 per share proposed for the 2021 financial year



E.ON adopts new growth strategy with targets through 2026 with focus on sustainability and digitalization



Framework conditions in the German network business set: Federal Network Agency sets return on equity for the fourth regulatory period for electricity and gas at 5.07 percent



Success of PreussenElektra: Agreement on output rights for nuclear power stations with positive outcome for E.ON



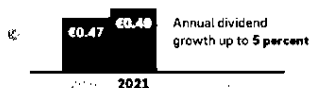
Sustainability course successfully continued: E.ON supports the United Nations Environment Programme with ecological power-line pathway management

"E.ON's sustainability strategy isn't something separate. Our business is strategically aligned with sustainability."

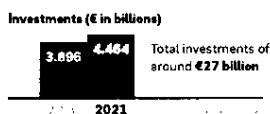
Frankfurt, 11.04.2022
E.ON CEO

Our Business Strategy in Figures

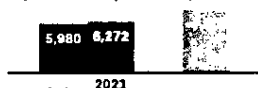
Dividend Growth



Growth in Core Business



Adjusted EBITDA (€ in millions)



Earnings per share from adjusted net income ("EPS")¹ (€)



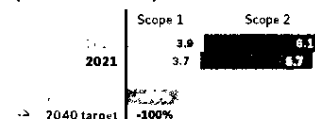
¹Share of E.ON SE shareholders based on outstanding shares (weighted average)

Solid Finances

Capital structure with strong **BBB/Baa rating**
Debt factor between **4.8 and 5.2**

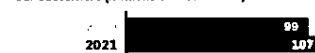
Environment

CO₂ footprint reduction (Scope 1 & 2)¹
(millions of metric tons)



¹Relative to 2019 figures

CO₂ footprint reduction together with our customers (millions of metric tons)



Social

Reduction of serious incidents and fatalities ("SIF")¹ among employees



¹Number of SIF per million hours of work

Increase in the proportion of female executives



Corporate Governance

E.ON's ambitious sustainability targets have been factored into the **Management Board's compensation** since 2022.

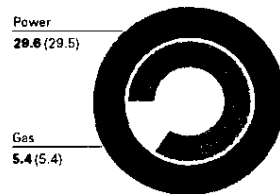


Operational and Sustainability Key Figures Energy Networks



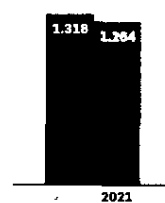
Operational key figures

Regulated asset base (RAB)¹ (€ in billions)
35.0 in 2021 (34.9 in 2020)

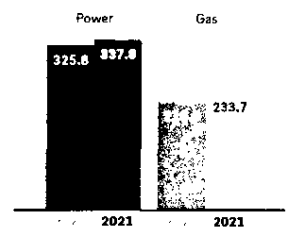


¹Including Turkey and the Slovakian ZSEs

Total length of electricity and gas grids (million km)



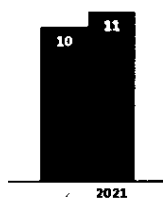
Energy transmitted (billion kWh)



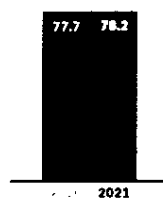
Sustainability key figures

Environment

Proportion of E.ON
networks with ecological
corridor management (%)

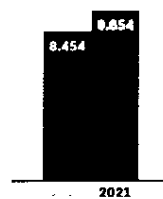


Share of renewables gen-
eration capacity connected
to E.ON's power grid² (%)



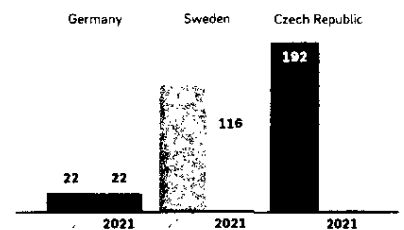
²2020 figure adjusted

Number of smart
meter installations
in E.ON markets
(thousands)



Social

Average duration of grid outages
for electricity³ (SAIDI) (minutes)



³System average interruption duration index (minutes per year), officially confirmed figures from 2020

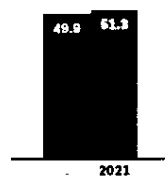




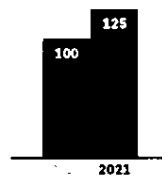
Operational and Sustainability Key Figures Customer Solutions

Energy sales and residential customer solutions

Number of electricity and gas customers¹
(millions)

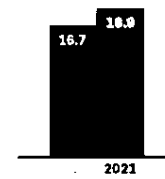


Number of residential customer solutions installed (solar systems, batteries, efficient heating such as heat pumps, wall-mounted charging points) (thousands)



Energy Infrastructure Solutions ("EIS")

Generated energy: power, heat, and cooling
(TWh)



Operational key figures

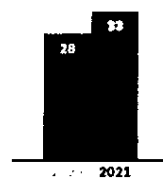
¹ Includes customers in Turkey and ZSE's customers in Slovakia
² FY 2020 adjusted due to divestment Essent BE and ELMO USP before in Hungary



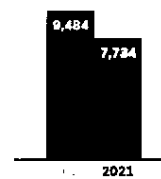
Sustainability key figures

Environment

Share of green power sales (%)



eMobility charging point installations





Key Figures of the E.ON Group

Financial Figures

Sales	77,358	60,944	+27
Adjusted EBITDA ¹	7,889	6,905	+14
– Regulated business (%)	61	73	-12 ²
– Quasi-regulated and long-term contracted business (%)	5	4	+1 ²
– Merchant business (%)	34	23	+11 ²
Adjusted EBIT ¹	4,723	3,776	+25
Net income/loss	5,305	1,270	+318
Net income/loss attributable to shareholders of E.ON SE	4,691	1,017	+361
Adjusted net income ³	2,503	1,638	+53
Investments	4,762	4,171	+14
Cash provided by operating activities ²	4,069	5,287	-23
Cash provided by operating activities before interest and taxes ²	5,639	5,948	-5
Economic net debt (at year-end)	38,773	40,736	-5
Debt factor	4.9	5.9	-17
S&P credit rating	BBB	BBB	-
Moody's credit rating	Baa2	Baa2	-
Average capital employed	60,911	60,750	0
Equity	17,889	9,055	+98
Total assets	119,759	95,385	+30
ROCE (%)	7.8	6.2	+1.6 ⁴
Earnings per share ⁵ (€)	1.80	0.39	+362
Adjusted net income per share ⁵ (€)	0.96	0.63	+52
Dividend per share ⁶ (€)	0.49	0.47	+4
Dividend payout	1,278	1,225	+5

Employee Figures

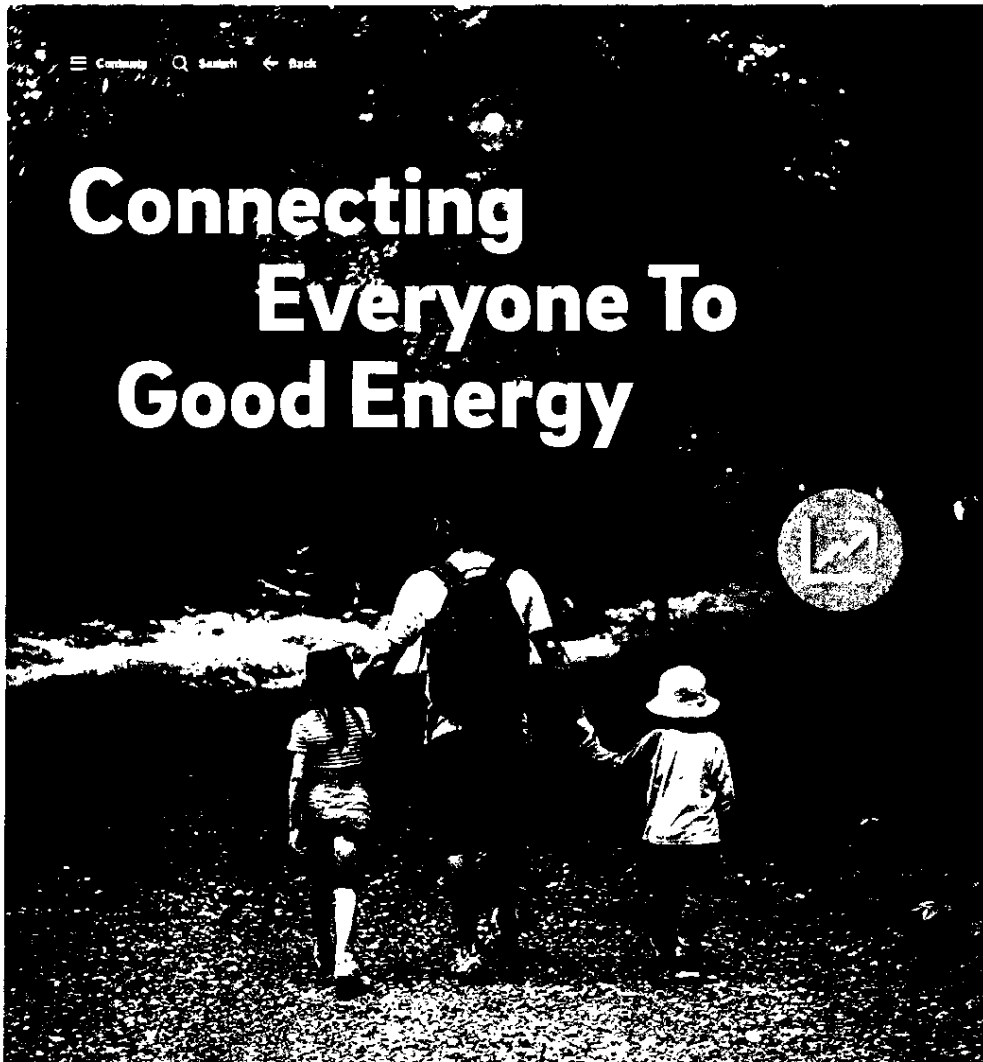
E.ON Group employees ⁸ (at year-end)	72,169	77,489	-7
Proportion of female employees (%)	32	32	-
Average age of the E.ON Group workforce	42	42	-

¹Adjusted for non-operating effects. ²Corresponds to the cash flow from operating activities. ³Corresponds to the cash flow from operating activities before interest and taxes. ⁴Change in percentage points. ⁵Attributable to shareholders of E.ON SE. ⁶Based on shares outstanding (weighted average). ⁷For the respective financial year, the 2022 figure represents management's dividend proposal. ⁸Number of employees does not include apprentices, working students, or interns. This figure reports persons.

Sustainability Figures

Environment		
CO ₂ footprint reduction:		
Scope 1 (millions of metric tons)	3 71	3 92
Scope 2 (millions of metric tons) (market-based)	5 73	6 09
Scope 3 (millions of metric tons)	100.38	107.96
EU taxonomy-aligned investments ⁹ (%)	97	-
EU taxonomy-aligned operating expenditures ⁹ (%)	98	-
EU taxonomy-aligned sales ⁹ (%)	99	-
CO ₂ footprint reduction together with our customers ¹⁰ (millions of metric tons)	107	99
Share of renewables generation capacity connected to E.ON's power grid ¹¹ (%)	78.2	77.7
Ecological network corridor management (%)	11	10
Smart meter installations (thousands)	9,654	8,454
eMobility charging point installations	7,734	9,484
Share of green power sales (%)	33	28
Social		
Serious incidents and fatalities ("SIF") among employees ¹²	0.09	0.09
Lost Time Injury Frequency (LTIF) among employees ¹³	2.1	1.5
Female executives (%)	21	21
Training hours ¹⁴	14.7	10.3
System average interruption duration index ("SAIDI") ¹⁵ (minutes per year)		
Germany	22	22
Sweden	116	146
Czech Republic	162	192
Community contribution (€ in millions)	12.3	11.1
Corporate Governance		
Share of female Supervisory Board members ¹⁶ (%)	30	30
Independent Supervisory Board members (%)	100	100
ESG factored into Management Board compensation (from 2022 onward)	-	-

⁹As a ratio of EU taxonomy eligible investments, operating expenditures and sales. ¹⁰This KPI quantifies the avoided emissions that contribute to a low carbon economy in connection with our clients. ¹¹Connective renewable capacity calculated as percentage of total sum of all connected generator capacities, 2020 figure adjusted. ¹²Number of SIF per million hours of work. ¹³LTIF measures the number of work-related accidents resulting in lost time per million hours of work. ¹⁴Formal training hours per employee per year. ¹⁵Officially confirmed values from 2020. ¹⁶Refers to shareholder representatives.



E.ON is tackling the climate emergency with thousands of sustainable projects. Examples include Europe's first hotel run on hydrogen fuel cells, or solutions that transform the energy cycle of our megacities and help villages to become energy-independent in the future. Additionally, our grid connects people everywhere to good energy. We are driving the energy transition together with our customers, partners, employees and communities – because we believe in the power of the many.

We have a real responsibility to power a healthier planet with good energy for everyone now and for future generations.



Where others offer promises, we take action

The Intergovernmental Panel on Climate Change ("IPCC") published its fifth Special Report on Global Warming in October 2018 following the decision to adopt the Paris Agreement. The report emphasises the urgent need for decisive and concerted action to reduce greenhouse gas emissions and limit global warming to 1.5 to 2 degrees Celsius. Although many countries worldwide have taken tangible steps to protect the climate and mitigate the impact of global warming, the concentration of greenhouse gases in the atmosphere continues to rise, thus intensifying climate change. This has been confirmed by the IPCC Physical Science Basis report published in 2021. The economic slowdown resulting from Covid-19-related restrictions has not altered this situation.

A successful transition to a low-carbon society will require far-reaching and permanent structural changes. These include sector integration, in other words, linking the use of sustainable energy in the form of electricity and gas across the heating, cooling and transport sectors.

We are one of Europe's largest operators of power and gas distribution networks and a leader in network efficiency, reliability and innovation. With a history dating back one hundred years, we have

a pivotal role to play in this transformation. First, as an energy company serving about 51 million customers, we must accept that we have a special responsibility. Second, we need to redefine who we are, not only by transforming our business to meet the climate change challenge, but by becoming a sustainability leader in the energy sector.

There is no shortage of big, bold messages and pledges from companies all around the world who have joined the "green" bandwagon with ad campaigns making sweeping promises to cut carbon emissions. Yet we know that people do not want empty promises, but expect companies to deliver tangible action with results. As citizens, parents and stewards of the planet ourselves, we are guided by this in our transformation, in developing our strategy and technological solutions.

Our transformation has an impact now

"We've listened, and we've changed. And through our thousands of sustainable projects and our electricity networks, we're already saving more than 100 million metric tons of CO₂ each year."¹

Leonhard Birnbaum
CEO and Chairman of the
Board of Management E.ON

Our journey to sustainability is driven by **our people**. Each day, the ingenuity, passion and dedication of our employees and our customers—whether households, companies or entire communities – help us to become more sustainable.

By turning our backs on unsustainable energy production and focusing on our grid, smart technology, digitalization and innovative local energy solutions, we are enabling savings of more than 100 million metric tons of carbon a year. This puts us in a position to become an industry leader in sustainable energy solutions, opening up extensive business opportunities.

We are partnering with megacities, local communities, businesses and private households to implement innovative **technologies** with highly effective results, while giving end-consumers access to **green energy** on demand and allowing them to even become their own energy producers. By expanding our energy networks, we are laying the foundation for our customers' transition to low carbon emissions. Thereby, our customers have the chance to contribute **directly** to climate protection, for example by connecting charging stations to promote the use of electric vehicles.

¹ Base year 2019. More information on eon.com/action

A great opportunity right before our eyes

Luke Otunola
General Manager, Origin
District Energy Scheme at
E.ON London

"Buildings generate nearly 40 percent of annual global carbon emissions. But in the future, cities can actually become self-sufficient. Our strategy? To recycle and repurpose energy that is already there."

Stefan Håkansson
CEO
E.ON Energy Infrastructure Solutions

Kristian Rasmussen
Architect and Partner at
Cullinan Studio London

Claire Harfield
City Energy
Transformation Lead
at E.ON London

Today, cities already account for two-thirds of the world's energy demand and 70 per cent of carbon emissions. This poses enormous challenges, as well as opening up countless opportunities. We are at the forefront of harvesting and reusing energy that would otherwise be wasted.

One powerful example of a sustainable technology like this is in London, in the United Kingdom. GreenSCIES in Islington is a smart energy system that interconnects buildings to capture and reuse waste heat in real time. This project illustrates how we build tailored solutions across different industries and businesses that combine heating and cooling systems as well as mobility solutions to reduce the environmental impact—with stunning results.

"Working with E.ON represents a really good partnership between an off-taker and an energy supplier."

James Beale
Head of Energy & Sustainability,
City of London (2017–2021)

Also in London, we are a key partner in the CitiGen project. It is set in what was originally a coal-fired power station that has been gradually modernized in recent decades from coal to gas to geothermal heat. The newest boreholes underneath the station can be used for geothermal heat, with the aim of cutting emissions further by 30 to 50 percent as of 2022. Enabled by our digital network, CitiGen connects households and businesses to the grid and delivers energy to them via state-of-the-art technology. In this way, we can ensure maximum carbon-efficient energy provision at all times.

A leader, and a partner

We have **partnered** with The Radisson Hotel Group to transform the Radisson Hotel Frankfurt—an eye-catching building in the shape of a **perpendicular, circular disk**—into Europe's first hotel with an industrial-scale fuel cell system. The fuel cell covers 80 percent of the hotel's heat and electricity requirements with close to zero emissions. In the fuel cell, hydrogen atoms react with oxygen to become water. The electrons released in the process pass through an external circuit, creating energy. The heat generated as a by-product of the reaction reaches temperatures of up to 600 degrees Celsius and is used to heat the entire hotel, including the swimming pool. As it is **emission-free**, this scalable model has huge potential for the **future**.



However, we are also committed to enabling our customers in smaller, local towns and communities to be part of our vision of connecting everyone, anywhere to good energy. Simris in Sweden is proof that an entire village can run on 100 percent self-generated, sustainable energy. The community worked with us to create its own, clean energy network and become consumers who produce their own energy, or prosumers.

We helped the community by networking two existing wind turbines and photovoltaic systems with an intelligent control system and two huge batteries as well as an emergency power generator that runs on biofuel. Thanks to this interconnected system, every fifth week, the village is able to disconnect from the national Swedish (so-called island mode). Excess, locally generated energy is stored in large flow batteries (rechargeable fuel cells), which can be used whenever the village

is in island mode and there is no wind or sunshine to generate energy. Heat pumps, photovoltaic systems and batteries installed in Simris residents' households are connected and used intelligently to make the local energy system even more flexible. They, too, generate and store energy for the households and the entire community. Our digitalised smart-grid technology distributes heat from homes with excess energy to those that need it; at the same time, surplus energy generated by consumers can be sold back to us.



Think globally, act locally

Along Germany's Rhine and Ruhr valleys, another innovative energy efficiency project is under way, supplying **industrial waste heat** from Thyssenkrupp Steel to a local brewery through a new steam transfer line managed by E.ON. Waste heat in the form of steam from steel production at Thyssenkrupp Steel's power plant in the Ruhr region will provide the thermal energy required for the brewery processes. **E.ON** is building the pipeline and will take over the **energy management**. This will result in long-term cooperation between both companies. The brewery's new energy supply is scheduled to start in spring 2022.

"This is a local project on which we are working together to meet very concrete climate protection targets here in this area. The brewery as a medium-sized partner within the region can become a role model for projects of this kind. Together, we have thought beyond company boundaries. We are pleased that some of our waste heat is being used in this innovative way."

Arnd Köfler
Chief Technology Officer,
Thyssenkrupp Steel



"For E.ON, using quantum computing gives us the opportunity to solve complex, cross-system optimization tasks in connection with the energy transition in innovative ways. Our close collaboration with IBM is an important milestone in this regard."

Victoria Ossadnik,
Chief Digital Officer at E.ON



Quantum computing opens new opportunities

E.ON's many different sustainable projects will contribute to decarbonizing and decentralizing the energy infrastructure. At the same time, our distribution networks are facing growing challenges. In future, they will have to fulfil a much wider range of tasks. Energy is no longer only supplied unilaterally from producers to consumers, but is fed into the grid by numerous smaller companies and households, for instance via their own photovoltaic systems. In addition, millions of electric vehicles need to be integrated. Coordinating and controlling this

system requires **huge computing power** – more than present-day computers are capable of. E.ON is the first utilities company in Europe to work with IBM Quantum to implement quantum solutions for its critical workflows within the grid infrastructure business. A quantum computer can perform the required calculations in a number of different ways and in a shorter space of time. Together with our partner IBM Quantum, we have the potential to shape tomorrow's energy world.

Frank Wink
Project Engineer at
Bayerwerk Netze GmbH
Germany

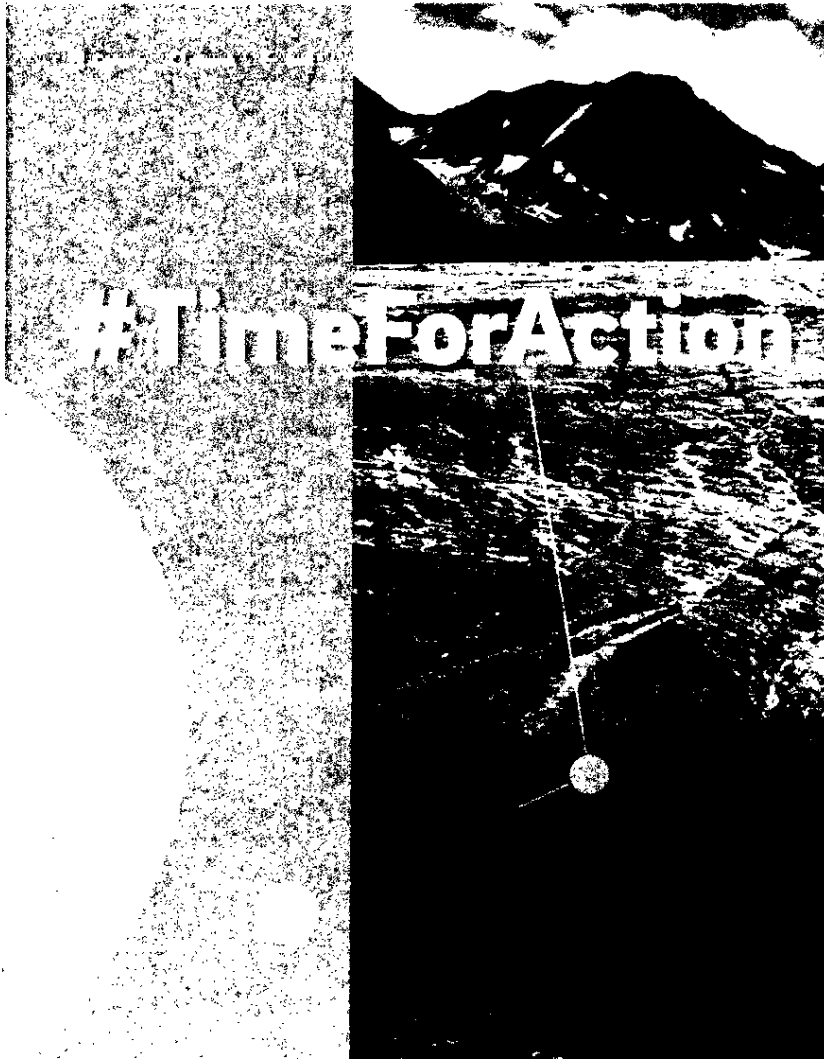
Leonhard Breckmann
E.ON CEO

Kajsa Engström
Project Manager
at E.ON Sweden

Shaping

the future



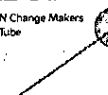


Not only have we radically transformed our strategy and refocused our business activities to meet the challenges of climate change, but we have also completely changed the way we communicate our actions to the public. In our latest **television campaign**, we appealed to the public to join us in our efforts against climate change and announced our intention to become a sustainability leader in our industry. The film, which was shot on top of the **Mittelbergferner glacier** in Austria, features no actors, but three dozen scientists, E.ON engineers, activists and consumers, including legendary mountaineer and environmentalist Reinhold Messner, as well as E.ON CEO Leonhard Birnbaum together with employees of our company.

To learn more about our sustainable projects, join the more than 70 million people who have already watched our eight-part series, **E.ON Change Makers**, on YouTube.



E.ON Change Makers
YouTube



Reason for optimism

The Green Deal is the EU's pledge to be carbon-neutral in all areas of life by 2050. As one of Europe's largest operators of energy grids and a provider of customer solutions, we are leading the way to enable this transformation.

Sustainability is not part of a strategy, it is our strategy—one that unites economic, social and environmental interests. Together with our customers, employees, partners and communities, we are making a real change. Because WE has no limits!



WE has no limits



Kajsa Segner
Project Manager
eMobility at
E.ON Sweden



Peter Berne
Senior Project Manager
Sustainable City
at E.ON Sweden



Anusha Vijay Mahalingam
Glaciologist



Lilly Platt
Climate Activist



Leonhard Bräseman
E.ON CEO

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Four go to growth investing in the future

Dividend growth

Our resilient and future-proof portfolio is the foundation for dividend growth and sustainable value creation.



Customer-centric energy infrastructure and solution growth

Our customer-centric energy infrastructure and solutions are connecting everyone to good energy.

Digitalization

We will be an all-digital energy company, since this creates new business opportunities and prioritizes continuous efficiency improvements.

Andreas Kasper
E.ON CEO



E.ON Stock

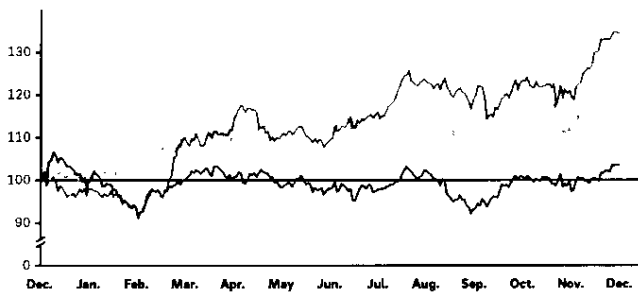
E.ON Stock Performs Very Well in 2021

At the end of 2021 E.ON stock was about 35 percent above its year-end closing price for 2020, thereby outperforming the DAX index of blue-chip German stocks (+16 percent) and its European peer index, the EURO STOXX 600 Utilities (+4 percent). E.ON stock closed 2021 at a price of €12.19 compared with €9.06 at year-end 2020.

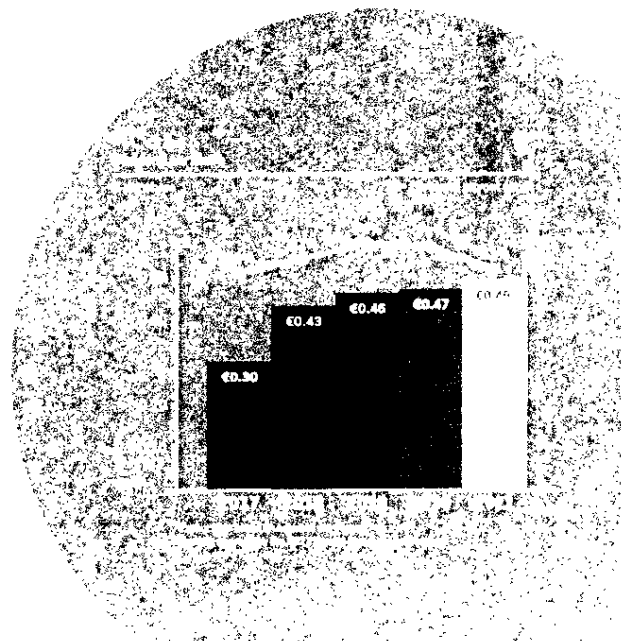
Continuous Dividend Growth

At the 2022 Annual Shareholders Meeting on May 12, 2022, management will propose paying out a cash dividend of €0.49 per share for the 2021 financial year (prior year: €0.47). Based on E.ON stock's year-end 2021 closing price, the dividend yield is 4 percent. The payout ratio (as a percentage of adjusted net income) would be 51 percent. Our dividend policy aims to offer our shareholders attractive dividend growth.

E.ON Stock Performance in 2021



*Based on the performance index
Source: NASDAQ



E.ON Stock Key Figures

Dividend ¹	0.49	0.47
Dividend payout ¹ (€ in millions)	1.278	1.225
Twelve-month high ²	12.28	11.56
Twelve-month low ²	8.27	7.60
Year-end closing price ²	12.19	9.06
Market capitalization ³ (€ in billions)	32.2	23.9

¹For the respective financial year, the 2021 figure represents management's dividend proposal
²Source: NASDAQ
³Based on ordinary shares outstanding at year-end

Broad International Investor Base

Our most recent survey at year-end 2021 shows that we have roughly 61 percent institutional investors, roughly 21 percent retail investors, about 18 percent other investors. Investors in Germany hold about 42 percent of our stock, those outside Germany about 58 percent.

E.ON Listed on Numerous Stock Exchanges and in Indices

E.ON stock trades in Frankfurt am Main and on other German stock exchanges as well as via electronic trading platforms such as Xetra. It is also available on stock exchanges in other European countries. E.ON stock is included in the DAX and other indices in Europe, such as the STOXX Europe 600 Utilities, MSCI World, and the S&P Europe 350.

E.ON stock trades over the counter on OTC Pink in the United States in the form of American depositary receipts ("ADRs"). E.ON's ADR program offers U.S. investors the opportunity to acquire E.ON stock and hold it in the form of share certificates that are traded and settled like other U.S. stocks.

To Our Investors

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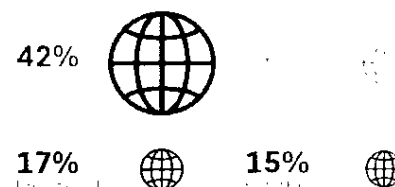
[→ CEO Letter](#)
[→ Report of the Supervisory Board](#)

Shareholder Structure by Group¹



¹Percentages based on total investors identified (excluding treasury shares)
²Includes RWE treasury shares and other
 Source: NASDAQ (as of December 31, 2021)

Shareholder Structure by Country/Region¹



¹Percentages based on total investors identified
 Source: NASDAQ (as of December 31, 2021)

E.ON Stock Symbols and Identification Numbers


Reuters: Xetra	EONGn.DE
Reuters: Frankfurt Stock Exchange	EONGn.F
Bloomberg: Frankfurt Stock Exchange	EOAN GY
Bloomberg: ADR over-the-counter code	EOANGY US
Security Identification Numbers	
Germany	ENAG99
International Securities Identification Number ("ISIN")	DE 000 ENAG99

Top Rankings in Sustainability Ratings ²⁴

In the 2021 financial year, E.ON again achieved top rankings in renowned sustainability ratings. The global non-profit environmental organization CDP (formerly known as the Carbon Disclosure Project) again put E.ON in its A List for environmental reporting. The rating is at the Leadership Level, placing E.ON among the top 200 companies on the Climate Change A List. E.ON was recognized for its actions to reduce emissions, mitigate climate risks, and help foster a low-carbon economy. Sustainalytics, a leading global research and rating provider for sustainability and corporate governance, also ranked E.ON in its Leader Group. Our website provides detailed and continuously up-to-date information on our sustainability ratings and rankings at www.eon.com/sustainability-ratings; our Sustainability Reports describes our management approach, progress, and initiatives relating to sustainability.

Financial Framework Created for Sustainable Investment

Debt is an important source of financing for the E.ON Group. We therefore address the interests of shareholders and debt investors alike. Sustainability aspects play an increasingly important role in many international investors' decision for or against a particular investment. In 2021 E.ON became the first company to fully align its Green Bonds Framework—green bonds are fixed-income securities whose issuance proceeds are used to finance sustainable

investment projects—with the ICMA Green Bond Principles and the EU Taxonomy. The EU Taxonomy Regulation defines which economic activities are classified as environmentally sustainable, thereby setting a Europe-wide standard for sustainable investment. We provide detailed information on our financing in the "Financial Situation" section of this report starting on page 68 .

Analyst estimates

E.ON stock is rated by a large number of financial analysts from various investment banks and brokerage houses. The current recommendations can be viewed at www.eon.com/analysts-estimates. ²⁵

Ongoing Investor Communications Despite Covid-19 Restrictions

Our investor relations continue to be founded on four principles: openness, continuity, credibility, and equal treatment of all investors. Our mission is to provide prompt, precise, and relevant information at our periodic conferences and road shows worldwide. Maintaining regular communications and relationships is essential for good investor relations.

Due to the Covid-19 pandemic, most of our investor relations activities in the 2021 financial year took place virtually. Despite the restrictions resulting from the pandemic, we were thus able to continue to have extensive interactions with our shareholders and bond holders.

The E.ON Management Board

Victoria Ossendrk
Chief Operating Officer
Digital

Thomas Klnig
Chief Operating Officer
Networks

Patrick Lemmers
Chief Operating Officer
Commercial

Marc Spielor
Chief Financial Officer

Leonhard Birnbaum
Chief Executive Officer



CEO Letter

Dear Shareholders,

I'd have liked for my first letter as E.ON CEO to simply report to you with pride that we've completed a successful financial year. Right now, obviously, that's of secondary importance as long as war is raging in Europe and people fear for their lives.

Russia's war of aggression against Ukraine marks a turning point that changes Europe's security architecture. It affects the direction of Germany's economy. And it will have a massive impact on Germany's energy supply. But first and foremost, Russia's war of aggression is creating a humanitarian catastrophe in the middle of Europe. And it's closer than many believe. Many of us at E.ON have Ukrainian colleagues or relatives. E.ON has offices and facilities in Slovakia, Poland, Hungary, and Romania. In some cases, our service territories in these countries border Ukraine. In these regions, we're already seeing the human misery caused by this war.

Ukraine is part of Europe. The solidarity that Ukrainians are now experiencing—that too is Europe. E.ON is a European company and therefore wants to contribute to this solidarity. After Russia's invasion, we set up donation accounts in cooperation with various institutions, and our operating units in neighboring countries are providing direct assistance. Some of our employees are helping as volunteers. What matters now is the people in Ukraine. Right now that's the highest priority. For E.ON too.

But Europe itself and its energy supply matter too—a sustainable, secure, and affordable supply of energy for our customers. Europe must and will reduce its energy dependence on Russia over the long term and will therefore need to diversify its energy imports. The success of the transition to renewable energy is now of course all the more necessary. This makes the modernization and digitalization of power networks more necessary than ever. Because in the future we won't be able to afford curtailing the production of valuable green electricity because of network bottlenecks. Renewable energy must reach customers. That's the foundation of a stable and affordable energy supply.

Just under a year ago I became CEO of E.ON, an operationally and structurally strong company. I promised you at that time to use this strength to deliver more success. I made a commitment for your company to actively shape the energy transition and to live up to our responsibility to provide millions of customers in Europe with a secure supply of climate-friendly and affordable energy.

Despite many challenges over the past twelve months, the people of E.ON have achieved just that. We ensured a secure energy supply during prolonged lockdowns amid the pandemic. We quickly rebuilt damaged infrastructure after devastating floods and severe storms. And we were and still are a safe haven for all those customers who were affected by the upheavals caused by higher energy costs.

As shareholders, you also benefited from our reliability last year. I'm pleased to report that we actually surpassed our financial targets for 2021. In addition, we successfully resolved questions about E.ON's debt situation, the restructuring of our U.K. sales business, and our growth opportunities.

We presented our growth strategy at Capital Markets Day in November. For you this means even more transparency on our long-term business performance through 2026 as well as certainty thanks to our commitment to continuous dividend growth of up to 5 percent per year. The first milestone is the 49 cent dividend per share that the Management Board and Supervisory Board will propose to the Annual Shareholders Meeting in May. This is E.ON's seventh dividend increase in a row.

Russia's war in Ukraine is endangering the current structure of Europe's energy mix. A swift and pragmatic transformation of Europe's energy system is both imperative and urgent. E.ON's restructuring and new growth strategy give us a strong foundation for systematically supporting this transformation. Our investments in the expansion and digitalization of our distribution networks will be the key to enabling decarbonization for Europe's power, transport, and heating sectors, while at the same time helping it achieve strategic independence from Russia.

Being a network and infrastructure company will allow E.ON to play a big role in enabling Europe to meet its ambitious targets for renewables growth. We also help our customers implement their projects and businesses, like connecting large data centers and industrial facilities. The persistent increase in the demand for additional network connections and the great need to make distribution networks smart will be key drivers of additional growth: our goal for the next five years is to expand the regulated asset base in our power network business by at least 6 percent per year.

Our sustainable customer solutions will also do much to bring the energy transition to our customers. This segment is seizing clear growth opportunities and has already started to develop new businesses beyond traditional energy sales. Alongside our Energy Infrastructure Solutions unit, which helps industrial and commercial customers decarbonize, we're now also establishing capabilities in green hydrogen. E.ON will build infrastructure for green gases and hydrogen to help decarbonize industries and processes that can't be electrified. This will propel the transition to new, carbon-neutral fuels and solutions. One thing is certain: the energy industry must continue to accelerate its climate protection. That's precisely what we're doing.

However, we'll only be able to achieve our ambitious growth targets with sustainable and digital business models. These topics serve as our compass for capital allocation and portfolio optimization. Our corporate governance therefore also factors in non-financial performance indicators that are relevant to our business. Like E.ON's management model, the Management Board's compensation system is designed to support the implementation of E.ON's corporate strategy and thus its long-term success by means of sustainable, long-term, and value-oriented management. The compensation of

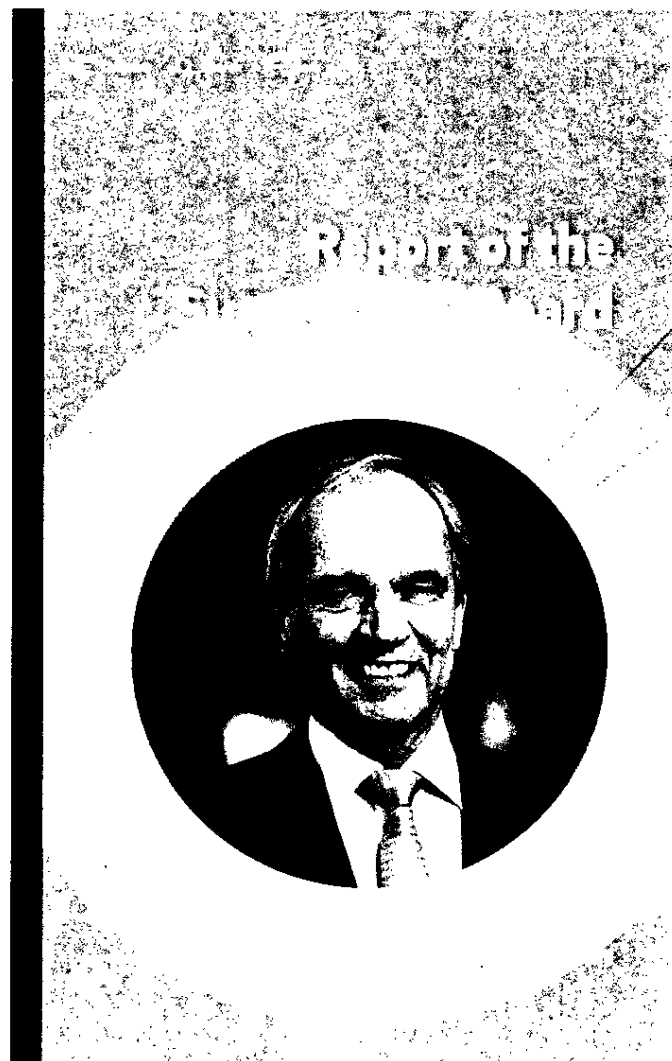
Management Board members is therefore linked to the attainment of selected non-financial performance indicators.

Our goal for 2022 is to continue to propel decarbonization in the three key elements of our strategy: sustainability, digitalization, and growth. We'll continue to achieve and reaffirm our long-term goals through 2026. But I'm sure it's as clear to you as it is to me that the turning point of recent weeks will be a significant source of stress for Europe's society and economy and thus of course for E.ON too. We can only begin to guess at the market upheavals we'll have to deal with as a result.

You, our shareholders, can count on the fact that E.ON is superbly positioned to meet these challenges. And despite everything, I'm pleased to move forward together with my Management Board team, our employees, and, above all, with you, our customers, partners, and investors.



Leo Birnbaum



Dear Shareholders,

In 2021 E.ON set its course for the future. The Management Board developed a new corporate strategy that focuses on key issues for the future: growth, digitalization, and sustainability. At the same time, E.ON dealt with significant operating challenges resulting from the ongoing Covid-19 pandemic, natural disasters in various countries, and volatile prices on commodity markets. The Supervisory Board would like to thank the Management Board and all employees for all the special efforts that were and are connected with these matters.

In the 2021 financial year the Supervisory Board carefully performed all its duties and obligations under law, the Company's Articles of Association, and its own rules and procedures. It advised the Management Board in detail about the Company's management and continually monitored the Management Board's activities, assuring itself that the Company's management was legal, purposeful, and orderly. At four regular meetings and two extraordinary meetings, it addressed all issues relevant to the Company. In addition, it carried out one written resolution procedure. On a regular basis, the shareholder representatives and employee representatives made separate preparations for these meetings with the participation of one or several members of the Management Board. One Supervisory Board member was unable to attend one meeting in 2021. Apart from that, all members attended all meetings.

The Management Board regularly provided the Supervisory Board with timely and comprehensive information about significant business transactions in both written and oral form. At the meetings of the full Supervisory Board and its committees, the Supervisory Board had sufficient opportunity to actively discuss the Management Board's reports, motions, and proposed resolutions. After thoroughly examining and discussing the resolutions proposed by the Management Board, the Supervisory Board voted on them when it was required by law, the Company's Articles of Association, or the Supervisory Board's rules and procedures. Furthermore, the Supervisory Board also met on a recurring basis without the Management Board being present.

In addition, there was a regular exchange of information between the Chairman of the Supervisory Board and the members of the Management Board, in particular the Chairman, during the entire financial year. In the case of particularly pertinent issues, the Chairman of the Supervisory Board was kept informed at all times. He likewise maintained contact with the members of the Supervisory Board outside of board meetings.

In view of the restrictions due to the Covid-19 pandemic, the meetings of the Supervisory Board and its committees largely took place virtually or in a hybrid format, with the exception of the meetings in September.

Development and Communication of the New Corporate Strategy

The Supervisory Board closely monitored the Board of Management's strategy process, was regularly informed about its content and progress, and provided the Management Board with detailed advice. The Supervisory Board supports the new strategy whose three dimensions are sustainability, digitalization, and growth. The Supervisory Board approved the financial earnings and growth targets adopted as part of the new strategy. Furthermore, the Supervisory Board advised the Management Board on the communication of the new corporate strategy at Capital Markets Day. The Supervisory Board will continually receive reports about the strategy's implementation in the individual business units and discuss them.

Sharp Rise in Commodity Prices

The sharp rise in electricity and gas prices at the start of the heating period and its implications for E.ON formed another key topic in 2021. The Supervisory Board received comprehensive information on the causes of the supply shortages and the consequences of volatile prices for the Group as a whole and for individual business units and regions and discussed the concomitant risks and potential countermeasures with the Management Board.

Other Key Topics of the Supervisory Board's Discussions

In the year under review, the Supervisory Board dealt with the personnel changes on the Management Board and passed the corresponding resolutions.

Policy and regulatory developments in countries in which E.ON is active constituted another key topic of the Supervisory Board's discussions. In the case of Germany, the Federal Network Agency has set the return on equity for the fourth regulatory period, and the European Court of Justice issued rulings on the Federal Network Agency's role. In the United Kingdom, the combination of sharply rising procurement prices and a price cap resulted in an extremely challenging market environment. In view of the macroeconomic situation in Turkey and the Turkish lira's steep decline, the Supervisory Board discussed the impact on operations and possible responses.

In addition, in the context of the Group's current operating business, the Supervisory Board addressed the impact of persistently low interest rates on E.ON, the business situation of the Group and its companies, national and international energy markets, as well as the currencies that are important to E.ON. It discussed E.ON SE's and the E.ON Group's asset, financial, and earnings situation, dividend policy, workforce developments, and earnings opportunities and risks. The Supervisory Board and the Management Board thoroughly discussed the E.ON Group's medium-term plan for 2022–2024. The Supervisory Board was provided with information on a

regular basis about the Company's health, (occupational) safety, and environmental performance (in particular, key accident indicators and the Covid-19 infection rate in the Group) as well as current customer numbers, customer satisfaction, and the number of apprentices.

Corporate Governance

In the declaration of compliance issued at the end of the year, the Supervisory Board and the Management Board declared that E.ON is in full compliance with the recommendations of the "Government Commission German Corporate Governance Code" dated December 16, 2019, published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (*Bundesanzeiger*) on March 20, 2020. The Supervisory Board and the Management Board also declared that E.ON has been in full compliance with the recommendations of the "Government Commission German Corporate Governance Code" dated December 16, 2019, published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (*Bundesanzeiger*) on April 24, 2017, since the last declaration in March 2021. The current version of the declaration of compliance as well as earlier versions are published on the Internet at www.eon.com.

In early 2022 the Supervisory Board Chairman held discussions with investors on topics specific to the Supervisory Board at a corporate governance roadshow.

The Supervisory Board is aware of no indications of conflicts of interest involving members of the Supervisory Board in the 2021 financial year.

Education and training sessions on selected operating and non-operating issues of E.ON's business were conducted for Supervisory Board members in the 2021 financial year despite the Covid-19 pandemic. Alongside a detailed training session on network regulation in Germany, the main focus was on individual topics relating to the new corporate strategy. For example, the Supervisory Board was presented with background and details on various key topics in connection with digitalization, green gases, and electromobility.

The targets for the Supervisory Board's composition, including a competency profile and a diversity concept, with regard to Recommendation C.1 of the German Corporate Governance Code and Section 289f, Paragraph 2, Item 6 of the German Commercial Code and the status of their achievement are available in the Corporate Governance Declaration on pages 96 [and](#) 97 [and](#) 98 [and](#) 99 [and](#) 100 [and](#) 101 [and](#) 102 [and](#) 103 [and](#) 104 [and](#) 105 [and](#) 106 [and](#) 107 [and](#) 108 [and](#) 109 [and](#) 110 [and](#) 111 [and](#) 112 [and](#) 113 [and](#) 114 [and](#) 115 [and](#) 116 [and](#) 117 [and](#) 118 [and](#) 119 [and](#) 120 [and](#) 121 [and](#) 122 [and](#) 123 [and](#) 124 [and](#) 125 [and](#) 126 [and](#) 127 [and](#) 128 [and](#) 129 [and](#) 130 [and](#) 131 [and](#) 132 [and](#) 133 [and](#) 134 [and](#) 135 [and](#) 136 [and](#) 137 [and](#) 138 [and](#) 139 [and](#) 140 [and](#) 141 [and](#) 142 [and](#) 143 [and](#) 144 [and](#) 145 [and](#) 146 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Committee Work

To fulfill its duties carefully and efficiently, the Supervisory Board has created the committees described in detail below.

The Executive Committee met six times in the 2021 financial year. All members took part in all of the committee's meetings. At its meetings, the committee, in particular, did preparatory work for the various changes on the Management Board and, in this context, it also adopted a resolution on Management Board members' respective areas of responsibility. Additionally, the Executive Committee was informed about the status of the progress toward the Management Board's targets for 2021 and dealt with the Management Board's compensation. Furthermore, the Executive Committee thoroughly discussed the new strategy and monitored the agreement with the German federal government and Vattenfall regarding residual power output rights. Finally, the Executive Committee approved the consortium agreement on the further development of the collaboration with RheinEnergie AG.

The Innovation and Sustainability Committee met three times. One member was unable to attend one meeting. Apart from that, all members attended all of the committee's meetings. The matters addressed by the committee included court rulings on climate laws as well as E.ON's sustainability targets. Other subjects of discussion were the future of the heat-supply business along with E.ON's digitalization ambitions and their progress.

The Audit and Risk Committee met four times in 2021. All members attended all meetings. The committee conducted a thorough review, in particular of the 2020 Financial Statements of E.ON SE (prepared in accordance with the German Commercial Code), the E.ON Group's 2020 Consolidated Financial Statements (prepared in accordance with International Financial Reporting Standards, or "IFRS"), and the 2021 intermediate financial reports of E.ON SE. The committee discussed the recommendation for selecting an independent auditor for the 2021 financial year as well as the intermediate financial reports and assigned the tasks for the independent auditor's auditing services, established the audit priorities, determined the independent auditor's compensation and reviewed the independent auditor's qualifications as well as the quality of the independent audit, and verified the auditor's qualifications and independence in line with the recommendations of the German Corporate Governance Code. The committee also assured itself that the independent auditor has no conflicts of interest. In addition, the committee addressed other matters assigned to it by law, the Company's Articles of Association, or the Supervisory Board's rules and procedures, in particular Internal Audit's activities and reports, accounting issues, risk management, transactions with related parties, and developments in the area of compliance. Furthermore, the committee thoroughly discussed the Combined Group Management Report and the proposal for profit appropriation and prepared the relevant recommendations for the Supervisory Board and reported them to the Supervisory Board. On the basis of the quarterly risk reports, the committee noted that no risks were identified that might jeopardize the existence of the Company or individual segments. Furthermore, the committee addressed in detail the Company's cybersecurity and cyber and data-protection risks as well as the change of the independent

auditor that took place in 2021. In addition, there was a regular exchange of information between the Chairman of the Audit and Risk Committee and the independent auditor throughout the financial year.

Committee chairpersons reported the agenda and results of their respective committee's meetings to the full Supervisory Board on a regular basis. Information about the committees' composition and responsibilities is in the Corporate Governance Declaration on pages 100 to 103.

Examination and Approval of the Financial Statements, Approval of the Consolidated Financial Statements, Proposal for Profit Appropriation for the Year Ended December 31, 2021

KPMG AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited and submitted an unqualified auditor's and/or audit opinion on the Consolidated Financial Statements of E.ON SE prepared in accordance with IFRS, the Combined Group Management Report, and the Compensation Report pursuant to Section 162 of the German Stock Corporation Act ("AktG") for the year ended December 31, 2021. The IFRS Consolidated Financial Statements exempt E.ON SE from the requirement to publish Consolidated Financial Statements in accordance with German law.

The Supervisory Board reviewed and, at its annual-results meeting on March 15, 2022, thoroughly discussed—in the presence of the independent auditor and with knowledge of, and reference to, the

Independent Auditor's Report and the results of the preliminary review by the Audit and Risk Committee—E.ON SE's Financial Statements prepared in accordance with the German Commercial Code, Consolidated Financial Statements, and Combined Group Management Report as well as the Management Board's proposal for profit appropriation. The independent auditor was available for supplementary questions and answers. After concluding its own examination, the Supervisory Board determined that there are no objections to the findings. It therefore acknowledged and approved the Independent Auditor's Report. In addition, the Supervisory Board reviewed and approved the Separate Combined Non-Financial Report.

On March 15, 2022, the Supervisory Board approved the Financial Statements of E.ON SE prepared by the Management Board and the Consolidated Financial Statements. The Financial Statements are thus adopted. The Supervisory Board agrees with the Combined Group Management Report and, in particular, with its statements concerning the Company's future development.

The Supervisory Board examined the Management Board's proposal for profit appropriation, which includes a cash dividend of €0.49 per ordinary share, also taking into consideration the Company's liquidity and its finance and investment plans. After examining and weighing all arguments, the Supervisory Board agrees with the Management Board's proposal for profit appropriation.

Personnel Changes on the Management Board

The Supervisory Board appointed Leonhard Birnbaum as Chairman of the Management Board effective April 1, 2021. The Supervisory Board appointed Victoria Ossadnik as a member of the Management Board, likewise effective April 1, 2021. Ms. Ossadnik is responsible for the newly created board remit, digitalization, which will manage the activities to digitalize the Group. Furthermore, the Supervisory Board appointed Patrick Lammers as a member of the Management Board and Chief Operating Officer Commercial effective August 1, 2021. He succeeded Karsten Wildberger, who ended his service on the E.ON SE Management Board at his own request effective July 31, 2021. The Supervisory Board would like to take this opportunity to again thank Mr. Wildberger for his very successful work in the E.ON Group and wish him all the best for the future.


Page 293 of this report shows E.ON SE Management Board members' respective areas of responsibility as of year-end 2021

Personnel Changes on the Supervisory Board

Ulrich Grillo was elected to the Audit and Risk Committee effective January 1, 2021. Otherwise, there were no personnel changes on the Supervisory Board in 2021. Pages 291 to 292 of this report provide an overview of all members of the Supervisory Board as of December 31, 2021

Essen, March 15, 2022
The Supervisory Board

Best wishes,



Karl-Ludwig Kley
Chairman



Combined Group Management Report

Combined Group Management Report

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Corporate Profile

Business Model

E.ON is an investor-owned energy company with approximately 72,000 employees led by Corporate Functions in Essen. The Group's core business is divided into two operating segments: Energy Networks and Customer Solutions. Non-strategic operations are reported under Non-Core Business; corporate functions and equity interests managed directly by E.ON SE are reported 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, and heat and offering products and services that enhance their energy efficiency and autonomy and provide other benefits. 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. E.ON's main presence in this business is in Germany, the United Kingdom, the Netherlands, Belgium, Sweden, Italy, the Czech Republic, Hungary, Croatia, Romania, Poland, and Slovakia. In addition, the Combined Group Management Report discloses Energy Infrastructure Solutions' activities in this segment for the first time. Energy Infrastructure Solutions engages in activities aimed at decarbonizing E.ON's commercial and industrial customers, 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.

Special Events in the Reporting Period

Changes in Segment Reporting

Operations in Croatia and at VSEH in Slovakia consist of network as well as sales businesses. All of these operations were previously reported at Energy Networks' East-Central Europe/Turkey unit. E.ON's segment reporting was adjusted effective January 1, 2021.

Power and gas sales operations as well as the new customer solutions business in Croatia and at VSEH are now reported at Customer Solutions' Other unit. Their network businesses continue to be reported at Energy Networks' East-Central Europe/Turkey unit.

Energy Price Movements

High gas and electricity prices had a significant impact on the energy sector in 2021. The main cause was a tight supply of natural gas accompanied by rising global gas demand as the economy recovered. In addition, wholesale prices for gas and electricity rose in response to higher coal and carbon prices. The fourth quarter in particular saw substantial price increases on wholesale markets with varying impacts on consumers. E.ON is active on wholesale markets and was also affected by price increases in different ways during the reporting period. The Business Report contains more information on these matters beginning on page 53.

Corporate Bond Issued

In mid-January 2021 E.ON issued a €600 million corporate bond maturing in December 2028 with a coupon of 0.1 percent.

Supplementary Agreements to enviaM Consortium Agreement
Through subsidiaries, E.ON SE has a roughly 59-percent stake in enviaM AG. The other main shareholders are two municipal companies whose aggregate stake totals around 37 percent. From 2002 onward, a consortium agreement gave these municipal shareholders a put option that could be exercised in whole or in part. Pursuant to IAS 32, E.ON SE recorded this put option as a liability in its Consolidated Financial Statements. In March 2021, a supplementary agreement to the consortium agreement was concluded that stipulates the put option's cancellation. The standstill obligation had

been recorded as a liability in the amount of €1.8 billion. Effective March 31, 2021, it no longer existed. Accordingly, equity increased by €1.8 billion. Of this amount, €0.7 billion is attributable to shareholders of E.ON SE.

E.ON Presents Green Bond Framework Aligned with the EU Taxonomy and Issues First Bond under It

On March 1, 2021, E.ON became Europe's first corporate issuer to present a Green Bond Framework that is in full compliance with the EU Taxonomy's criteria for sustainable economic activities and with the draft Delegated Acts. In December E.ON published an updated Green Bond Framework that reflects the final version of the Delegated Acts. In late March E.ON successfully marketed a €750 million green bond under the new framework. It matures in October 2032 and has a coupon of 0.6 percent.

Disposal of Stake in Rampion Renewables Ltd

In 2019 E.ON UK plc sold roughly 60 percent of its stake in Rampion Renewables Ltd, which has a roughly 50-percent stake in U.K. wind farm operator Rampion Offshore Wind Ltd, to RWE Renewables UK Ltd, an RWE Group company. On December 29, 2020, an agreement was signed with RWE AG and RWE Renewables UK Ltd under which E.ON UK plc would transfer its remaining 40-percent stake to RWE Renewables UK Ltd. In view of this agreement, E.ON has disclosed its stake in Rampion Renewables Ltd as an asset held for sale since December 31, 2020. The stake was transferred on April 1, 2021. The parties agreed not to disclose the purchase price, which was received at year-end 2020.

E.ON Supports United Nations' "Decade for Ecosystem Restoration"

E.ON is the world's first energy company to support the United Nations Environment Programme ("UNEP") in restoring ecosystems in the interest of climate protection and biodiversity. E.ON, Europe's largest operator of electricity distribution networks, will create valuable biotopes under 13,000 kilometers of high-voltage lines in forested areas. E.ON is a partner in UNEP, which commemorated World Environment Day on June 5 by proclaiming this decade to be the "Decade for Ecosystem Restoration."

E.ON has many years of experience in the ecological management of power-line corridors and already manages 8,000 hectares of such corridors in an environmentally friendly way. The Group now intends to draw on this experience across Europe. E.ON is convinced that healthy and stable ecosystems play an important role in the fight against climate change. This is why E.ON is investing a double-digit million sum in the preservation of ecosystems and intends to adopt ecological corridor management for overhead power lines in forested areas Group-wide by 2026.

Disposal of the Sales Business in Belgium

Dutch energy supplier Essent NV and Belgian energy company Luminus signed an agreement in February 2021 to sell Essent's sales business in Belgium. Essent, a wholly owned E.ON Group subsidiary, at the time supplied more than 500,000 electricity and gas customers in Belgium. The sales business in Belgium was part of Customer Solutions' Netherlands/Belgium business unit and was deconsolidated in the second quarter of 2021 after the transaction closed.

Consortium Agreement with RheinEnergie

On June 29, 2021, the E.ON Group's fully consolidated subsidiary Westenergie concluded a new consortium agreement with RheinEnergie AG. It is planned that Westenergie and RheinEnergie will combine their equity interests in certain municipal utilities in rhenag Rheinische Energie Aktiengesellschaft ("rhenag"), which is also a fully consolidated E.ON Group subsidiary. rhenag will continue to be fully consolidated by Westenergie. The implementation of the steps envisaged in the consortium agreement is in principle subject to the approval of various authorities. The closing of this transaction is expected in mid-2022.

E.ON Sends Assistance from across Germany to Flood Areas

Severe storms in western Germany in July 2021 led to considerable damage, including to electricity and gas networks. After heavy flooding, E.ON employees therefore gave assistance in the area and worked tirelessly to restore energy service. Within a few days, the number of people without power in the service territory of E.ON subsidiary Westnetz was reduced from 200,000 to a few thousand.

Patrick Lammers Joined E.ON SE Management Board in August 2021

At its May meeting, the E.ON SE Supervisory Board appointed Patrick Lammers as successor to Karsten Wildberger, who left the Company in late July at his own request.

Nuclear Power/Residual Power Output Rights

In 2021, 13 TWh of residual power output rights were acquired from the company that operates Krümmel nuclear power plant ("NPP") and transferred to Grohnde, Isar II, and Brokdorf NPP, which are operated by PreussenElektra GmbH. This will ensure that these NPPs can operate until the end of their legally mandated operating lives.

The agreement on the implementation of the accelerated nuclear phaseout after 2011 between the German federal government and the country's NPP operators was enacted into law and carried out by means of the transfer of residual power output rights, the federal government's payment of compensation, and Vattenfall's repayment of preliminary purchase prices to PreussenElektra.

Orano of France and the German federal government reached an agreement to simplify the return of French reprocessed waste. The agreed-on payments were made in the fourth quarter. It is foreseen that the reduced number of containers will be returned by 2024.

Operations during the Covid-19 Pandemic

E.ON's top priorities during the Covid-19 pandemic are a secure energy supply and the safety of employees and customers. E.ON's power, gas, and heat networks, which secure the energy supply in large parts of Europe, continue to run stably, even under difficult conditions. E.ON was able to draw on previously prepared pandemic and crisis plans, which it implemented accordingly. This included updating risk assessments, adjusting rules in line with government regulations, and conducting timely communications to promote transparency and awareness regarding the Covid-19 pandemic and E.ON's response measures. This has made it possible to maintain all key functions. The most important measures included strict adherence to hygiene and social-distancing rules as well as the isolation of particularly sensitive work areas, such as network control centers. In addition, technicians who do field work on the network have special equipment to minimize the risk of infection.

In addition, one of E.ON's priorities is to help employees deal with the pandemic's impact. Where possible, the Company has therefore made use of all forms of flexible working arrangements (such as

home office and variable working hours) in order to accommodate employees' personal circumstances and needs. Covid-19 also made it necessary to adjust meeting formats. Most meetings were held virtually and still are. In addition, managers have paid even more attention than usual to their employees' well-being and, when needed, have pointed them toward company assistance and support services, such as a confidential personal counseling. Vaccination is the principal way to protect oneself and others from infection with the coronavirus. E.ON therefore offered vaccinations at many of its offices and facilities. Employees and their families could receive a first and second vaccination in the summer of 2021 and booster vaccinations in the winter of 2021–2022. E.ON is comprehensively fulfilling its social responsibility by offering a wide range of flexible work arrangements, hygiene plans, and vaccinations, thus making an important contribution toward combating the pandemic and safeguarding employees.

E.ON's business and operating environment continues to be affected by the Covid-19 pandemic. The implications and impacts will depend on the emergence of new virus variants, the progress of vaccinations, and the effectiveness of vaccines. E.ON continuously analyses the risk situation resulting from the Covid-19 pandemic and, if necessary, will take additional measures to contain the pandemic's impact.

There were no significant Covid-19-related implications for the employment situation in the E.ON Group at any time in 2021.

E.ON Propels Digitalization and Develops New Solutions for a Digital, Sustainable Energy World

Since September 2021, E.ON has deepened its collaboration with Microsoft and Wipro Limited to promote cloud transformation. The aim of the collaboration is to make IT processes more flexible, to increase operating efficiency, and to accelerate the development of new solutions and services for customers and employees.

In September E.ON also entered into a cooperative arrangement with IBM Quantum in order to propel the transformation of the energy industry with quantum computing.

In addition, in September E.ON acquired a majority stake in Aachen-based start-up gridX, the energy industry's leading provider of smart-grid intelligence. The company develops digital platform solutions that connect, control, and optimize distributed energy resources, such as electric cars.

In December E.ON acquired a majority stake in software company envelio GmbH. envelio is a specialist in digital grid management and has developed an intelligent grid platform. This solution enables grid operators to create a digital twin of their energy grid in order to use real-time grid data to optimize grid planning and operations as well as decision-making.

E.ON to Invest €27 Billion in the Energy Transition through 2026
E.ON presented its growth strategy through 2026 at its Capital Markets Day in November. The strategy foresees continual increases in operating earnings as well as dividends. E.ON for the first time also extended its forecast timeframe from three to five years.

E.ON intends to increase EBITDA in its core business (that is, excluding PreussenElektra's soon-to-be-discontinued nuclear energy operations) by about 4 percent annually to around €7.8 billion in 2026. E.ON will lay the foundation for this ambitious growth by investing a total of roughly €27 billion through 2026, of which about €22 billion will go toward expanding its energy networks, which are the backbone of the energy transition, and €5 billion toward growing its customer solutions business. In addition, E.ON intends to increase its dividend by up to 5 percent annually through the 2026 financial year and its earnings per share by 8 to 10 percent annually. E.ON will propose a dividend of 49 cents per share for the 2021 financial year.

E.ON intends to carry out the entire growth program while maintaining its strong rating and a debt factor between 4.8 and 5.2. For this purpose, E.ON will further optimize its portfolio, through which it expects to generate proceeds of roughly €2 to €4 billion in the next five years. Portfolio optimization may consist of the divestment of businesses that do not fit with the tripartite strategy of growth, sustainability, and digitalization as well as selected partnerships.

2021 Employee Stock Program Launched

E.ON has conducted several employee stock purchase programs in the past. E.ON continued this successful approach to employee involvement and retention by launching the Employee Stock Program ("ESP") in 2021 financial year. All employees eligible to participate in the ESP are offered the opportunity once a year to purchase discounted blocks of E.ON stock. Employees received a grant of €360 for each block of stock purchased under the ESP and, if they met certain eligibility requirements, an additional one-time grant of up to €360 for the stock they purchased on September 30, 2021.

The ESP's purpose is to promote employee stock ownership and employee retention. Consequently, stock acquired under the ESP is subject to a blackout period (which ends on December 31, 2023).

during which it cannot be sold. E.ON believes that stock ownership motivates employees to assume more responsibility and identify more closely with the company they work for.

Westnetz GmbH Sells Shares in Stromnetzgesellschaft Essen

In December Westnetz GmbH contractually agreed to sell 50 percent of its limited partnership interest in the newly established Stromnetzgesellschaft Essen GmbH & Co. KG to Essener Versorgungs- und Verkehrsgesellschaft mbH effective January 1, 2022. Technical assets, such as the low-voltage network of the city of Essen and transformer stations, will also be transferred to this company. After the transaction closes, these assets will be leased back to E.ON, which will continue to be responsible for operating the network. IFRS 5's criteria for these assets to be disclosed as held for sale were met for the first time in the third quarter of 2021.

Reorganization of E.ON's Business in Hungary

In early October 2019 E.ON acquired EnBW's 27-percent stake in ELMŰ Nyrt. ("ELMŰ") and ÉMÁSZ Nyrt. ("ÉMÁSZ"). Subsequently, E.ON, MVM Magyar Villamos Művek Zrt. ("MVM," a shareholder of ELMŰ and ÉMÁSZ), and Opus Global Nyrt. ("Opus") signed a framework agreement. This agreement enables E.ON to give itself a balanced and optimized portfolio in Hungary that will also make it possible to swiftly integrate innogy's operations there. The agreement was fully implemented effective December 16, 2021, after clearance by the relevant agencies. After the sales by E.ON, MVM holds 100 percent of distribution operator ÉMÁSZ, ÉMÁSZ Hálózati Kft. ("ÉMÁSZ DSO"), and a 25-percent stake in E.ON Hungária Zrt. (including the acquired innogy holding companies, ELMŰ Zrt. and ÉMÁSZ Zrt.). In addition, Opus acquired E.ON Tiszántúli Áramhálózati Zrt. ("E.ON ETI"). ÉMÁSZ DSO as well as E.ON ETI were, pursuant to IFRS, reclassified as a disposal group as of December 31, 2020; both were part of the Energy Networks' operations in Hungary.

ÉMÁSZ DSO as well as E.ON ETI were deconsolidated in the third quarter of 2021 following the transaction's closure effective August 31, 2021.

To further optimize E.ON's portfolio in Hungary, E.ON Hungária Zrt. signed an agreement with MVM on February 23, 2022, to sell 100 percent of its stake in E.ON Áramszolgáltató Kft. ("EÁS"). EÁS holds a regional universal service provider ("USP") license under which it supplies electricity to customers in certain regions of Hungary. As of December 31, 2021, the transaction was expected to successfully close within the next twelve months. Pursuant to IFRS 5, EÁS's USP business, which is part of Customer Solutions' Other unit, was therefore reclassified as a disposal group effective December 31, 2021.

Sale of innogy eMobility Solutions GmbH

E.ON sold 100 percent of the shares in innogy eMobility Solutions GmbH ("ieMS") to Compleo Charging Solutions AG effective December 31, 2021. ieMS and its subsidiaries are active in eMobility, particularly charging stations, in Europe. Until the date of the sale, the company was reported in the Customer Solutions segment.

Planned Reorganization of the ZSE and VSEH Units in Slovakia

E.ON is in negotiations with the Slovak state on a further combination of the businesses of Západoslovenská energetika a.s. ("ZSE") and Východoslovenská energetika Holding a.s. ("VSEH"). E.ON has a 49-percent stake in each of the two companies, and the Slovakian state has a 51-percent stake. VSEH, in which E.ON has control, is fully consolidated and is part of Energy Networks' East-Central Europe/Turkey unit and Customer Solutions' Other unit. The transaction is expected to successfully close within the next 12 months. The implementation of the planned transaction would in the future result in the VSEH Group's business operations, which previously

had been fully consolidated, being accounted for in the Consolidated Financial Statements using the equity method. Pursuant to IFRS 5, the VSEH Group was therefore reclassified as a disposal group effective December 31, 2021.

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 growth, sustainability, and digitalization.

A uniform Group-wide planning and controlling system is used for the value-based management of our 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.

In the past financial year, we further developed our management system in conjunction with the further development of our strategy. The revised management system has been in use since the beginning of 2022. In addition to refining our most significant financial performance indicators, we explicitly included non-financial key performance indicators in our management system. These financial and non-financial performance indicators are the compass for our decision-making processes and enable a holistic view of our performance.

Key Performance Indicators in 2021

In the 2021 financial year, the most significant key performance indicators for the value-oriented management of our operations were adjusted EBIT, adjusted net income, and earnings per share based on net income ("EPS"), as well as investments and cash-conversion rate. Furthermore, debt factor was a significant key performance indicator in the past financial year.

Adjusted EBIT 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, impairment charges and reversals, the mark-to-market valuation of derivatives, and other non-operating earnings (see the explanatory information beginning on page 66 of the Combined Group Management Report and in Note 35 to the Consolidated Financial Statements). Adjusted net income is an earnings figure after interest income, income taxes, and non-controlling interests that has likewise been adjusted to exclude non-operating effects (see the explanatory information on page 67 of the Combined Group Management Report). It is the main factor determining earnings per share ("EPS").

Investments are equal to the investments expenditures shown in the E.ON Group's Consolidated Statements of Cash Flows. Cash-conversion rate is equal to operating cash flow before interest and taxes divided by adjusted EBITDA. The expenditures for the dismantling of nuclear power stations included in operating cash flow before interest and taxes are not factored into the cash-conversion rate.

Debt factor is equal to economic net debt divided by adjusted EBITDA. Economic net debt includes net financial debt as well as pension and asset-retirement obligations.

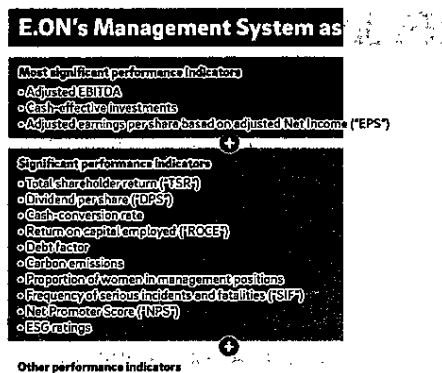
In addition to these key performance indicators, the Combined Group Management Report for the 2021 financial year includes other financial and non-financial performance indicators that were not in the focus of the ongoing management of our businesses in the past financial year.

E.ON's Management System as of 2022

In the past financial year, we further developed our management system and geared it strictly to our sustainable growth strategy. As of the 2022 financial year, adjusted EBITDA, investments, and earnings per share based on adjusted net income ("EPS") will be used as the most significant indicators for managing our aspired 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. In particular, we focus on our customers, employees, shareholders, and bondholders—always in line with our environmental, social, and governmental responsibility as a leading international energy company.

Many of these performance indicators have already been used in the past to manage our businesses. However, by using adjusted EBITDA instead of, as previously, adjusted EBIT, will enable more precise management of our targeted growth while at the same time focusing on the cash-effectiveness of our earnings. By including significant non-financial performance indicators in our management system, in particular sustainability indicators are now explicitly anchored in the ongoing management of our businesses.

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



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 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. For more information, please refer to the Compensation Report starting on page 105.

Most Significant Key Performance Indicators

With our focus on long-term, sustainable, and value-oriented growth, the most significant 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 the performance of our businesses.

Investments are still equal to the investments expenditures shown in the E.ON Group's Consolidated Statements of Cash Flows. Investments are the engine for the future growth and digitalization of our businesses 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 addition to operating earnings, depreciation and amortization, interest income, income taxes, and non-controlling interests are also included. 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 adequately 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 key to 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 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 aspects.

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, continue to be significant key figures in our management system. In addition, ROCE has been 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 are also important for the success of our business and our corporate responsibility. Operating cash flow, power and gas passthrough, sales volume, as well as selected employee-related information are examples of other key performance indicators.

Strategy and Innovation

Strategy and Objectives

2021 E.ON Launches Offensive for Growth, Sustainability and Digitalization

The year 2021 was a year of fundamental redirection for E.ON. Following the successful integration of innogy, in April 2021 Leonhard Birnbaum succeeded Johannes Teyssen as CEO. Two other new Management Board members were appointed as well: Victoria Ossadnik (for Digitalization) and Patrick Lammers (for Customer Solutions). The new management team designed an updated strategy to prepare the entire E.ON Group for the decade ahead. In 2021 E.ON moved forward on the sustainable course that it had set early on and, as part of the updated strategy, defined new growth ambitions. Its main focus was to propel socially responsible sustainability and Europe's energy transition in the digital age. Both—the energy transition and sustainability—are among the key drivers of future growth in E.ON's core businesses: energy networks and customer

solutions. Networks form the backbone of the energy transition and make a significant contribution to its success. Sustainable products and services for cities, municipalities, industry, and households enable E.ON to support its customers on their journey to climate neutrality.

The transition toward a new, climate-neutral, and distributed energy world is accelerating and will also spur a decade of growth for the entire energy sector. Being an energy company with about 51 million customers in Europe (including customers in Turkey and at ZSE in Slovakia) will enable E.ON to benefit from this transition and simultaneously to play a key role in shaping Europe's decarbonization. A few months ago, E.ON aligned its strategy with three priorities—sustainability, digitalization and growth—and set a new course with a clear vision for the Company's future. In the years ahead, E.ON will become the sustainable platform for Europe's green energy transition. It will also use digitalization to master the increasing complexity of the entire energy system.

Sustainability

Sustainability is the centerpiece of E.ON's strategy and the touchstone for all its future actions. One of E.ON's objectives is to propel Europe's green energy transition and to help it decarbonize all the way to climate neutrality. E.ON considers sustainability an opportunity; most of E.ON's business is already sustainable. And E.ON is equally sustainable as an organization. Consequently, our strategy sets ambitious sustainability targets. E.ON aims for its Scope 1 and Scope 2 emissions—the direct emissions that it can influence—to be

climate-neutral by 2040. Our network operations in Germany and Sweden will be climate-neutral even earlier, by 2030. Ecological power line corridor management and the protection of biodiversity along high-voltage corridors has a high priority. In addition, E.ON provides its customers with energy solutions and services that support their decarbonization journey and also offers them opportunities to switch from fossil fuels to green energy. E.ON will also build infrastructure for supplying green gases and hydrogen. This will help decarbonize sectors that cannot be electrified and propel the transition toward new, carbon-neutral fuels and solutions.

More detailed information about sustainability at E.ON is available in the Separate Combined Non-Financial Report starting on page 138 [📄](#).

Digitalization

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 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.

E.ON is simultaneously developing a digital ecosystem called e.Hub. The e.Hub ecosystem is home to a portfolio of energy solutions, products, and services that can be connected and managed multidirectionally. Examples of e.Hub digital solutions include cloud-based sales platforms, eMobility charging management, and the management of grid-connection services. E.ON will deploy these digital solutions and services in its own operations and also offer a select range to its customers. e.Hub is being developed as an open-source ecosystem in which third parties can also scale up and market their own software solutions. Every solution developed for e.Hub is also part of the CTP and is being developed from the outset for use by end-customers and enterprise partners.

Energy Networks' top priorities include smartification, standardization, 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 renewables feed-in. The development of digital solutions like smart eMobility charging solutions as well as smart meters and other new services on both sides of the standard residential meter are also part of E.ON's growth strategy.

Growth

E.ON has two core businesses: operating power and gas networks and offering 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 sectors. This transformation—whose aspects include the increasing number of renewables facilities and climate-friendly consumer applications like electric cars, heat pumps, and decentralized storage devices—expands E.ON's business opportunities as well.

Growth is necessary for business success. This success can only be achieved, however, through sustainable growth that accords with the EU's climate targets. That is why E.ON will make considerable growth investments across the green, distributed energy world. E.ON's growth strategy thus fits seamlessly with Europe's decarbonization ambitions. Electricity distribution networks will have to be transformed to handle ongoing renewables expansion and the increasing challenges this poses for network operations. Added to this are necessary network expansion, digitalization, and modifications to satisfy evolving customer behavior. Altogether, this transformation is estimated to require substantial investments of €425 billion EU-wide between 2020 and 2030. In addition, the aggregate energy demand of E.ON's customer groups will more than double between 2020 and 2050. E.ON's strategy is for these reasons a growth strategy, driven by the need for a sustainable transformation

of the economy. E.ON is aiming for earnings growth in infrastructure and customer solutions, supported by continual efficiency improvements. Efficiency is essential for successful, sustainable growth. Our efforts in this area focus primarily on achieving operational excellence. E.ON is also aware that its growth strategy can only be achieved if it is accompanied by changes within the organization. Comprehensive measures to promote cultural change, diversity, and education are therefore integral to our strategy.


Earnings 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. This applies above all to energy networks, which are the backbone of a successful energy transition, because they interconnect all sectors and ensure a secure supply to customers in a complex energy system. Ongoing renewables expansion in particular will require grids to grow at a similar pace. Europe is expected to add more than 70 GW of renewables capacity by 2030, almost doubling its existing capacity. New network connections and connected load will increase sharply amid the energy transition owing to changes in customer behavior. Examples include the rising electricity demand from industry, eMobility, and heat pumps. Investments in network hardening and modernization are necessary to maintain supply security and to be able to meet rising energy demand. Here, digitalization will be the key to optimizing existing networks in order to efficiently manage the scope of necessary network expansion. The

energy transition alone therefore represents an unprecedented growth opportunity for E.ON: for example, already around 20 percent of Europe's renewables facilities are connected to E.ON's power networks, which is a disproportionate density considering the total area of E.ON's network territory. Consequently, this growth will be accompanied by the suitable and sensible digitalization of the network business, because this business represents both the core and key driver of E.ON's growth strategy and the potential to generate additional profits amid the energy transition. The use of smart-grid technology like smart 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. 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 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. In addition, E.ON will actively enter the hydrogen business and, where possible, make its existing gas networks hydrogen-ready. These investments will help pave the way toward climate-neutral gas networks.

E.ON's proven 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 €35 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. To achieve this objective, E.ON will increase its annual network investments significantly between 2022 and 2026. The Forecast Report contains details about planned investments starting on page 81 .

Earnings Growth in Customer Solutions Segment

E.ON's Customer Solutions segment focuses on energy sales, the customer solutions business, and distributed Energy Infrastructure Solutions ("EIS").

Power and gas retail sales is a scalable business model with low capital requirements and focuses on private households and small and medium-sized enterprises. E.ON's clear objective for this business is to retain its roughly 51 million customers across Europe (including customers in Turkey and at ZSE in Slovakia) in the long term by offering them sustainable energy solutions and thus reducing their environmental footprint. To achieve this objective 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, which enable this business to actively seize the aforementioned cross-selling opportunities. The installation of suitable eMobility

infrastructure is therefore a key strategic priority. The eMobility market is undergoing a transformation 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 much 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. E.ON's objective is to enlarge its current market position and become one of Europe's leading operators of charging infrastructure by 2030.

The activities of Energy Infrastructure Solutions ("EIS") 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 leading market position across Europe enables it to build on a strong customer base and also leverage its regional presence as a foundation for additional investment-driven growth. Its core business consists of a portfolio of solutions for embedded power, heat, and cooling plants as well as solutions for energy efficiency, decarbonization, and other energy services. E.ON sees green hydrogen in particular as a key strategic growth opportunity in this space over the medium term and will establish 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 and that hydrogen will thus 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 geographically dense industrial regions—like the Ruhr region—and, in the medium term, scale up the business unit internationally. Our international footprint in Germany, the Netherlands, the United Kingdom, and Sweden gives us an optimal platform for future hydrogen clusters in the North Sea region.

We believe that E.ON's entire Customer Solutions portfolio is thus superbly positioned to propel the energy transition and satisfy the increasing demand for sustainable solutions. All of this segment's business units will benefit from the rapidly growing demand for green power and gas across all sectors (households, transportation, buildings, and industry).

Finance Strategy

The section of the Combined Group Management Report entitled "Financial Situation" contains explanatory information about E.ON's finance strategy.

People Strategy

The section of the Combined Group Management Report entitled "Employees" contains explanatory information about the main components of E.ON's people strategy as well as statements about diversity at E.ON.

Innovation

Innovations Propel the Energy Transition

Sustainability guides everything E.ON does, including the development of innovations. Tomorrow's decarbonized, digital, and distributed energy system will be founded on innovative technologies and new digital business models. E.ON has chosen to adopt a 360-degree approach to innovation to achieve its objectives en route to a sustainable energy world. This approach focuses on developing innovations in-house as well as collaborating with partners worldwide. E.ON has R&D, corporate, and startup partnerships with a wide range of universities, institutions and companies, startups and thought leaders. Its innovation approach is based on the belief that "research generates knowledge," "knowledge fuels innovation," and "innovation propels growth." This is explained in more detail below.

Research Generates Knowledge, Knowledge Fuels Innovation

E.ON's partnerships with numerous universities and scientific institutions in Germany and around the world yield research findings that generate more knowledge about the functionality of new technologies for the sustainable energy system. E.ON uses this knowledge to develop innovative solutions for its energy infrastructure and customer solutions.

Among the aforementioned collaborations, the Company's flagship partnership is with the E.ON Energy Research Center ("ERC") at RWTH Aachen University. In 2021 the partnership was extended for another five years, during which E.ON will particularly support

research projects in energy and sustainability research, energy system analysis and optimization, smart grids, energy storage, energy efficiency, electrification, and digitalization. Over this period, E.ON will provide at least €10 million to fund joint research projects as well as up to €0.5 million annually for non-profit projects. Since its foundation in 2006, the ERC has set standards for interdisciplinary and networked energy research. The results of many E.ON research projects are made available to the general public as well.

In 2021 E.ON entered into another partnership by joining the Foresight Academy, a cross-sector initiative to promote research into the future. The academy brings together leading multinational companies like Audi, Adidas, SAP, Deutsche Telekom, and Swiss Re to collaborate in exploring future customer requirements, social developments, technologies, and other topics from a variety of perspectives.

Long-term Partnerships Increase the Pace of Innovation

E.ON views the energy transition as an engine for innovation and works with in-house and external partners to carry out its innovation projects from both a technological and commercial standpoint. These partnerships are a key factor in E.ON's successful deployment of innovations. They encompass strategic investments in globally leading startups through Future Energy Ventures ("FEV"), our venture capital investment platform; collaboration with these startups; and alliances with top global energy companies, large companies in other industries, and technology corporations.

Strategic Investments in Startups Ensure Access to New Technologies

E.ON works with leading startups worldwide through FEV. The aim is to promote the continuous development of additional new business models. Founded in 2020, FEV is recognized as one of the largest and strongest corporate venture capitalist funds focused on the energy transition. Climate50, for example, ranked it the world's second most influential fund of this type. FEV invests in companies with the potential to accelerate the transformation of the energy value chain toward zero carbon and provide solutions for E.ON in energy infrastructure and customer solutions. FEV's portfolio currently contains more than 50 startups.

The portfolio's acquisitions in 2021 included a majority stake in Aachen-based startup gridX, whose solutions will be integrated into E.ON's network and customer-solutions operations. FEV's successful development also included completing the financing rounds of several startups (including ev.energy, Bidgely, and Buildots) as well as successful exits (including Holobuilder and Waycare). These divestments unlocked value and will enable the startups to maximize their potential with new strategic partners.

Advancing the Energy Transition with International Partners

Free Electrons is the world's leading energy accelerator program. By facilitating collaboration between the most successful international startups and leading utilities, Free Electrons aims to provide innovative solutions for a decarbonized, digital, and distributed energy system. Through this network, E.ON works closely with utilities from North America, Europe, the Middle East, and Asia-Pacific.

Together, these utilities represented over 82 million customers from more than 40 countries in 2021. Participation in the network enables E.ON to gain access to startups and their technological solutions for propelling the energy transition and also to benefit from extensive experience sharing with other energy utilities from around the world. The program focuses on pilot projects with startups as well as the deployment and scale-up of solutions that can be implemented significantly faster and more efficiently together. E.ON successfully implemented two projects from this program in 2021. It also collaborated with Irish energy supplier ESB.

Initiating and Embedding Startup Partnerships in the E.ON Group

E.ON also made successful use in-house of the ecosystem of leading international startups that it has established in recent years. Access to industry-leading innovations and new technologies enables E.ON to quickly integrate market-ready solutions into the operations of its network and customer solutions businesses. In 2021 more than 25 new projects with startups were initiated across the E.ON Group, both in Germany and elsewhere.

Innovations Generate Growth in E.ON's Operating Business

The diverse structures that E.ON has established in recent years to accelerate innovation are generating continuous growth in the E.ON Group. The central Innovation department handed over 12 projects to E.ON's operating business in 2021. These projects are expected to deliver more than €185 million in sales over the next five years. The innovation teams focused on developing innovations for industry, eMobility, communities, energy networks, and customer solutions.

Digitalization and Energy Efficiency in the Industrial Sector

The digital transformation of the industrial sector experienced more growth in 2021. E.ON is developing specific carbon-reduction solutions for its industrial and commercial ("I&C") customers. These solutions support the increasing tempo of digitalization at manufacturing companies and deliver on E.ON's ambition to accelerate Europe's decarbonization.

For example, E.ON's I&C business has been very successful for several years in offering companies operating large CHP plants a product that enables them to monitor their production facilities and to use predictive maintenance to maintain them cost-effectively. In 2021 E.ON's I&C business and central innovation team developed Inno Plant Pulse, a new product variant that monitors energy-intensive production processes that use compressed air, cooling, and process water, thereby enabling customers to save more energy. These are some of the specific ways E.ON helps its I&C customers meet their carbon reduction targets.

New Technologies Accelerate Growth in the eMobility Business

In 2021 Germany's eMobility market continued its robust growth. More than 1 million electric cars are now on Germany's roads (as of December 2021). A large and growing majority of Germans are open to purchasing one. The resulting increase in energy demand requires expansion and more efficient management of charging infrastructure, areas in which E.ON has a leading position in its European markets and aims to achieve significant growth.

New technologies are an important innovation driver in eMobility as well. Dynamic load management ("DLM 2.0"), for example, can make expanding EV charging infrastructure much faster and easier. With DLM 2.0, the electricity available for a building's charging points is variable. It is dynamically distributed between charging points and factored into load management. For example, if consumption in the building drops, more EVs are charged simultaneously or at a higher charging rate. This optimizes individual charging processes and makes full use of a building's available electricity capacity, almost in real time. E.ON partnered with Aachen-based startup gridX to launch a pilot project at its Essen headquarters. The project enables dynamic EV charging at 60 charging points. Compared with a conventional charging setup, around eight times as many EVs can be charged during office hours without increasing the number of charging points. A DLM 2.0 system ensures that there is always sufficient electricity available for charging, while also avoiding load peaks in the network and thus additional operating costs.

Using Mobile Storage Systems to Integrate More Renewables into the Distribution Network

Progress in network digitalization and innovative options for storing renewable and distributed energy will determine the success of the energy transition's implementation. Being one of Europe's leading distribution system operators and energy suppliers gives E.ON the ambition to continue propelling the transformation to a carbon-neutral energy system from a leading position. E.ON's activities to develop sustainable neighborhoods and new products and services for energy communities give it access to new customer groups.

In 2021 E.ON continued its ongoing innovation activities under the IElectrix project, which is part of the European Union's largest research and innovation program. E.ON and its IElectrix partners have been developing mobile and flexibly deployable battery energy storage systems ("BESS") since 2020. The purpose is to integrate new green power facilities, especially large solar farms, into the existing grid at short notice and at low cost, thus achieving rapid progress in the energy transition across Europe. The costs of BESS can be up to 80 percent lower than the costs of conventional grid expansion. In 2021 two more mobile BESS were connected to E.ON's distribution grid in Friedland in eastern Germany and Dúzs in Hungary.

New Customer Solutions Help Consumers Reduce Their Carbon Emissions

E.ON's end-customers are also increasingly focusing on their carbon emissions; rising electricity and gas prices in the fall and winter of 2021 have given this issue greater urgency. To meet this need, E.ON is developing innovative solutions that give residential customers transparency about their individual carbon footprint. This enables them to better manage their energy consumption with the aim of reducing it. E.ON is also breaking new ground in this area by creating new customer experiences that provide its customers with integrated energy management solutions for heat pumps, solar panels, insulation, and EV charging in their climate-neutral homes. Continuing this trend, in the spring of 2021 E.ON launched Next Drive, an innovative tariff and app package, in the United Kingdom. The solution was developed in partnership with British startup ev.energy and E.ON business units in several countries. Next Drive is an exclusive E.ON energy product with which residential customers can automatically charge their EV at home at the lowest electricity price.

Patents on New Ideas and Technologies Safeguard Future Innovations

E.ON ensures progress toward its goals of sustainability, digitalization, and growth in part by patenting inventions and managing its intellectual property rights. E.ON's central patent system protects intellectual property, especially inventions of digital solutions for technical applications. Patented and patent-pending inventions can give E.ON a competitive edge over other market participants and thus enable it to benefit from the economic advantages of protected innovations. Inventions in network infrastructure, hydrogen technologies, and technologies for the decommissioning of nuclear power plants accounted for a large share of activities in 2021.

Establishing a Global Innovation Community

The road toward a sustainable and digital energy world is laid in part through collaboration in international innovation ecosystems. In recent years, E.ON has built a platform for global collaboration with partners on every continent. Amid the pandemic, E.ON created a virtual forum for its innovation network where almost 5,000 members currently meet at virtual events to discuss and exchange ideas. In October 2021 E.ON hosted its second Energy Innovation Days, a virtual energy and innovation conference that was one of the largest of its kind in 2021. At total of 15,000 people from 110 countries attended 33 sessions in which they listened to and engaged with more than 80 international leaders, visionaries, and startup founders. The conference focused on electrification, digitalization, and connectivity en route to a sustainable and zero-carbon world.

Employees

People Strategy

In 2020 E.ON developed a new Group People Strategy ("GPS") to support E.ON's growth strategy and to bring E.ON's values to life. The GPS serves as the compass to guide the Company's ongoing transformation and promote its lasting success amid a continually changing world. It ensures that E.ON can achieve its targets and that its employees work in an environment that enables them to deliver outstanding performances.

The GPS@E.ON pursues three Group-wide objectives. First, it formulates a vision for everyone at E.ON, regardless of their role, team, function, or business unit. It also identifies four high-impact people priorities that foster employees' engagement, development, and performance. It therefore serves as a compass for existing and future people initiatives and for prioritization and decision-making.

The four people priorities are central to GPS. They were developed on the basis of extensive research and in consultation with HR managers across the Group. They are:

- **Future of Work:** we foster the adaptation of a new mindset and capabilities, making E.ON fit for the future of work.
- **Diversity & Inclusion:** we are inclusive and we champion difference, boosting our talent pipelines, individual growth, and team performance.
- **Sustainability:** we focus on well-being, purpose and employability to achieve our potential and maintain our performance on a sustainable basis.
- **Leadership:** we encourage leaders to challenge and adapt their behaviours, acting as role models towards all employees.

The GPS@E.ON defines three key ambitions for each of the four people priorities. These describe in detail what we want to achieve for each priority. The people priorities thus provide a framework with clear objectives that promotes intraorganizational collaboration on key issues and thus efficient use of resources and ensure a common, integrated approach.

These four priorities serve as a compass for HR work for the entire Group and are brought to life through Group-wide and cross-divisional HR activities, particularly through existing Group-wide frameworks like the competency model Grow@E.ON. However, the GPS's implementation approach is also flexible and modular to accommodate differences between business units.

In 2021 E.ON created four task forces to further implement the GPS. Each addresses one of the aforementioned people priorities. These cross-functional and diverse working groups initiated and propelled corresponding projects. In line with the modular implementation of the GPS@E.ON, the approaches developed in the task forces were subsequently handed over to the business units for further specification or will be continued in 2022 due to a project's scope.

Integration of innogy

Following the transfer of innogy employees to their respective E.ON target companies, the focus in 2021 was on standardizing the working conditions in the E.ON companies to which the innogy employees were transferred. The standardization was also coordinated with the local works councils according to a predefined timetable so that all employees can work under the same working conditions in 2022.

To standardize working conditions, E.ON concluded numerous agreements with trade unions, the Group Works Council, and local works councils at the collective bargaining, Group, and plant level. The negotiations were again conducted under challenging conditions owing to the Covid-19 pandemic. However, E.ON's proven social partnership made it possible to hold constructive discussions and to find good solutions that address the interests of the employees.

affected. The aforementioned cooperation between the Company and employee representatives also made it possible for this standardization process to be essentially of equivalent value for employees and cost-neutral for Group companies.

E.ON has a long tradition of maintaining a constructive, mutually trusting partnership with employee representatives. This relationship lays the foundation for a successful social partnership, particularly in a continually changing business environment.

Employer Attractiveness

Being an attractive employer means hiring and retaining the right people for our company. Our growth strategy offers meaningful and sustainable employment across all our business units. Our employees will be the key to our success in the future as well. Their personalities, capabilities, and experience make E.ON future-proof and unique.

We provide our employees with the best-possible support to propel the energy transition: strengthening their capabilities for the future of work, embedding diversity and inclusion in our DNA, and forging a lasting partnership between our company and its employees.

A modern work environment, individual development opportunities, and a value-oriented corporate culture help ensure that all employees at E.ON can achieve their potential. We offer our employees a comprehensive range of learning opportunities that are geared to their

needs and provide them with optimal support in their development. Our hybrid and flexible working model enables our employees to work from home or in the office. A wide range of offerings for health and well-being support our employees outside work as well.

Diversity

Going forward, diversity will remain a key element of E.ON's competitiveness. Diversity and a mutually appreciative corporate culture promote creativity and innovation. Diversity is also a core E.ON value. E.ON brings together a diverse team of people who differ by nationality, age, gender, religion, physical and mental capabilities, sexual orientation and identity, and/or ethnic origin and social background. E.ON fosters and utilizes this diversity and creates an inclusive work environment. This is an important factor in business success: only a company that embraces diversity and knows how to benefit from it will be able to remain an attractive employer.

In addition, a diverse workforce enables E.ON to do an even better job of meeting its customers' specific needs and requirements. As far back as 2006 E.ON issued a Group Policy on Equal Opportunity and Diversity. In late 2016 E.ON along with the SE Works Council of E.ON SE renewed this commitment to diversity. In April 2018 the E.ON Management Board, the German Group 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 organization.

In 2008 E.ON publicly affirmed its commitment to fairness and respect by signing the German Diversity Charter, which now has more than 4,000 signatories. E.ON therefore belongs to a large network of companies committed to diversity, tolerance, fairness, and respect. In addition, E.ON has been an active member of the German Diversity Charter since 2020.

E.ON's approach to promoting diversity is holistic, encompassing all dimensions of diversity. In 2021 the Company again implemented numerous measures to promote diversity at E.ON. Fostering female managers' career development remains an important dimension. E.ON set an ambitious target to increase the proportion of women in management positions. By 2031, E.ON wants to bring the proportion of women in management positions Group-wide to the same level as the proportion of women in its overall workforce. At year-end 2021, 32 percent of E.ON employees were women. E.ON will increase the proportion of women in its talent pool accordingly.

In addition, E.ON is a member of Initiative Women into Leadership ("IWIL"), a non-profit association to promote the continual development of female leaders in Germany. The initiative's purpose is to

recruit outstanding personalities from various social spheres—including business, culture, the media, and science—to serve as mentors to support highly qualified and successful women on their way to the top. Having fulfilled IWIL's criteria, E.ON has also been a Top Promoter of Female Fast-Track Leaders since 2021.

More information about E.ON's compliance with Germany's Law for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector can be found in the Corporate Governance Declaration beginning on page 96.

Support mechanisms that address employees' differing needs have for years been firmly established at the E.ON Group. Examples include mentorship programs for next-generation managers, coaching, training to prevent unconscious bias, support for childcare, and flexible work arrangements.

Diversity Award

In 2021 the CEO Award for Diversity and Inclusion was conferred for the third time. The awards pay tribute to individuals and activities across E.ON that are making a real difference in the areas of diversity and inclusion. Employees were nominated in two categories: diversity champion and diversity initiatives. They were judged by a panel including CEO Leonhard Birnbaum as well as the Senior Vice President for Group HR/Executive HR, the Head of Talent Management, Leadership Development and Diversity as well as members of the

SE Works Council. A colleague in the United Kingdom won the champion award for establishing a Wellbeing Warrior network and time-to-talk sessions at which colleagues and leaders share personal stories on topics like isolation, disabilities, and LGBT+. Diversity@EKN (e.kundenservice Netz GmbH) won the initiative award for their dedication to give diversity greater visibility and priority. Some finalists and past winners are named below.

Sponsoring Network

In addition, the E.ON Management Board adopted several measures to further promote diversity and inclusion. One of them is for board members to personally sponsor a diversity network and for E.ON to provide financial support. The networks that are sponsored for the current year are:

Three dimensions/adaptABILITY, an initiative for disability and mental health

(sponsor: CEO Leonhard Birnbaum)

LGBT+ & Friends, a diversity initiative that was the second-placed 2021 CEO Diversity Award

(sponsor: CFO Marc Spieker)

Women@E.ON, which won the 2020 CEO Diversity Award in employee network category

(sponsor: COO – Networks Thomas König)

Diversity@EKN, which won the 2021 CEO Diversity Award for the best initiative

(sponsor: COO – Digital Victoria Ossadnik)

Diversity@Westenergie Metering, which won the Initiative Diversity Award in 2020

(sponsor: COO – Commercial Patrick Lammers)

Diversity Measures

In March 2021 the E.ON Management Board adopted measures to be implemented in the near term to promote diversity and equal opportunity at E.ON in Germany. It 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 managers 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 a manager works at least 80 percent, with full time as an option. In addition, recruitment policies for management positions will be adjusted so that at least one candidate on the shortlist is from the underrepresented gender. Other measures include mandatory diversity training for all managers (similar training modules for all employees are also being planned) and workshops on using inclusive language in job advertisements.

Workforce Figures

At year-end 2021 the E.ON Group had 69,733 employees in its core workforce. Part-time positions were taken into account on a pro rata basis. On balance, E.ON's workforce declined last year by 5,133 employees, or 7 percent.

These workforce figures do not include apprentices. At year-end 2021, 2,308 young people were learning a profession at E.ON in Germany (prior year: 2,395).

Core Workforce

	2021	2020	Change
Energy Networks	38,032	39,066	-3
Customer Solutions	26,067	29,858	-13
Corporate Functions/Other	3,885	4,124	-6
Adjusted core business	67,984	73,048	-7
Non-Core Business	1,749	1,818	-4
E.ON Group	69,733	74,866	-7

¹Core workforce does not include apprentices, working students, or interns. This figure reports full-time equivalents (FTE), not persons. Rounding differences are possible.

The decline in Energy Networks' headcount is mainly attributable to the disposal of network operators in Hungary. The filling of vacancies to meet regulatory and legal requirements, particularly in Germany and Romania, had a countervailing effect. In addition, digitalization and demographic programs caused the workforce to expand, as did the establishment of business areas.

The decrease in the Customer Solutions' core workforce mainly reflects restructuring projects, primarily in the United Kingdom and Germany, as well as the sale of operations in Hungary, Belgium, and the Netherlands.

The reduction in the number of employees at Corporate Functions/Other resulted predominantly from voluntary terminations in conjunction with the innogy integration.

Geographic Structure

At year-end, 34,559 FTE, or 50 percent of all employees, were working outside Germany, slightly lower than at year-end 2020 (52 percent).

Core Workforce by Country

	2021	2020	2019	2018
Germany	36,530	37,089	35,174	35,716
United Kingdom	9,786	12,223	9,356	11,689
Romania	6,999	6,731	6,826	6,576
Hungary	5,607	7,965	5,590	7,940
Czech Republic	3,018	2,958	2,999	2,943
Netherlands	3,016	3,290	2,645	2,844
Sweden	2,422	2,357	2,390	2,333
Poland	1,859	1,824	1,848	1,810
Slovakia	1,594	1,590	1,589	1,587
Other	1,338	1,461	1,316	1,429
E.ON Group	72,189	77,488	69,733	74,866

¹Core workforce does not include apprentices, working students, or interns. Rounding differences are possible.
²Full-time equivalent.

Gender, Age Structure, and Part-time Employment

At year-end 2021, 32 percent of E.ON's workforce were women, the same as a year earlier.

Proportion of Female Employees

	2021	2020
Energy Networks	23	22
Customer Solutions	44	44
Corporate Functions/Other	49	49
Adjusted core business	32	33
Non-Core Business	14	14
E.ON Group	32	32

At year-end 2021 the average member of the E.ON Group workforce was about 42 years old and had worked for the Company for 14 years.

Employment by Age

	2021	2020
30 and younger	20	20
31 to 50	49	50
51 and older	31	30

A total of 8,814 employees, or 12 percent of the E.ON Group workforce, were on a part-time schedule at year-end 2021. 5,849 of these, or 66 percent, were women.

The turnover rate resulting from voluntary terminations averaged 4.5 percent across the organization, which was higher than in the prior year (3.5 percent).

Apprentices in Germany

E.ON continues to place great emphasis on vocational training for young people. The E.ON Group had 2,308 apprentices in Germany at year-end 2021. This represented 5.8 percent of E.ON's total workforce in Germany, slightly less than a year earlier (6 percent).

E.ON provides vocational training in about 20 careers and also offers training and practically oriented dual work-study programs in up to 25 degree areas in order to meet its own needs for skilled workers and to take targeted action to address the consequences of demographic change. In addition, E.ON offers young people the opportunity to receive training to qualify for an apprenticeship.

Apprentices in Germany

	2021	2020	2021	2020
Energy Networks	2,064	2,098	7.4	7.6
Customer Solutions	65	59	1.0	0.8
Corporate Functions/Other	138	199	4.1	5.4
Adjusted core business	2,267	2,356	6.0	6.2
Non-Core Business	41	39	2.2	2.0
E.ON Group	2,308	2,395	5.8	6.0

Business Report

Macroeconomic and Industry Environment

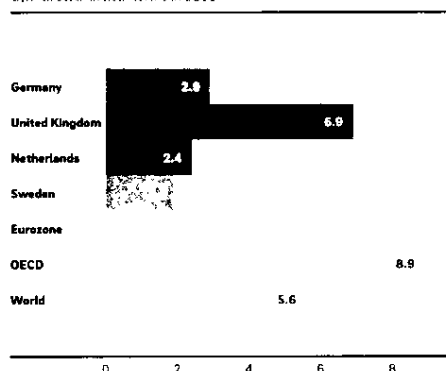
Macroeconomic Environment

The global economy trended upward in 2021. The recovery's pace and scope depended on the success in combating the Covid-19 pandemic. Vaccination rates increased in advanced economies as the year moved forward, leading to a faster economic recovery, whereas access to vaccines remained limited in other regions, including many emerging economies. This had an impact on economic development as well.

Rising demand enabled industry in particular to recover from the dramatic, pandemic-related slump of early 2020. The situation in personal services, by contrast, remained difficult in 2021. China, other Asian countries, and the United States benefited from high demand for goods. U.S. production in 2021, for example, returned to the level of 2019. Overall, however, the economic recovery was tepid and its pace moderate. Experts expect this trend to continue. After the number of people infected and ill with the Covid-19 virus rose worldwide in the fourth quarter of 2021, some governments again imposed limitations and restrictions. The omicron variant of the Covid-19 virus was classified as a concern by the World Health Organization in late November and continued to spread rapidly after the New Year.

European countries experienced positive effects from the agreement between the European Union and the United Kingdom on the terms of future cooperation and the cost of Britain's exit from the single market and customs union. The European economy proved resilient overall in the second half of 2021.

GDP Growth in Real Terms in 2021



Source: OECD, 2021

As the year progressed, the global economic recovery was accompanied by a rise in raw material and energy prices and by supply shortages. The shortages, together with higher demand across all economic sectors, led to a general increase in inflation rates, particularly from the fourth quarter of 2021 onward.

The German Council of Economic Experts' annual two-year forecast predicted that Germany's inflation rate, for example, would be 3.1 percent in 2021 and 2.6 percent in 2022. The Federal Statistical Office reported that Germany's inflation rate in December 2021 was in fact 5.3 percent higher than a year earlier; the inflation rate in December 2020 had been -0.3 percent (owing in part to a temporary reduction in VAT for part of that year). The Council of Economic Experts warned that extended shortages, higher wage settlements, and rising energy prices harbor the risk that these price drivers, which are usually only temporary, could lead to prolonged inflation. Alongside higher prices for raw materials and intermediate products, rising energy prices in particular caused inflation rates to increase.

After a first quarter hampered by Covid-19 restrictions, Germany's economy gained momentum mid-year. The pace of economic growth slowed considerably in the third quarter owing to global supply shortages for intermediate products, which severely impeded industrial production. According to the OECD, Germany's gross domestic product ("GDP") increased by 2.9 percent in 2021.

Energy Price Developments

A combination of disparate factors sent energy prices higher in 2021. The main cause was a tight supply of natural gas accompanied by rising global gas demand amid the economic recovery. In addition, wholesale gas and electricity prices increased owing to higher coal and carbon prices.

The primary reason for high gas demand was the economic recovery after the first waves of the Covid-19 pandemic subsided along with weather factors. The economies of China, other Asian countries, and the United States purchased large amounts of gas. In addition, Europe's renewables output declined owing to poor wind conditions. Gas-fired capacity had to fill this gap in power output, but was only available to a limited extent. Moreover, gas reserves had fallen in the wake of a cold winter of 2020–2021, and Europe's gas storage inventory had not been replenished in the summer of 2021 to the degree it had in previous years. Even a major natural gas exporter like Russia was not immune and initially focused on meeting its increased domestic demand. In addition, some temporary gas supply shortages resulted from maintenance work in the gas network.

High gas and electricity prices affected the European Union's member states very differently. This is because the link between wholesale and retail prices differs by country. The impact that wholesale prices have on consumers also depends on each country's regulatory scheme and national energy mix.

The practical consequences of the increase in wholesale electricity prices varied considerably. In September 2021, for example, average electricity prices in Europe were between €50 and €196 per MWh, depending on the country.

The paragraphs that follow will use the spot market and spot prices to explain these developments.

The spot price for electricity in Germany averaged around €221 per MWh in December compared with an average spot price of €38 per MWh in 2019.

Wholesale gas prices also reached record levels at the end of the year and remained at a high level. Spot natural gas prices in Germany averaged €115 per MWh in December, more than €100 per MWh higher than the annual average for 2020.

Price movements on other wholesale markets were similar. Forward electricity prices for upcoming months, quarters, and years more than doubled in the first half of December, but eased again slightly after the Christmas holidays. Nevertheless, the average price for year-ahead baseload electricity was €212.88 per MWh in December 2021, almost €90 more than in November.

The trend of forward gas prices was similar. Year-ahead gas averaged nearly €88 per MWh in December 2021, €35 more than in November.

The average carbon allowance price in December 2021 was about €80 per metric ton, more than triple the average price in 2020.

The European Commission responded to rising energy prices across Europe by issuing a communication on October 13, 2021, entitled "Tackling rising energy prices: a toolbox for action and support." It explains what member states could do immediately under existing EU law to mitigate the economic and social impact of higher energy prices. The measures included:

- suspending or deferring electricity-bill payments
- providing income support to prevent disconnection
- using proceeds from the Emissions Trading Scheme ("EU ETS") to ease the burden on consumers
- reducing energy taxes for vulnerable customers
- creating temporary state aid schemes for industry.

The European Commission also called on member states to invest more to develop future-proof energy storage, trans-European networks, renewable energy, and energy efficiency. In addition, it announced that it would examine the possibility of joint procurement of gas reserves.

The Commission's immediate measures also included closer monitoring of markets, while it also stressed that there is no evidence of speculation by market participants. E.ON is skeptical of any additional regulation of energy markets in view of the possible consequences for investment in the energy transition. It advocates the rejection of measures that distort free price formation or restrict free trade in energy.

Higher energy prices affected all markets in which E.ON operates and had negative consequences for end-consumers. Some suppliers in Germany, for example, terminated their customers' contracts because they were no longer able to meet their supply obligations. A total of 41 energy suppliers in Germany had gone out of business by the end of the year. The reason is that some energy suppliers sometimes count on low wholesale prices so that they can offer energy at the lowest possible price. As soon as the cost of procuring gas or electricity rises, however, they quickly find they can no longer supply energy to their customers at the agreed-on price.

E.ON, by contrast, adopts a long-term, foresighted approach to procuring electricity and natural gas for its customers. This protects existing customers from short-term price adjustments. Nevertheless, E.ON too had to temporarily suspend the acquisition of new customers in Germany in October 2021 in view of higher procurement costs in its gas business. This did not affect existing customers, and E.ON also continued to fulfill its role as a basic supplier. After a few days, potential gas customers were also able to conclude new contracts again.

Tight energy markets severely impacted many U.K. consumers. To provide some background, the British government announced in 2017 the introduction of a price cap for energy bills. It was implemented by the Office of Gas and Electricity Markets ("Ofgem"), the U.K. energy regulator, and took effect at the start of 2019. Ofgem updates the price cap every six months. It sets a maximum rate that energy suppliers can charge their customers for the use of gas and electricity. Ofgem raised the cap twice in 2021. Due to its adjustment methodology, however, energy bills in 2021 did not reflect the considerable rise in wholesale prices. As a result, the standard tariff with a price cap was the cheapest product on the market. Energy suppliers who had not hedged sufficiently and were poorly capitalized ran into financial difficulties because they had to procure energy at higher costs. This led to nearly 30 suppliers going bankrupt in 2021. E.ON acquired approximately 389,000 customers from four suppliers that exited the market.

Most of the increase in wholesale energy costs in 2021 was factored into Ofgem's most recent price cap update, announced in February 2022. The energy bill for an average household will rise by 54 percent to around €1,971 (€2,370) from April 1, 2022, onward. Ofgem made a number of proposals, including a revision of how future price caps are calculated.

In parallel, the British government announced measures to ease the burden on households. A large portion of them are to receive €350 (€416) in relief to partially offset the price cap increase announced by Ofgem. First, a large share of the population is to receive a €150 property-tax discount in April 2022. Second, all households are to receive a €200 reduction on electricity bills payable in the fall. This amount is repayable over a five-year period. Details on the implementation of the measures have not yet been determined.

E.ON welcomed the measures taken by the British government to support customers. From the Company's point of view, the energy crisis has made it clear that investment in energy efficiency must be increased so that energy bills decline permanently and dependence on gas is reduced.

In early 2022 rising energy prices became a topic of political discussion in Germany as well. Politicians from various parties along with trade associations designed a range of proposals to relieve the burden on consumers, including an early reduction as well as the rescission of the surcharge stipulated by the Renewable Energy Sources Act (known by its German abbreviation, "EEG"). E.ON had already advocated a reduction in the EEG surcharge in the past and welcomes its rescission, particularly from consumers' viewpoint. Many different factors beyond procurement costs influence the price of electricity, including (even if the EEG surcharge is rescinded) state-imposed taxes, regional network fees, and other levies and

surcharges. It is therefore not yet possible to reliably predict how much relief customers will receive (as of February 2022). The current federal government's coalition agreement calls for the EEG surcharge to be rescinded in 2023.

By contrast, the federal cabinet decided on February 2, 2022, to provide a one-time heating cost subsidy for lower-income households. In view of the sharp rise in heating costs in the 2021/2022 heating season, a one-time subsidy adjusted for the number of persons is planned for households receiving a housing subsidy. Draft legislation is expected to be introduced in the Bundestag in March.

Energy Policy and Regulatory Environment

Global

The questions of by what means climate change should be slowed and how quickly continued to shape the global energy-policy debate in 2021.

The United States, under President Joseph Biden, rejoined the Paris climate agreement at the start of the year. President Vladimir Putin announced in October 2021 that Russia intends to be carbon-neutral by 2060. Prime Minister Narendra Modi announced in October as well that renewables would meet half of India's energy needs by 2030 and that the entire country would be carbon-neutral by 2070.

Participants at the G20 summit also stated their position on climate change, but did not agree on specific measures. At their summit on October 30 and 31, 2021, the heads of government of the 20 most important industrialized and emerging countries pledged to achieve carbon neutrality "by or around mid-century."

By contrast, the United Nations framework convention on climate change, 26th conference of the parties ("COP26") in Glasgow, ended with a new global agreement. Although not legally binding, the agreement will set the climate protection agenda for the decade ahead.

In the final declaration, called the Glasgow Climate Pact, countries committed to a joint objective of stopping global warming at 1.5 degrees Centigrade compared with the preindustrial era. To this end, the existing climate protection plans for this decade are to be tightened by the end of 2022, three years earlier than previously planned. The declaration also states that global emissions of climatically harmful greenhouse gases ("GHGs") must decline by 45 percent this decade if the 1.5-degree limit is to remain achievable.

Among other things, COP26 also set rules for a global carbon market. The main issue was about projects to reduce emissions in one country being used to meet the climate targets of another. Double counting is supposed to be prevented in the future by means of accurate allocation.

In addition, it was the first UN climate conference to produce a plan to reduce coal consumption. Following an intervention by China and India, however, participants agreed only to "phase down" coal rather than to completely phase it out.

Funding to help economically weaker countries cope with the effects of climate change and transition to clean energy is also to be increased. This financial aid is to be doubled by 2025 onward, from the current level of around \$20 billion annually to \$40 billion (about €35 billion).

Progress for developing countries was also announced by the LEAF Coalition. LEAF, which stands for lowering emissions by accelerating forest finance, is a global initiative of governments and corporations, including E.ON. It announced at COP26 that it had mobilized \$1 billion to finance measures to protect tropical and subtropical forests and reduce deforestation.

Most of the governmental arrangements made at COP26 are controlled by the countries themselves. Only some countries made their pledges legally binding. Moreover, the pledges made in Glasgow are not sufficient to actually limit the global temperature increase to 1.5 degrees. E.ON therefore believes that COP26 did not represent a real breakthrough. Instead, it is imperative for climate protection to shift even more resolutely into implementation mode.

The next UN climate conference, COP27, is scheduled to take place in November 2022 in Sharm el-Sheikh, Egypt.

Europe

The adoption of the European Climate Law in June 2021 made Europe the first continent to make a binding commitment to climate neutrality by 2050. The law also set a new interim target: by 2030, the European Union intends to reduce its net GHG emissions by 55 percent relative to 1990; previously, the joint reduction target was 40 percent.

On July 14, 2021, the European Commission presented its Fit for 55 package aimed at achieving the new climate target. It revises current energy and climate legislation and contains numerous proposals for measures to reduce GHG emissions in all sectors. It will therefore affect all areas of the economy, industry, and society.

The package builds on the Commission's European Green Deal from 2020. Fit for 55 reaffirms Europe's growth strategy to combine climate protection and prosperity. It links post-pandemic economic recovery and the resilience of member states' economic models to climate and environmental protection; this is intended to give companies planning security for investments.

Among other things, Fit for 55:

- reforms the EU Emissions Trading Scheme ("EU ETS") and extends it to aviation
- creates an additional emissions trading scheme for the buildings and transport sectors
- increases the proportion of renewables
- sets stricter emission standards for passenger cars and light commercial vehicles
- provides relief for consumers who are financially strained by rising carbon prices
- revises rules for land use and forestry.

Overall, all measures aim to reduce GHG emissions across the board and stimulate investments in climate-protection technologies. E.ON welcomes the strong emphasis on climate protection. From E.ON's point of view, however, Europe's legislation in particular gives too little consideration to the significant role that energy infrastructure plays in the transformation of energy systems.

The European Parliament and member states began consultations on the Fit for 55 package in the fourth quarter of 2021. Negotiations and consultations with the member states on the various pieces of legislation will continue in 2022 and probably beyond.

The EU Taxonomy Regulation—which was published on April 21, 2021, and largely took effect on January 1, 2022—provides a foundation for more sustainable economic activity. Supplementary regulations are foreseen. These include, for example, the question of whether the taxonomy will treat nuclear energy and natural gas as green technologies. The Commission proposed this to the member states on December 31, 2021. This triggered a policy debate in the member states that is not expected to be concluded until the second quarter when the associated EU legislation takes effect.

The taxonomy, which was originally intended to align financial markets with sustainability, sets criteria for companies' environmentally sustainable activities. These activities—which include, for example, the operation of production facilities—must promote climate protection or adaptation to climate change in order to be classified as sustainable.

The taxonomy envisages the achievement of other environmental objectives, without yet describing them in detail. It essentially requires companies to disclose for 2021 how many of their activities were in categories covered by the taxonomy. For the following year, they will be required to report the proportion of their activities that are or are not environmentally sustainable pursuant to the taxonomy based on key performance indicators such as revenues, investments, and operating expenses. The taxonomy's purpose is to encourage financial markets to invest and finance more sustainably. E.ON, a company that propels the energy transition and has a sustainability-oriented corporate strategy, welcomes the regulations; E.ON's planned investments are already largely taxonomy-aligned.

On December 15, 2021, the Commission presented another package of measures to implement the European Green Deal. The Hydrogen and Gas Market Decarbonization package aims to gradually replace fossil gas with low-carbon and renewable alternatives in order to achieve climate neutrality. The package contains numerous legislative proposals for, among other things, adapting internal gas market rules (particularly with regard to hydrogen), reducing methane emissions in the energy sector, and enhancing the energy efficiency of buildings.

Germany

In addition to dealing with the Covid-19 pandemic, climate protection was a dominant topic of policy debate in Germany as well. On March 24, 2021, the German Federal Constitutional Court ruled that the Climate Protection Act of 2019 (German abbreviation: "KSG") was partially unconstitutional; it published the ruling on April 29, 2021. The German federal government and parliament subsequently adopted amendments for key aspects of KSG 2019. Their purpose is for Germany to achieve climate neutrality faster than previously planned. Climate neutrality is to be achieved by 2045, and the GHG reduction target for 2030 was raised to 65 percent. In addition, separate targets for 2030 were set for individual sectors of the economy. Non-sector-specific carbon reduction targets were set for 2031 to 2040. Other amendments included targets for the federal government's investment and procurement projects so that they too help reduce GHG emissions.

To achieve the new and more ambitious climate targets, alongside the KSG the German federal government that was initially in office in 2021 adopted a German Climate Package. One of its aims is to raise carbon prices. However, no specific figure or date was stipulated. Another aim is to accelerate renewables expansion as well as

the ramp-up of hydrogen. For this purpose, an Immediate Action Program for 2022 with a budget of €8 billion was launched as well, although it has no practical relevance because actual spending levels will not be set until the 20th legislative period (this began with the inaugural session of the 20th German Bundestag on October 26, 2021). The federal cabinet is expected to revisit the contents of the Immediate Action Program in its draft for the 2022 federal budget.

In 2021 lawmakers also amended various sections of the Energy Industry Act (German abbreviation: "EnWG"). These relate to aspects of energy infrastructure and power generation, but also to customer-related solutions and thus the relationship between energy suppliers and consumers.

For example, energy providers will be subject to additional information and transparency requirements. In the future, contracts will have to be in text form across all sales channels. This eliminates the possibility of concluding contracts verbally or by telephone. However, it also creates new legal uncertainties for online contracts.

The EnWG amendments relating to electricity networks include the remuneration of network investments, increased transparency obligations for the publication of network data, and new rules for managing network bottlenecks (redispatch). Redispatch involves network operators modifying the power fed into the high-voltage network by power plants with the aim of avoiding overloads in the network. From October 1, 2021, the revised rules require all voltage levels of the network to be integrated and that smaller storage and

generation facilities (including renewable generation and CHP facilities) with more than 100 kW or controllable feed-in facilities with 5.6 kW or more to be included in the redispatch process.

The financial conditions of the respective regulatory period are important for network operators in Germany, as they affect their investments in network expansion in the years ahead. This applies in particular to power distribution networks, which form the backbone of the energy transition. To set the return on investment ("ROI") for the fourth regulatory period (2023 to 2027 for gas, 2024 to 2028 for electricity), the German Federal Network Agency (German acronym: "BNetzA") initially commissioned several expert opinions and then conducted a consultation process. The BNetzA subsequently set the ROI for new assets (capitalized from 2006 onward) at 5.07 percent and for old assets (capitalized before 2006) at 3.51 percent; both figures are before corporate tax. The new ROIs are therefore significantly lower than those for the current regulatory period (6.91 percent for new assets and 5.12 for old assets). The BNetzA justifies this reduction mainly by the general decline in interest rates, which is reflected above all in the risk-free interest rate.

E.ON's distribution network operating companies initiated legal action against the ROI set for the fourth regulatory period, because the expert opinions obtained by the BNetzA show that, among other things, the calculation of the market risk premium was incorrect. To ensure the investments in distribution networks needed for the energy transition, Germany's regulatory scheme must be competitive internationally.

The Münster Higher Administrative Court's ruling of March 4, 2021, temporarily suspended the market declaration and thus the rollout of smart meters. As part of the amended EnWG, amendments were therefore also made to the Metering Point Operation Act (German abbreviation: "MsbG"). The amendments are an important step for the energy industry to regain legal certainty with regard to the rollout and to accelerate the digitalization of the energy transition.

A regulation passed simultaneously with the EnWG will in the future exempt green hydrogen (that is, H₂ produced with renewable electricity) from the EEG surcharge. This is intended to spur the expansion of hydrogen. However, this regulation is subject to the provisions of European law.

A ruling by the European Court of Justice ("ECJ") also has an impact on the regulatory environment for network operators. In infringement proceedings against Germany, the ECJ ruled on September 2, 2021, that Germany was in breach of the EU Energy Directive (EU RL 2019/944) and that the BNetzA was not acting independently enough. The ECJ ruling only affects the future; all decisions previously made by the BNetzA remain valid. The ruling will necessitate reforms to parts of Germany's energy law. Germany's previous regulations will nevertheless remain applicable until new legislation is passed. A transition period of around 18 to 24 months is expected until a new legal framework takes effect.

The elections for the 20th German Bundestag on September 26, 2021, led to the creation of a new federal government consisting of three parties (SPD, Bündnis 90/the Greens, FDP). Climate protection is one of the focal points of the new coalition. The coalition agreement includes, among other things, the following points:

Renewables expansion is to be accelerated by means of higher tender amounts, power purchase agreements ("PPAs", which are contracts between electricity producers and consumers), Europe-wide trade in guarantees of origin for green electricity, and the systematic removal of hurdles to the construction of generation facilities. The overarching target is for renewables to account for 80 percent of Germany's electricity consumption by 2030, based on anticipated consumption of between 680 and 750 TWh. E.ON believes this target should be welcomed; it is important, however, for networks to be expanded and modernized in synch with renewables growth.

Germany's coal phaseout is to be moved forward. Specifically, it was agreed that the review of the end date for the decommissioning of lignite- and hard-coal-fired power plants after 2030, which the law sets at 2026, will be moved forward by over three years to the end of 2022. Climate protection targets set by the previous government—1.5 degrees Centigrade and climate neutrality by 2045—remain in place. An emergency climate protection program is to get measures under way. Gas-fired power plants are recognized as necessary "until security of supply is ensured by renewables."

The price of carbon remains the central control mechanism for climate protection. The coalition intends to advocate a minimum carbon price in the EU ETS and the creation of a second European emissions trading scheme for heat and mobility.

The coalition agreement emphasizes the importance of faster network expansion. Planning of network infrastructure is to be carried out with foresight. The BNetzA and network operators are to develop a plan for a "climate-neutral network." The plan's details were not initially known. From E.ON's point of view, the emphasis on the

importance of attractive conditions for investments in network infrastructure relative to the rest of Europe should in any case be welcomed.

Planning and approval processes are to be shortened. The coalition agreement says this will halve their duration and is to be implemented in the government's first year in office. Although these aspects have not been specified, this announcement is to be welcomed in the interests of climate protection.

Among the agreements contained in the coalition agreement are the following:

- The price of electricity for consumers is to fall. For this purpose, EEG funding will come from the federal budget rather than a surcharge from 2023 onward. There are discussions about moving this measure forward to ease the burden of higher electricity prices on consumers; a decision and legislation are not expected until the second quarter of 2022
- A reform of network fees is also foreseen.
- Germany is to become the pacesetter market for hydrogen technologies by 2030; for this purpose, its national hydrogen strategy is to receive an "ambitious update". Hydrogen network infrastructure as well as green-hydrogen production are to be promoted.
- At least 15 million electric cars are to be registered by 2030. The coalition declared its support for the EU's goal of allowing only carbon-neutral vehicles to be registered from 2035 onward.

- 50 percent of heat is to be climate-neutral by 2030; to achieve this, the requirements for new residential construction are to be tightened. Newly installed heating systems are to be required to run on at least 65 percent renewables from 2025 onward.

- The coalition agreement also identifies digitalization (such as artificial intelligence, quantum technology, and data-based solutions) as a key area for the future. The government plans to introduce an additional digital budget for this purpose, and all future laws are to be subjected to a digitalization check in the future.

- The proportion of renewables in gross electricity consumption is to be increased to 80 percent; the EEG currently foresees 65 percent

Most of the projects related to energy policy and climate protection are in line with the growth strategy E.ON published on November 23, 2021. E.ON thus expressly supports more ambitious climate targets and intends for the innovative solutions of its Energy Networks and Customer Solutions segments to promote this plan.

As provided for in the 13th amendment to the Atomic Energy Act, three nuclear power plants ("NPPs") were decommissioned on December 31, 2021. Alongside Gundremmingen C, they were Brokdorf and Grohnde NPPs operated by E.ON's PreussenElektra subsidiary Isar 2, which is operated by PreussenElektra, and Germany's other remaining NPPs (Emsland and Neckarwestheim) will end operation at year-end 2022. The closure of the last plants will complete the political decision Germany made in 2011 to phase out nuclear energy.

United Kingdom

The Covid-19 pandemic severely impacted the United Kingdom in 2021 as well. The successful introduction of vaccines enabled large parts of the economy to get back on track. After a sharp downturn in 2020, the economy grew by around 6.5 percent in 2021. Dramatically higher energy costs became a key political issue. Energy suppliers with a low equity ratio and inadequate risk management were no longer able to supply energy to their customers at the contractually agreed-on price. As a result, numerous suppliers had to cease operations. The energy regulator, the Office of Gas and Electricity Markets ("Ofgem"), responded in November 2021 by submitting a series of proposals under which companies would be subject to stricter rules and controls. The U.K. government also published a net-zero strategy. Government advisors consider it to be a viable roadmap for the United Kingdom to achieve its 2050 climate targets. The strategy focuses on creating a regulatory framework and encouraging private-sector investment but includes only limited public funding.

Netherlands

A new government made up of the previous coalition partners was formed just before Christmas. The new coalition agreement includes a commitment to more renewable energy generation, more hybrid heat pumps, and the construction of two NPPs. It also sets a target for the Netherlands to reduce its carbon emissions by 55 percent by 2030.

The Dutch cabinet earmarked €3.2 billion to support primarily private households that could no longer pay all or part of their bills because of higher energy prices. Legislation such as a clean energy package, a heating law, and a roughly €500 million energy-conservation package are expected to take effect at the beginning of 2022.

Italy

A new government supported by a broad majority took office in Italy in January 2021. It is led by Mario Draghi, former president of the European Central Bank. The new government established a Ministry for Ecological Transition. The new ministry combines responsibilities for the energy sector that were formerly assigned to the Environment Ministry and the Ministry for Economic Development.

In November 2021 parliament approved the transposition of EU directives on renewable energy and the internal electricity market into Italian law. The budget law extended tax credits through 2022 to increase the energy efficiency of residential buildings. It also extended through 2023 a scheme that provides incentives for comprehensive building renovations.

To mitigate the impact of high energy prices on end-consumers, Italy set aside around €3 billion, part of which comes from revenue from emissions trading, to reduce electricity and gas network fees and the VAT on gas. It will also provide more support for low-income consumers.

Sweden

A vote of no confidence against the minority government of Social Democrats and Greens was held in June. The opposition did not succeed in forming a government, and so the previous government initially returned to office. The prime minister resigned in November, and a new Social Democratic government was confirmed at the end of November.

High electricity prices were a key topic of the energy policy debate in Sweden as well, with the country's four existing price zones frequently being called into question. In September 2021, for example, the price level in southern Sweden was more than twice as high as in the North.

An amendment to electricity network regulation took effect on June 1, 2021. The Ministry of the Environment is currently working on an electrification strategy. The Ministry of Infrastructure has established an electrification committee for the transport sector, which will serve until the end of 2022.

Sweden's Covid-19 pandemic restrictions were less stringent than in other countries, and many measures were lifted at the end of September 2021.

East-Central Europe

A new energy law in the Czech Republic that was due to take effect in 2023 will be delayed yet again. Elections changed the balance of power in parliament. This is expected to lead, among other things, to a revision of the country's climate and energy strategy, which is likely to include discussions on new NPPs. High energy prices also dominated the Czech Republic's debate on energy-system transformation.

As part of the agreements concluded in 2019 between E.ON, MVM, and Opus Global, E.ON restructured its activities in Hungary's energy market; this process was largely completed in 2021. New regulatory periods for network fees began in 2021 for electricity networks (on April 1) and for gas networks (on October 1); rules for greater energy efficiency took effect on January 1, 2021. Despite increased electricity consumption, the government announced that it would maintain state-regulated retail electricity prices at current levels. The government also introduced subsidies aimed at increasing the country's solar capacity by 200 MW.

A reform of Poland's coal sector was not completed in 2021 owing to the resignation of a senior government official; in addition, the Minister of Climate and Environment was replaced in a government reshuffle in late October. Because the European Commission considered Poland to be in violation of rule of law principles, funds from the EU recovery plan were withheld.

In November 2021 Croatia's parliament passed a new Electricity Market Act that paves the way for a transition to cleaner energy and transposes the EU directive on common rules for the internal electricity market. A new Energy Efficiency Act took effect the previous April. Renewables legislation is expected.

Several energy suppliers in Slovakia became insolvent, with the result that 300,000 customers had to be served by other suppliers. Amendments to laws on the energy market and support for renewables were debated but not adopted.

Slovenia held the EU Council Presidency in the second half of 2021, which, under the motto "Together. Resilient. Europe," it dedicated to the EU's economic recovery process. The government announced the introduction of energy vouchers for vulnerable customer groups, but by year-end had otherwise not taken any specific action against the rise in energy prices.

Romania's government did take action against rising energy prices, which were already among Europe's highest. However, industry and business associations heavily criticized the aid measures, which they considered too complex. The bureaucratic rules affect the energy industry as well. A new government took office in late November 2021 after the previous governing coalition collapsed. A notable feature of the coalition agreement is that the two major parties will take turns appointing the prime minister, with a rotation scheduled for May 2023. In October 2021 the former government had published a national energy and climate protection program, which the European Commission contested because it did not accord with EU measures.

Business Performance

E.ON surpassed several forecast metrics for the 2021 financial year, after increasing its full-year forecast significantly in August. The adjustment was attributable to the implementation of the public-law agreement of March 25, 2021, between the German federal government and the country's nuclear power plant operators. In this context, previous purchases of residual power output rights were refunded. This resulted in a positive effect of roughly €0.6 billion, which was the reason for the increased forecast. E.ON raised its forecast range for adjusted EBIT for the 2021 financial year from €3.8 to 4.0 billion to €4.4 to 4.6 billion. It also raised the forecast range for adjusted net income, from €1.7 to 1.9 billion to €2.2 to 2.4 billion. E.ON surpassed its revised guidance in particular owing to PreussenElektra's strong earnings performance. The main drivers were higher sales prices in the second half of the year and high capacity utilization at the remaining power plants. E.ON's core operating business also delivered a positive performance, owing in part to cost savings and higher sales volume in almost all regional markets.

Sales in the 2021 financial year increased by €16.4 billion to €77.4 billion. Sales rose in particular at the Customer Solutions segment. The increase is partially attributable to the settlement of commodity derivatives. In addition, sales volume was higher in nearly all E.ON markets due primarily to cooler weather. The passthrough of higher cost components, in particular in Germany and the United Kingdom, was another positive factor.

Adjusted EBIT for the E.ON Group of €4.7 billion was about €1 billion above the prior-year figure and thus slightly above the forecast range of €4.4 to €4.6 billion. Energy Networks recorded adjusted EBIT of €3 billion, which was within the forecast range of €2.9 to €3.1 billion. Customer Solutions' adjusted EBIT of about €0.9 billion was also within the forecast range of €0.8 to €1 billion. Adjusted EBIT recorded under Corporate Functions/Other of –€321 million reflects the forecast of roughly –€0.3 billion. Non-Core Business posted adjusted EBIT of €1.1 billion, which was slightly above the forecast range which had been adjusted to €0.8 to €1 billion in August 2021. Adjusted net income of €2.5 billion was around €1 billion above the prior-year level and therefore likewise slightly above the forecast range of €2.2 to €2.4 billion. Earnings per share, which are based on adjusted net income, amounted to €0.96 in the reporting period (prior year: €0.63). In E.ON's core business, this positive performance was partly attributable to higher power and gas sales volume due to cooler weather in almost all its markets. Cost savings, particularly at the U.K. sales business, contributed to the earnings improvement as well.

In addition, E.ON recorded a cash-conversion rate ("CCR") of 80 percent in the 2021 financial year. This is attributable in part to operating effects and changes in working capital. E.ON had planned to achieve an average CCR of about 100 percent for the 2021 to 2023 financial years and expects to achieve it. CCR is equal to operating cash flow before interest and taxes (€5.6 billion) divided by adjusted EBITDA (€7.9 billion), without factoring in payments for the dismantling of nuclear power stations (roughly –€0.7 billion).

Cash-effective investments of €4.8 billion were significantly above the prior-year level of €4.2 billion, albeit slightly below the forecast figure of €4.9 billion. Energy Networks' investments of €3.5 billion were above the forecast figure of €3.3 billion. Customer Solutions' investments of €0.7 billion were below the forecast figure of €1 billion. The deviation is largely attributable to a delay in the implementation of Energy Infrastructure Solutions' projects due to Covid-19. Investments of €0.2 billion at Corporate Functions/Other were in line with the forecast figure. Non-Core Business's investments of €0.3 billion were slightly below the forecast figure of €0.4 billion.

Cash provided by operating activities of continuing operations of €4.1 billion was considerably below the prior-year level (€5.3 billion). Temporary working capital effects at the balance-sheet date at the Energy Networks segment constituted the principal reason. This was partially counteracted by an improvement in EBITDA resulting from the refund of previous payments to acquire residual power output rights.

Acquisitions, Disposal, and Discontinued Operations in 2021

In 2021 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:

- Disposal of 100 percent of innogy's eMobility activities in Europe
- Westenergie AG's consortium agreement with RheinEnergie and the reclassification of the stake in Stadtwerke Duisburg as an asset held for sale
- Reclassification of the contributed assets of Stromnetz-gesellschaft Essen, part of which is to be disposed of, as assets held for sale
- Reclassification of VSEH as a disposal group due to the planned combination with ZSE in Slovakia
- Sale of the retail business in Belgium
- Sale of the sales business to industrial customers ("B2B") in the Netherlands
- Sale of the universal service provider ("USP") business in Hungary and thus its reclassification as a disposal group
- Sale of the biogas business in Sweden.

Cash provided by investing activities of continuing operations included cash-effective disposal proceeds totaling €1 billion in 2021 (prior year: €2.8 billion)

Earnings Situation

Sales

Sales in the 2021 financial year rose by €16.4 billion year on year to €77.4 billion.

Energy Networks' sales of €18.3 billion were €0.3 billion above the prior-year figure. The improvement resulted in part from cooler weather and the recovery from the Covid-19 pandemic's adverse economic repercussions in 2020. The inclusion of VSEH's network business in Slovakia for the entire year was also a positive factor.

Customer Solutions' sales rose by €12.8 billion to €61.5 billion. The increase in sales mainly reflected the settlement of derivatives amid higher prices on commodity markets (€4.9 billion). Also, sales volume rose in nearly all E.ON markets owing primarily to cooler weather. In addition, the passthrough of increased cost components led to higher sales in Germany and the United Kingdom. The inclusion of VSEH in Slovakia for the entire year was another positive factor. By contrast, changes in the customer portfolio, in part in Germany, led to a volume-driven decline in sales.

Sales

	2021	2020	% change	2021	2020	% change
Energy Networks	5,005	5,047	-1%	18,273	17,936	2%
Customer Solutions	23,244	14,217	63%	61,507	48,659	26%
Non-Core Business	559	360	55%	1,632	1,388	18%
Corporate Functions/Other	8,624	1,762	389%	17,265	2,755	527%
Consolidation	-8,161	-3,756	-117%	-21,319	-9,794	-118%
E.ON Group	29,271	17,630	66%	77,358	60,944	27%

Sales at Non-Core Business rose by €0.2 billion year on year to €1.6 billion. Higher sales prices in the second half of the year and high utilization rates of nuclear power plants ("NPPs") were the main drivers. This was partially offset because a portion of the refunds were passed through to the minority shareholders of E.ON's jointly owned NPPs. The refunds of previously purchased residual power output rights resulted from the implementation of the public law agreement of March 25, 2021, between the German federal government and the country's NPP operators.

Sales recorded at Corporate Functions/Other of €17.3 billion were €14.5 billion above the prior-year figure. The increase is mainly attributable to the establishment of E.ON Energy Markets, a new central commodity procurement unit that began operating in October 2020. Its business activities on commodity markets amid rising prices and the settlement of derivatives (€3.3 billion) contributed to this sales trend.

The increase attributable to consolidation mainly results from internal transactions relating to central energy procurement.

Other Line Items from the Consolidated Statements of Income
The Consolidated Statements of Income are on page 165.

Own work capitalized of €761 million was 12 percent above the prior-year figure of €680 million. Own work capitalized consisted predominantly of network investments as well as ongoing and completed IT projects.

Other operating income totaled €47,383 million in 2021 (prior year: €8,907 million). Income from derivative financial instruments alone increased by €38,831 million year on year to €44,737 million, mainly because of sharply higher energy prices on commodity markets.

Income from currency-translation effects of €478 million was €586 million lower than the prior-year figure of €1,064 million. Corresponding amounts resulting from currency-translation effects and derivative financial instruments are recorded under other operating expenses. The sale of equity interests and securities resulted in income of €360 million (prior year: €469 million).

Costs of materials of €78,096 million were considerably above the prior-year figure of €47,147 million. The increase primarily reflects higher prices on commodity markets. This resulted in higher direct procurement costs as well as adjustments to the corresponding expenses to the current market price at the time of delivery in the case of forward procurement contracts that are accounted for as derivative financial instruments pursuant to IFRS. Income from the settlement of commodity derivatives is recorded under other operating income. The creation of provisions for pending transactions was also 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 and that are partially offset by procurement transactions that are accounted for as derivative financial instruments. Consequently, the marking to market of procurement transactions results in other operating earnings.

Depreciation charges declined from €4,166 million in the prior year to €3,922 million, principally because of lower impairment charges of €277 million (prior year: €479 million). Scheduled depreciation charges in the year under review were recorded primarily at Energy Networks' operations in Germany.

Other operating expenses of €31,665 million were €20,746 million above the prior-year level (€10,919 million), chiefly because expenditures relating to derivative financial instruments (including currency-translation effects) rose by €20,699 million to €26,486 million. In addition, expenditures relating to currency-translation effects increased by €244 million to €885 million.

Income from companies accounted for under the equity method of €505 million was above the prior-year level (€408 million). Higher equity earnings from network companies in Germany and from shareholdings in Turkey were partially offset by the absence of income from Rampion Renewables Ltd after its sale to RWE.

Adjusted EBIT

For the purpose of internal management control and as the most important indicator of businesses' long-term earnings power, in the year under review E.ON used earnings before interest and taxes that have been adjusted to exclude non-operating effects ("adjusted EBIT").

The core business's adjusted EBIT in the 2021 financial year rose by €216 million to €3,579 million (prior year: €3,363 million). Energy Networks' adjusted EBIT of €2,970 million was €272 million below the prior-year figure. Earnings were adversely affected by effects resulting from higher commodity prices, which led in particular to higher costs for network losses. These will be offset over time under national regulatory schemes. This was compounded in Germany by several factors, including higher costs for maintenance and repair and a further increase in networks' supply tasks. Higher costs for upstream networks led to lower earnings in Sweden. Positive effects in East-Central Europe/Turkey resulting primarily from the inclusion of VSEH in Slovakia for the entire year were more than offset by higher costs for network losses.

Adjusted EBIT

	2021	2020	% change	2021	2020	% change
Energy Networks	556	913	-39%	2,970	3,242	-8%
Customer Solutions	25	92	-73%	926	478	94%
<i>Thereof EIS business</i>	–	–	–	237	–	–
Corporate Functions/Other	-76	-39	-95%	-321	-363	12%
Consolidation	6	7	-14%	4	6	-33%
Adjusted EBIT from core business	511	873	-47%	3,579	3,363	6%
Non-Core Business	264	115	147%	1,144	413	177%
E.ON Group adjusted EBIT	765	1,088	-27%	4,723	3,776	25%

* Includes the effects of retrospective changes in connection with the adjustment of the provisional recognition of the energy acquisition until September 18, 2020.

Adjusted EBIT at Customer Solutions rose by €448 million year on year to €926 million. The reasons included a weather-driven increase in sales volume and operating improvements in nearly all E.ON markets. In addition, cost savings from the ongoing restructuring program in the United Kingdom had a positive impact on adjusted EBIT. Customer Solutions includes Energy Infrastructure Solutions ("EIS"), which reported adjusted EBIT of €237 million in the reporting period. EIS' activities are disclosed separately throughout this report.

Adjusted EBIT recorded at Corporate Functions/Other improved by €42 million year on year to -€321 million, principally because of cost savings. The non-recurrence of positive income from the stake in Rampion Renewables Ltd, which was sold in the first half of 2021, had a countervailing effect.

The E.ON Group's adjusted EBIT totaled €4,723 million and was thus €947million above the prior-year figure. The increase resulted from the aforementioned developments at the core business and from effects at Non-Core Business. Alongside higher sales prices and sales volumes, these effects relate mainly to the implementation of the public-law agreement of March 25, 2021, between the

German federal government and the country's NPP operators. In this context, previous purchases of residual power output rights were refunded. This resulted in a positive effect of roughly €0.6 billion.

E.ON generates a large portion of its adjusted EBIT in very stable businesses. Regulated, quasi-regulated, and long-term contracted businesses accounted for the overwhelming proportion of E.ON's adjusted EBIT in 2021.

E.ON's regulated business consists of operations in which revenues are largely set by law and based on costs. The earnings on these revenues 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.

Reconciliation to Adjusted Earnings Metrics

Like net income, EBIT (earnings before interest and taxes) is affected by non-operating items, such as the marking to market of derivatives. Adjusted EBIT has been adjusted to exclude non-operating effects. The adjustments include net book gains, certain restructuring expenses, impairment charges and reversals, the marking to market of derivatives as well as related provisions for contingent losses, the subsequent valuation of hidden reserves and liabilities identified as part of the purchase-price calculation and allocation for the innogy transaction, and other non-operating earnings.

Derived from adjusted EBIT, adjusted net income is an earnings figure after interest income, income taxes, and non-controlling interests that likewise has been adjusted to exclude non-operating effects. The adjustments include the aforementioned items as well as interest expense/income not affecting net income (after taxes and non-controlling interests). Non-operating interest expense/income also includes positive effects from the resolution of valuation differences between the nominal and fair value of innogy bonds.

On the following pages, the disclosures in the Consolidated Statements of Income are reconciled to the adjusted earnings metrics.

Reconciliation to Adjusted EBIT

Net income attributable to shareholders of E.ON SE and corresponding earnings per share amounted to €4.7 billion and €1.80, respectively. In the prior year E.ON recorded net income of about €1 billion and earnings per share of €0.39. The development of net income in the 2021 financial year mainly reflected asymmetrical valuation effects on unrealized sales and procurement transactions as a result of sharp increases in commodity prices. These effects had no impact on contractual payment streams or adjusted earnings.

Pursuant to IFRS 5, income/loss from discontinued operations, net, is reported separately in the Consolidated Statements of Income. In the prior year this item included negative effects from the subsequent adjustment of certain components of the purchase price in conjunction with the innogy acquisition and positive earnings from innogy's sales business in the Czech Republic (including deconsolidation income).

E.ON's tax expense in 2021 amounted to €818 million (prior year: €871 million). In 2021, the tax rate was 13 percent (prior year: 40 percent). In the reporting period, in particular the use of tax losses, market valuations of commodities with no tax effect and taxes for previous years led to a reduction in the tax rate. The reason for the high tax rate in the previous year was essentially a one-off effect from the valuation of deferred tax assets, which was partially offset by taxes for previous years.

Financial results of -€386 million improved by €316 million relative to the prior year. An increase in income from equity investments and improved interest income/expenses, which benefited in part from a lower interest expense on debt financing, were positive factors. There were also countervailing effects in non-operating earnings. These include positive valuation effects on securities held for trading,

Reconciliation to Adjusted EBIT

	2021	2020	2019	2018
Net income/loss	1,402	212	5,305	1,270
Attributable to shareholders of E.ON SE	907	156	4,691	1,017
Attributable to non-controlling interests	495	56	614	253
Income/Loss from discontinued operations, net	-	1	-	40
Income/Loss from continuing operations	1,402	213	5,305	1,310
Income taxes	82	180	818	871
Financial results	29	206	386	702
Income/Loss from continuing operations before financial results and income taxes	1,513	599	6,509	2,883
Income/Loss from equity investments	68	-21	167	18
EBIT	1,581	578	6,676	2,901
Non-operating adjustments	-786	510	-1,053	875
Net book gains (-)/losses (+)	8	-40	-26	-258
Restructuring expenses	222	266	511	656
Effects from derivative financial instruments	-1,625	-971	-3,250	-1,128
Impairments (+)/Reversals (-)	428	473	440	557
Carryforward of hidden reserves (+) and liabilities (-) from the innogy transaction	246	325	760	802
Other non-operating earnings	-65	457	-388	246
Adjusted EBIT	795	1,088	4,723	3,776
Impairments (+)/Reversals (-)	17	21	49	27
Scheduled depreciation and amortization	800	830	3,117	3,102
Adjusted EBITDA	1,612	1,939	7,889	6,905


Includes the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020.

lower income for prior periods compared with the prior year, and lower earnings relative to the prior year from the difference between the nominal interest rate and the effective interest rate of the innogy bonds adjusted due to the purchase-price allocation (see page 68 **2**).

Net book gains were lower than the prior-year figure. The main factor in the year under review was the transfer of the remaining stake in Rampion wind farm to RWE.

Restructuring expenses were lower than in the 2020 reporting period and, as in the prior year, consisted primarily of expenditures in conjunction with the innogy integration and the restructuring of the sales business in the United Kingdom.

The effects in connection with derivative financial instruments developed positively by €2,122 million to €3,250 million. The strong increase in commodity prices led to significant increases in the market value of unrealized sales and procurement transactions.

E.ON recorded impairment charges in the 2021 financial year in particular at Energy Networks' operations in Slovakia (mainly on goodwill in conjunction with the reclassification of these operations as a disposal group) and on intangible assets at its operations in Romania. Impairment charges recorded in the prior year related in particular to Energy Networks' operations in Hungary (due mainly to the current restructuring of these operations; see page 39 ) as well as Customer Solutions' operations in the United Kingdom (primarily for software in conjunction with the ongoing restructuring program) and its operations in the Netherlands/Belgium (in particular as part of the planned disposal of the Belgian sales business).

Items resulting from the subsequent valuation of hidden reserves and liabilities as part of the purchase-price allocation for innogy are disclosed separately.

The increase in other non-operating earnings is mainly attributable to valuation effects on non-current provisions, which were partly offset by negative valuation effects on bonds denominated in foreign currencies.

The prior-year figure was adversely affected by valuation effects for repurchase obligations under IAS 32 and non-current provisions as well as realized effects from hedging transactions for certain currency risks.

Reconciliation to Adjusted Net Income

	2021	2020	2019	2018
Income/Loss from continuing operations before financial results and income taxes	1,513	599	6,509	2,883
Income/Loss from equity investments	68	-21	167	18
EBIT	1,581	578	6,676	2,901
Non-operating adjustments	-786	510	-1,953	875
Adjusted EBIT	795	1,088	4,723	3,776
Net interest income/loss	-97	-185	-553	-720
Non-operating interest expense (+)/income (-)	-110	-57	-391	-358
Operating earnings before taxes	588	846	3,779	2,698
Taxes on operating earnings	-99	-190	-880	-653
Operating earnings attributable to non-controlling interests	-129	-107	-396	-407
Adjusted net income	360	549	2,503	1,638

¹Includes the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020.

Reconciliation to Adjusted Net Income

Adjusted net income of €2,503 million was 53 percent above the prior-year figure of €1,638 million. Besides the above-described effects in the reconciliation to adjusted EBIT, this reconciliation includes the following items:

Interest income/expenses includes non-operating components, which improved by €33 million year on year, principally because of positive valuation effects on securities recorded at fair value on the balance-sheet date. The adverse effects included a reduction in income for prior years and lower earnings from the difference

between the nominal interest rate and the effective interest rate of the innogy bonds adjusted due to the purchase-price allocation.

The tax rate on operating earnings of continuing operations was 23 percent (prior year: 24 percent). The principal reason for the decline was the utilization of tax loss carryforwards, which lowered the tax rate.

Non-controlling interests' share of operating earnings declined slightly, mainly because of lower operating earnings from minority-held companies.

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 low interest-rate environment continued. In some cases this led to negative real interest rates on asset-retirement obligations. As in prior years, provisions therefore exceeded the actual amount of asset-retirement obligations at year-end 2021 without factoring in discounting and cost-escalation effects. This limits the relevance of economic net debt as a key figure. E.ON wants economic net debt to serve as a useful key figure that aptly depicts E.ON's debt situation. In the case of material provisions affected by negative real interest rates, E.ON has therefore used the aforementioned actual amount of the obligations instead of the balance-sheet figure to calculate economic net debt since year-end 2016.

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 €1.9 billion at year-end 2021. This amount will be recorded in financial earnings as a reduction in expenditures and spread out over the maturity period of the respective bonds. 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 aims for a debt factor of 4.8 to 5.2. The debt factor at year-end 2021 of 4.9 was within the target range.

Economic Net Debt

Economic net debt declined by €1.9 billion relative to year-end 2020 (€40.7 billion) to €38.8 billion.

Financial liabilities of €32.7 billion reflect E.ON SE's issuance of two bonds in the reporting year totaling €1.35 billion as well as the repayment of three bonds (GBP and EUR) totaling €2.4 billion. The increase in financial liabilities is also attributable to both adverse currency-translation effects on bonds denominated in foreign currencies (effects that were largely offset in E.ON's net financial position by positive effects from foreign-currency hedging) and short-term interim financing.

E.ON's net financial position increased by €0.7 billion compared with year-end 2020 to -€24.7 billion. E.ON SE's dividend payment and investment expenditures were largely offset, in part by operating

cash flow, disposals (in particular as part of the reorganization of business activities in Hungary; see page 39 and Note 30 to the Consolidated Financial Statements), and margin payments in conjunction with the development of commodity prices.

The increase in actuarial discount rates for pensions, which led to a reduction in defined benefit obligations, had a positive impact on economic net debt, as did the return on plan assets (see Note 25 to the Consolidated Financial Statements). The reduction in provisions for asset-retirement obligations mainly results 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 has no overall effect on economic net debt.

Economic Net Debt

	2021	2020
Liquid funds	5,965	4,795
Non-current securities	1,699	1,887
Financial liabilities ¹	-32,730	-30,720
FX hedging adjustment	391	82
Net financial position	-24,875	-23,956
Provisions for pensions	-6,082	-8,088
Asset-retirement obligations ²	-8,016	-8,692
Economic net debt	-38,773	-40,736

¹Bonds issued by innogy are recorded at their nominal value. The figure shown in the Consolidated Balance Sheets is €1.9 billion higher (year-end 2020: €2.1 billion higher).

²This figure is not the same as the asset-retirement obligations shown in the Consolidated Balance Sheets (€9,230 million at December 31, 2021, €10,194 million at December 31, 2020). This is because economic net debt is calculated in part based on the actual amount of E.ON's obligations.

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 benchmark issues may in some cases be combined with smaller 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. In the future, E.ON intends to cover more than 50 percent of its annual financing requirements with green bonds.

At the beginning of March 2021, E.ON presented a new Green Bond Framework. In addition to compliance with the ICMA Green Bond Principles, which until now set the standard for green bonds on the capital market, the new E.ON framework is one of the first in Europe to meet the then-current criteria of the EU Taxonomy Regulation on sustainable economic activities ("EU taxonomy"). In December 2021 E.ON revised its green bond framework to reflect the now finalized version of the EU taxonomy. The EU taxonomy defines which economic activities are to be classified as ecologically sustainable and thus sets a Europe-wide standard for sustainable investments. E.ON's Green Bond Framework is geared toward sustainable projects at both Energy Networks and Customer Solutions.

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, and by innogy SE and innogy Finance B.V. under guarantee of innogy SE. As part of the process of integrating the innogy Group, E.ON harmonized the E.ON Group's funding structure. It offered innogy bondholders the option to change the debtor of their bonds to E.ON by means of consent solicitations or conversion offers. All bonds now have E.ON SE as debtor or guarantor (with EIF as issuer). In 2021 E.ON paid back in full maturities of €2.4 billion. E.ON issued new debt totaling €1.35 billion (see pages 36 and 37 [📄](#)).

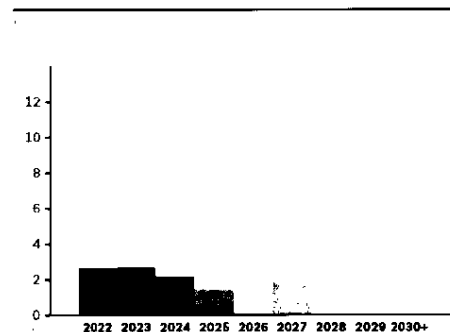
Financial Liabilities

	2020	2021
Bonds ¹	26.4	26.9
EUR	18.0	18.4
GBP	7.1	7.2
USD	0.9	0.8
JPY	0.3	0.3
Other currencies	0.1	0.2
Promissory notes	0.0	0.0
Commercial paper	1.5	0.0
Other liabilities	4.8	3.8
Total	32.7	30.7

¹Includes private placements

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 2021 with a total volume of €35 billion, of which about €16.1 billion was utilized at year-end 2021. E.ON SE intends to renew the DIP in 2022.

Maturity Profile of Bonds Issued by E.ON SE and E.ON International Finance B.V.



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. €1.5 billion of CP was outstanding at year-end 2021 (prior year: €0).

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. The first and second options to extend the facility for another year were exercised in October 2020 and October 2021, respectively. This extended the term of the credit facility to 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.

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.

E.ON S&P Rating

Moody's	Baa2	P-2	Stable
Standard & Poor's	BBB	A-2	Stable

E.ON will continue to take into account the trust of rating agencies, investors, and banks using a clear strategy and transparent communications and therefore holds events that include an annual informational meeting for its core group of banks.

Investments


The E.ON Group's cash-effective investments in the 2021 financial year increased by €591 million year on year to €4,762 million. Investments in property, plant, and equipment and intangible assets totaled €4,487 million (prior year: €4,362 million). Share investments amounted to €275 million versus -€191 million in the prior year.

Investments

	2021	2020	% change
Energy Networks	3,520	3,369	4%
Customer Solutions	710	803	-12%
Thereof EIS business	409	-	
Corporate Functions/Other	238	-273	187%
Consolidation	-4	-3	-33%
Investments in core business	4,464	3,896	15%
Non-Core Business	298	275	8%
E.ON Group investments	4,762	4,171	14%

Energy Networks' investments of €3,520 million were 4 percent above the prior-year level of €3,369 million. Investment activity in all regions focused in part on new connections and the renewal of network infrastructure. In addition, more was invested in the expansion of smart meters in Sweden than in the prior year, and replacement investments increased as well.

Customer Solutions' investments of €710 million were 12 percent below the prior-year figure (€803 million). EIS's investments across all regional markets accounted for fully €409 million of total investments. Investments in Sweden were significantly below the prior-year level due to the completion of the Högbytorp project. In addition, the prior-year figure included expenditures for the acquisition of Coromatic, a leading supplier of critical building infrastructure in Scandinavia. Investments in the United Kingdom, most of which went toward the expansion of smart meters, declined as well. By contrast, E.ON Business Solutions invested significantly more in projects relating to embedded energy supply than in the prior year.

Investments recorded at Corporate Functions/Other of €238 million (prior-year period: -€273 million) are principally attributable to subsequent purchase-price payments in conjunction with the innogy acquisition. By contrast, prior-year investments included purchase-price reductions relating to the innogy acquisition. In addition, investments in the reporting year went toward the acquisition of gridX GmbH and envelio GmbH (for more information on these projects, see page 38 .

Non-Core Business's investments rose by €23 million year on year to €298 million.

Cash Flow

Cash provided by operating activities of continuing operations before interest and taxes of €5.6 billion was €0.3 billion below the prior-year figure of €5.9 billion. Negative working-capital effects at the German network business were the principal adverse factor at Energy Networks, whose cash provided by operating activities was €0.5 billion below the prior-year figure. Working-capital effects in Sweden were the main reason for the €0.2 billion year-on-year decline at Customer Solutions. Operating cash flow at Non-Core Business was €0.5 billion higher relative to the prior year, primarily because of an improvement in EBITDA due to the refund of previous payments to acquire residual power output rights (€0.6 billion). In addition, cash provided by operating activities of continuing operations reflected a normalization of tax payments in 2021.

Cash provided by investing activities of continuing operations totaled -€5.4 billion versus -€1.9 billion in the prior year. Margin payments made in connection with derivative transactions (mainly initial margins) due to price movements in the year under review were significantly higher than in the prior year. In the first quarter of the prior year E.ON received the payment for the indirect stake in Nord Stream AG (Nord Stream 1) that had been transferred to the Contractual Trust Arrangement ("CTA") in 2019. In addition, prior-year cash flow benefited from a subsequent purchase-price payment by RWE for the innogy acquisition, the sale of innogy's retail business in the Czech Republic, and from the sale of the heating electricity business. The payment from the sale of Rampion Renewables Ltd to RWE was also received in the 2020 financial year. Cash provided by investing activities in the year under review benefitted to a comparatively limited degree from the sale of two network companies in Hungary.

Cash Flow

	2021	2020
Operating cash flow	4,069	5,287
Operating cash flow before interest and taxes ¹	5,639	5,948
Cash provided by (used for) investing activities	-5,399	-1,877
Cash provided by (used for) financing activities	2,263	-2,624

¹From continuing operations

²Excluding the innogy business in the Czech Republic reclassified in accordance with IFRS 5 and deconsolidated on October 30, 2020

Cash provided by financing activities of continuing operations of €2.3 billion was €4.9 billion above the prior-year figure of -€2.6 billion. This was due in particular to compensation payments made to innogy SE's remaining minority shareholders in the 2020 financial year (€2.4 billion). Variation margin payments in conjunction with derivative transactions had a positive effect on cash provided by financing activities. The sale of a portion of the Company's business operations in Hungary led to a further improvement in the year under review.

Asset Situation

Total assets and liabilities of €119.8 billion were about €24.4 billion, or 26 percent, above the figure at year-end 2020. Non-current assets rose by €5.2 billion to €80.6 billion. This is mainly attributable to an increase in receivables on derivative financial instruments.

Current assets increased by 97 percent, from €19.9 billion to €39.1 billion. This likewise resulted mainly from the increase in receivables on derivative financial instruments and an increase in liquid funds.

Equity attributable to E.ON SE shareholders was about €12 billion at year-end 2021. Equity attributable to non-controlling interests was roughly €5.9 billion. The equity ratio (including non-controlling interests) at year-end 2021 was 15 percent, which is 6 percentage points higher than at year-end 2020. Net income in the 2021 financial year was the primary factor. The expiration of the enviaM AG put option in the amount of €1.8 billion had a positive impact on equity. Of this amount, €0.7 billion is attributable to the shareholders of E.ON SE and €1.1 billion to minority interests. The remeasurement of pension obligations likewise had a positive effect on equity. These items were partially offset by the dividend payout totaling €1.6 billion.

Non-current debt declined by €0.4 billion, or 1 percent, chiefly because of the development of non-current bonds and other operating liabilities. Another positive factor was a reduction in provisions for pensions, which resulted from an increase in the actuarial discount rates used by the E.ON Group and a positive return on plan assets.

Current debt of €40.5 billion was 65 percent above the figure at year-end 2020. This was due in particular to an increase in other provisions for contingent losses from pending transactions in conjunction with the rise in energy prices on commodity markets and the increase in liabilities from derivative financial instruments. The expiration of the put option for enviaM AG and the development of current bonds were countervailing factors.

Consolidated Assets, Liabilities, and Equity

	2021	2020	2019	2018
Non-current assets	80,637	67	75,484	79
Current assets	39,122	33	19,901	21
Total assets	119,759	100	95,385	100
Equity	17,889	15	9,055	9
Non-current liabilities	61,359	51	61,761	65
Current liabilities	40,511	34	24,569	26
Total equity and liabilities	119,759	100	95,385	100

Additional information about E.ON's asset situation is contained in the Notes to the Consolidated Financial Statements.

Business Segments

Energy Networks

Power and Gas Passthrough

On balance, power and gas passthrough in the year under review rose relative to the prior year. In Germany this is attributable in part to cooler weather and in part to the recovery of the economy from the repercussions of the Covid-19 pandemic, which had an adverse effect in 2020.

Power passthrough in Sweden rose slightly year on year because, on average, the weather was cooler over the course of the year.

In East-Central Europe/Turkey, lower passthrough due to the sale of two network operators in Hungary (ETI and ÉMÁSZ) was offset by higher power passthrough resulting from the acquisition of VSEH in Slovakia. Gas passthrough was above the prior-year level.

Energy Passthrough

	2020	2019	2018	2017	2016	2015	2014	2013
Fourth quarter								
Power	62.3	64.5	10.0	9.5	15.3	17.9	87.6	91.9
Line loss, station use, etc.	1.9	2.0	0.4	0.3	0.2	0.7	2.4	2.9
Gas	54.5	60.6	–	–	17.6	16.1	72.1	76.7
Full year								
Power	234.7	226.9	36.9	34.7	66.2	64.2	337.8	325.8
Line loss, station use, etc.	7.1	7.1	1.2	1.1	3.9	4.0	12.1	12.1
Gas	183.9	170.6	–	–	49.8	46.2	233.7	216.8

System Length and Network Customers

E.ON's power system in Germany was about 700,000 kilometers long, slightly below the prior-year figure (705,000 kilometers). At year-end it had about 14.9 million network customers for power in its service territory. E.ON's gas system declined slightly to about 101,000 kilometers (prior year: 104,000 kilometers). By contrast, the number of network customers—1.8 million—was essentially unchanged from 2020.

The length of E.ON's power system in Sweden was 140,000 kilometers (prior year: 139,000 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 274,000 kilometers (prior year: 322,000 kilometers) and supplies about 8.3 million network customers (prior year: 9.7 million). The decline in system length and the number of customers is mainly attributable to the sale of two network operators in Hungary, ETI and ÉMÁSZ. As in the prior year, gas networks operated by E.ON were roughly 49,000 kilometers long. The number of gas network customers was almost unchanged at around 2.7 million (prior year: 2.6 million).

Sales and Adjusted EBIT

Sales and adjusted EBIT in Germany were €14,661 million and €1,961 million, respectively. Sales were at the prior-year level. Adjusted EBIT declined by 8 percent year on year. Earnings were adversely affected primarily by effects resulting from higher commodity prices, which led in particular to higher costs for network losses.

Sales in Sweden in 2021 rose by about 8 percent, from €899 million to €962 million, owing to higher passthrough amid colder weather. Higher costs for the upstream network reduced adjusted EBIT in the year under review by €34 million to €337 million.

East-Central Europe/Turkey's sales of €2,650 million were higher (prior year: €2,484 million), whereas its adjusted EBIT of €672 million was slightly below the prior-year level. Positive effects such as the inclusion of VSEH in Slovakia for the entire year were more than offset by higher costs for network losses and adverse currency-translation effects.

Energy Network

	2021	2020	2019	2018	2017	2016	2015	2014
Fourth quarter								
Sales	4,076	4,102	261	240	668	705	5,005	5,047
Adjusted EBITDA ¹	779	1,028	111	137	228	285	1,118	1,450
Adjusted EBIT ¹	353	626	67	96	136	191	556	913
Full year								
Sales	14,661	14,563	962	889	2,650	2,484	18,273	17,936
Adjusted EBITDA	3,458	3,628	507	529	1,023	1,029	4,988	5,186
Adjusted EBIT	1,961	2,182	337	371	672	689	2,970	3,242

¹Includes effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition; the previous year was adjusted accordingly.

Customer Solutions

Power and Gas Sales Volume

Customer Solutions' power sales of 372.8 billion kWh were at the prior-year level, whereas its gas sales rose by 63 billion kWh to 447.9 billion kWh.

The main drivers of power and gas sales in nearly all regional markets were cooler weather, which led to volume increases, and Covid-19-related sellbacks, particularly to the wholesale market. Power sales in Germany declined to 188 billion kWh (prior year: 196.2 billion kWh), owing in part to portfolio streamlining among sales partners.

Power Sales¹⁾

	2020		2019		2018		2017		2016	
	Q4	Q3	Q4	Q3	Q4	Q3	Q4	Q3	Q4	Q3
Fourth quarter										
Residential and SME	8.8	7.7	6.0	6.2	1.7	2.3	8.2	9.0	24.7	25.2
I&C	6.9	6.7	8.7	8.1	1.1	1.7	6.1	7.7	22.8	24.2
Sales partners	13.4	20.4	—	0.6	—	—	1.8	2.1	15.2	23.2
Customer groups	29.1	34.8	14.7	14.9	2.8	4.0	16.1	18.8	62.7	72.6
Wholesale market	50.5	20.6	28.1	3.9	2.3	2.3	2.4	3.4	83.0	30.6
Total	79.3	55.5	42.8	18.8	5.1	6.3	18.7	22.1	145.8	102.7
Full year										
Residential and SME	32.7	31.5	21.8	22.4	6.3	7.6	32.5	31.9	93.3	93.4
I&C	28.5	30.9	32.0	31.5	4.7	6.2	24.5	30.2	89.7	98.8
Sales partners	49.8	77.7	2.2	2.2	—	—	6.9	3.8	59.1	78.9
Customer groups	111.0	135.1	56.0	56.1	11.1	13.8	64.0	66.0	242.3	271.2
Wholesale market	77.0	61.1	35.8	20.5	8.2	6.6	9.7	12.0	130.7	101.0
Total	188.0	196.2	91.8	76.6	19.3	20.4	73.7	77.9	372.8	371.1

¹⁾The amounts shown were aggregated to totals and not consolidated.

²⁾Excludes E.ON Business Solutions.

³⁾Prior-year figures were adjusted due to changes in segment reporting (this concerns the activities in Slovakia (VSEH) and in Croatia (see page 36)).

Customer Numbers

Customer Solutions' fully consolidated companies had about 39.9 million customers at year-end 2021, slightly below the prior-year figure of 41.15 million. The acquisition of customers from energy companies that had filed for bankruptcy increased the number of customers in Germany to 14.4 million (prior year: 13.9 million). E.ON acquired customers from insolvent suppliers in the United Kingdom as well, which led to a slight increase in customers (2021: 10.5 million; prior year: 10.3 million). The number of customers in the Netherlands/Belgium declined to 4.1 million (prior year: 4.6 million) because of the disposal of the sales business in Belgium. Customer gains and losses encompassed power as well as gas customers. The total number of customers in the other countries where this segment operates fell.¹ Customer losses resulted in particular from the restructuring of the business in Hungary and the related return of the ELMŰ universal service provider ("USP") license. These losses were not offset by the acquisition of customers of insolvent energy service providers in the Czech Republic and the acquisition of VSEH in Slovakia.

Sales and Adjusted EBIT

Customer Solutions' sales increased by 26 percent year on year to €61.5 billion. Adjusted EBIT rose by 94 percent to €926 million. Customer Solutions includes the EIS business, which recorded adjusted EBIT of €237 million in the reporting period. EIS's activities are disclosed separately throughout this report.

Grp. Sales

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Fourth quarter										
Residential and SME	15.6	14.5	16.0	16.5	8.2	5.4	12.6	12.0	52.4	48.4
I&C	5.6	7.9	5.9	2.7	5.3	7.6	5.3	7.7	22.1	25.9
Sales partners	12.1	14.6	2.0	2.3	-	-	-	0.5	14.1	17.4
Customer groups	33.3	37.0	23.9	21.5	13.5	13.0	17.9	20.2	88.6	91.7
Wholesale market	39.0	13.6	31.9	11.2	10.7	9.1	2.5	1.7	83.1	35.1
Total	71.3	50.6	55.8	32.7	24.1	22.1	20.4	21.2	171.6	126.6
Full year										
Residential and SME	46.4	40.7	49.0	49.1	26.8	21.6	35.9	31.7	158.1	147.6
I&C	26.0	25.2	14.0	10.3	23.1	26.6	20.9	23.0	84.0	85.1
Sales partners	36.6	45.3	7.4	6.8	-	-	0.7	1.4	44.7	53.5
Customer groups	109.0	111.3	70.4	66.2	49.9	48.2	57.4	55.6	286.7	281.3
Wholesale market	80.3	44.5	41.0	27.6	32.6	25.8	7.4	6.0	161.3	103.9
Total	189.3	155.8	111.4	93.8	82.4	74.0	64.8	61.3	447.9	385.0

¹ The amounts shown were aggregated to totals and not consolidated.

² Excludes E.ON Business Solutions.

³ Prior-year figures were adjusted due to changes in segment reporting (this concerns the activities in Slovakia (VSEH) and in Croatia - see page 36).

¹ Prior-year figures were adjusted due to changes in segment reporting (this concerns the activities in Slovakia (VSEH) and in Croatia - see page 36).

Sales in Germany increased by 26 percent to €28,475 million. This is partly attributable to the settlement of commodity derivatives. Higher consumption due to cooler weather and the passthrough of increased cost components also contributed to the increase. Adjusted EBIT rose as well, by 27 percent to €525 million. This was likewise due to cooler weather and to synergies already achieved by the innogy integration.¹ By contrast, higher procurement costs had an adverse effect on earnings.

Sales in the United Kingdom increased by 28 percent to €17,870 million, owing in part, as in Germany, to the settlement of commodity derivatives and to the passthrough of increased cost components. Cooler weather contributed to higher sales as well. Adjusted EBIT rose by 194 percent to €121 million. The significant improvement was due primarily to higher sales volume resulting from cooler weather and to cost savings from the ongoing restructuring program.

Sales in the Netherlands/Belgium increased by 38 percent to €4,088 million, adjusted EBIT by 12 percent to €90 million. This positive performance was due in particular to the current market environment and higher energy prices as well as to cooler weather and the resulting increase in sales volume.

Customer Solutions

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Fourth quarter												
Sales	11,489	6,669	6,392	3,917	1,730	940	3,633	2,691	23,244	14,217	–	–
Adjusted EBITDA ¹	152	154	+35	-96	50	51	3	130	170	239	–	–
Adjusted EBIT ¹	115	116	-88	-127	35	35	-37	68	25	92	–	–
Full year												
Sales	28,475	27,550	17,870	13,993	4,088	2,959	11,074	9,157	61,507	48,659	–	–
Adjusted EBITDA	660	546	261	1	152	152	419	327	1,492	1,026	479	–
Adjusted EBIT	525	412	121	-129	90	80	190	115	926	478	237	–

¹Includes the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition. The previous year was adjusted accordingly.

On balance, the Other business unit also delivered a positive sales and adjusted EBIT performance. Sales rose by 21 percent to €11,074 million and adjusted EBIT by 65 percent to €190 million. The main reasons for the improvement of both metrics were the non-recurrence of the reduction in sales volume recorded in 2020 owing to weather and Covid-19 factors and the high level of energy prices in 2021. Earnings were lower only in Hungary, due in particular to the high level of energy prices.

Non-Core Business

Fully Consolidated and Attributable Generating Capacity
PreussenElektra's fully consolidated and attributable generating capacity at year-end 2021 both totaled 1,058 MW (prior year: 3,828 MW and 3,319 MW, respectively). PreussenElektra's fully consolidated as well as its attributable generating capacity declined considerably relative to the prior year because of the shutdown of Brokdorf and Grohne nuclear power plants ("NPPs") on December 31, 2021, pursuant to Germany's Atomic Energy Act.

¹Cash-effective costs of €197 million were recognized for innogy's integration into the E.ON Group in 2021.

PreussenElektra's Power Generation

Power procured (owned generation and purchases) in the 2021 financial year was about 1.8 billion kWh above the prior-year figure. The year-on-year increase is mainly attributable to shorter planned outages at Grohnde and Isar 2 NPPs and the non-recurrence of the outage at Brokdorf NPP.

Power generation

	2021	2020
Fourth quarter		
Owned generation	7.7	7.4
Purchases	0.2	0.4
Jointly owned power plants	–	–
Third parties	0.2	0.4
Total	7.9	7.8
Station use, line loss, etc.	–	–
Power sales	7.9	7.8
Full year		
Owned generation	30.5	28.4
Purchases	1.1	1.4
Jointly owned power plants	–	–
Third parties	1.1	1.4
Total	31.6	29.8
Station use, line loss, etc.	–0.1	–0.1
Power sales	31.5	29.7

Sales and Adjusted EBIT

Non-Core Business's sales of €1.6 billion were €0.2 billion above the prior-year figure. Adjusted EBIT rose by €0.7 billion to €1.1 billion.

Sales at Non-Core Business rose by €244 million year on year to €1,632 million. Higher sales prices and higher sales volume due to high utilization rates of NPPs were the reasons at PreussenElektra. This was partially offset by the passthrough of a portion of refunds to the minority shareholders of E.ON's jointly owned NPPs. The refunds resulted from the implementation of the public law agreement of March 25, 2021, between the German federal government and the country's NPP operators, which provided for the refund of previous purchases of residual power output rights.

Adjusted EBIT of €1,144 million was significantly above the prior-year level (€413 million). This attributable in part to higher sales prices and higher sales volume but mainly to the implementation of the public law agreement of March 25, 2021, between the German federal government and NPP operators. In this context, previous purchases of residual power were refunded. This resulted in a positive effect of roughly €0.6 billion. Equity earnings on E.ON's stake in Enerjisa Üretim also 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

	2021	2020	2019	2018	2017	2016
Fourth quarter						
Sales	559	360	–	–	559	360
Adjusted EBITDA	346	253	20	3	366	256
Adjusted EBIT	264	112	20	3	284	115
Full year						
Sales	1,632	1,388	–	–	1,632	1,388
Adjusted EBITDA	1,563	895	54	30	1,617	925
Adjusted EBIT	1,090	383	54	30	1,144	413

E.ON SE's Earnings, Financial, and Asset Situation

The 2021 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)

€ in millions		
Intangible assets	22	46
Property, plant, and equipment	13	15
Financial assets	46,059	45,688
Non-current assets	46,094	45,749
Receivables from affiliated companies	12,553	10,798
Other receivables and assets	2,257	648
Liquid funds	1,666	2,646
Current assets	16,476	14,092
Accrued expenses	62	66
Asset surplus after offsetting of benefit obligations	4	4
Total assets	62,636	59,911
Equity	11,440	10,643
Provisions	1,055	1,236
Bonds	13,731	11,621
Liabilities to affiliated companies	34,714	35,683
Other liabilities	1,451	467
Deferred income	245	261
Total equity and liabilities	62,636	59,911

The changes in financial assets are mainly attributable to the reversal of impairment charges on equity interests in affiliated companies. The increase in receivables from affiliated companies and the decline in liabilities to affiliated companies result from changes in cash-pooling balances.

The increase in other receivables mainly results from the acquisition of money market funds; the increase in other liabilities results from the incurrence of short-term financial liabilities.

The change in equity mainly reflects an allocation to retained earnings of €350 million, changes in treasury shares under the employee stock purchase program conducted in 2021, and a €430 million increase in net income available for distribution

E.ON SE issued new bonds and commercial paper in the amount of €2,860 million in the 2021 financial year and repaid bonds in the amount of €750 million. Energy price movements on wholesale markets were unusually volatile at the end of the year. The resulting fluctuations in liquidity led to the existence of investments in a money market fund as well as short-term funding by means of commercial paper and bank loans.

Information on treasury shares can be found in Note 11 and Note 20 to the Consolidated Financial Statements.

Income Statement of E.ON SE (Summary)

€ in millions		
Income from equity interests	2,107	2,405
Interest income/loss	-26	24
Other expenditures and income	-101	-624
Taxes	26	309
Net income	2,006	2,114
Profit carryforward from the prior year	898	10
Net income transferred to retained earnings	-350	0
Net income available for distribution	2,554	2,124

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 Energie AG in the amount of €1,385 million and from E.ON Beteiligungen GmbH in the amount of €661 million.

The deterioration of net interest result mainly reflects a reduction in tax-related interest income.

The negative balance of other income and expenses in 2021 resulted primarily from €249 million in expenses for purchased third-party services, €226 million in personnel-related expenses, €66 million in auditing and consulting services, and €15 million in net expenses from currency effects. In addition, income of €368 million relates 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 operation relating to electricity distribution, gas distribution, and basic metering point operation and prepares activity statements for these services. The resulting earnings, individually and in total, are minimal (less than €0.5 million).

In the year under review, total income from taxes amounted to €26 million, which encompasses the year under review as well as prior years. This consists of an income tax expense of €39 million

and income from other taxes of €65 million. Corporate taxes and solidarity surcharges attributable to 2021 totaled €78 million, and trade taxes amounted to €66 million. For previous years the Company recorded tax income of €170 million, of which €105 million relates to income taxes.

At the Annual Shareholders Meeting in 2022, the Management Board will propose that net income available for distribution be used to pay a dividend of €0.49 per ordinary share and the remaining amount of €1,276 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 7, 2022, 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 2026 financial year. This also applies to a dividend growth of up to 5 percent for the 2022 financial year. E.ON will aim for an annual increase in dividend per share after 2026 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.

Forecast Report

Business Environment

Macroeconomic Situation

Economic growth forecasts remained fraught with uncertainty in view of the difficulty in predicting the course of the Covid-19 pandemic and its implications. As long as large parts of the world's population remain unvaccinated and there is a risk of new outbreaks, the recovery of the global economy will be uneven and remain vulnerable to setbacks. Although the global economy as a whole returned to its pre-pandemic level in 2021, experts believe that individual economies will recover and develop very differently in the future. For example, the OECD estimates that Europe could recover in around three years, whereas in countries like Mexico and South Africa this process could take three to five years. The German economy could return to normal capacity utilization some time in 2022. Alongside more vaccinations, the economic recovery would be spurred by further increases in consumption; high household savings, low financing costs, and government stimulus could also help boost to the economy's upward trend.

The OECD's economic outlook from December 2021 predicts global gross domestic product ("GDP") growth of 4.5 percent in 2022. The European Union's Economic Forecast anticipates GDP growth of 4.3 percent in 2022 for both the EU and the eurozone.

The overall mood clouded over somewhat in the course of 2021. The main causes worldwide were rising energy prices and the resulting increase in inflation. In the spring, the German Council of Economic Experts was still forecasting that Germany's GDP would grow by 4.6 percent in 2022. The council expects eurozone growth of 4.3 percent in 2022. The German government assumes similar figures in its fall GDP forecast for Germany. This scenario, published in late October 2021, predicts growth of 4.1 percent in 2022 and 1.6 percent in 2023.

General Statement on E.ON's Anticipated Development

In November 2021 E.ON's reconfigured Management Board communicated a growth strategy as well as a forecast for the next five years that represents the continuation of the corporate restructuring of recent years. E.ON's growth ambitions will continue to be significantly shaped by sustainability and digitalization. The operating business will likely be less affected by the Covid-19 pandemic in 2022 than by possible disruptions on wholesale energy markets, due in part to current developments in the Ukraine conflict. There is currently a high degree of uncertainty regarding the conflict between Russia and Ukraine and its economic repercussions. E.ON mainly perceives risks for commodity markets and associated credit and liquidity risks as well as valuation risks for investments, among others the stake in Nord Stream AG held in the plan assets for

pensions. In addition, political or regulatory measures could have an indirect or direct impact on business operations in individual countries. Overall, the effect of the conflict and of a possible further escalation on E.ON's business performance in 2022 and key performance indicators cannot be sufficiently estimated at the present time and is therefore not included in the forecast.

Anticipated Earnings and Financial Situation

Forecast Earnings Performance

E.ON's most important key performance indicators effective the 2022 financial year are adjusted EBITDA, investments, and earnings per share based on adjusted net income ("EPS"). E.ON expects to record adjusted EBITDA of €7.6 to €7.8 billion in the 2022 financial year. It anticipates adjusted net income in 2022 of €2.3 to €2.5 billion or €0.88 to €0.96 per share (based on 2,609 million shares outstanding).

Forecast by segment:

Adjusted EBITDA	
Energy Networks	5.5 to 5.7
Customer Solutions	1.5 to 1.7
Corporate Functions/Other	about -0.2
Core Business	6.9 to 7.1
Non-Core Business	0.6 to 0.8
E.ON Group	7.6 to 7.8

*Adjusted for non-operating effects

E.ON expects Energy Networks' earnings to increase significantly relative to the prior financial year. This performance will reflect the further expansion of this segment's regulated asset base due to additional investments. The implementation of planned synergies and the reversal of negative earnings effects resulting from the Covid-19 pandemic in prior years will also have a positive impact, particularly in the network business in Germany. Earnings will be adversely affected by the significant rise in costs for the procurement of network losses, particularly in Sweden and East-Central Europe/Turkey, which in many markets can only be passed through after a delay due to existing regulatory mechanisms.

Customer Solutions' earnings are expected to be above the prior-year level. The Company expects a positive performance, especially through the leveraging of synergies, primarily in Germany. At the same time, successful restructuring in the United Kingdom will serve to increase earnings. The segment will also benefit from additional growth in distributed EIS activities.

Earnings reported at Corporate Functions/Other are expected to be at the prior-year level. The realization of additional synergies will be offset by expenditures to establish new, particularly digital businesses.

Earnings at Non-Core Business are expected to be significantly below the prior-year level. The decline is attributable to PreussenElektra and results from the end of operations of Grohnde and Brokdorf nuclear power plants on December 31, 2021. By contrast, this business will benefit from higher sales prices. In addition, earnings in 2021 were positively affected by the refund of prior purchases of residual power output rights.

Planned Investments

Investments in the sustainable expansion and digital transformation of energy networks and activities relating to customer solutions are the basis for the value-driven growth E.ON aims for. Investments of about €5.3 billion are therefore planned for the 2022 financial year

Cash-Efficient Investments - 2022 Plan

Energy Networks	-4.1	77
Customer Solutions	-1.1	21
Corporate Functions/Other	-0.1	2
Core Business	-5.3	100
Non-Core Business	-0.0	0
Total	-5.3	100

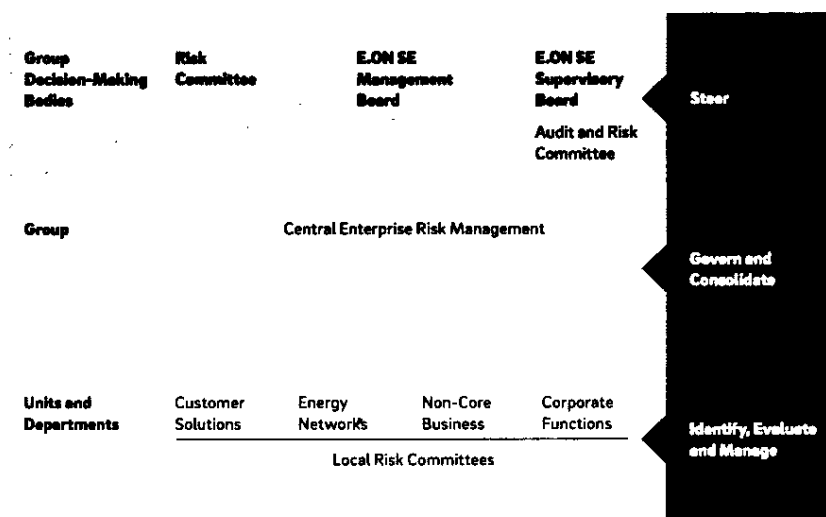
E.ON will make most of these investments in its Energy Networks segment, the backbone of a successful energy transition. Investments will go towards expanding, enhancing, and modernizing networks, switching equipment, and metering and control technology in order to ensure the reliable, uninterrupted, 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.

Customer Solutions' investments will mainly go toward expanding 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 IT, smart meters and conventional residential meters, smart 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 businesses. No significant investments are expected at Non-Core Business.

Risks and Chances Report

Enterprise Risk Management System in the Narrow Sense



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.

E.ON's ERM is based on a centralized governance approach which defines standardized processes and tools covering the identification, evaluation, countermeasures, monitoring, and reporting of risks and chances. Overall governance is provided by Group Risk Management 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.

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. The systematic consideration of non-financial issues enables the Company to identify opportunities and risks for business development at an early stage.

In 2021 E.ON 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 identified in the ERM system.

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 reference scenarios 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 performing a risk assessment as well as by evaluating the business impacts and developing strategic recommendations.

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 organizational preventive 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.

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 intensive 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 asset 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, outside experts, and 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 (also 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.

Should an accident occur despite the measures taken, E.ON has a reasonable level of insurance coverage. Detailed information can be found in the Separate Combined Non-Financial Report starting on page 138.

Managing Market Risks

E.ON uses a comprehensive sales-management system and intensive customer management to manage margin risks. In order to limit exposure to commodity price risks, E.ON conducts systematic risk management. The key elements of the Company's risk management 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.

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 view 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 book value 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	
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 the operation of generation assets, networks, and other facilities, new-build risks
HSE, HR, and other	Health, safety, and environmental risks and chances
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

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/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.

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 below.

Impact Class	
Low	$x < €10 \text{ million}$
Moderate	$€10 \text{ million} \leq x < €50 \text{ million}$
Medium	$€50 \text{ million} \leq x < €200 \text{ million}$
Major	$€200 \text{ million} \leq x < €1 \text{ billion}$
High	$x \geq €1 \text{ billion}$

General Risk Situation

The table below shows the average 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.

Risk Position

Risk Category	Low Probability (x < 6 percent)	High Probability (x > 25 percent)
Legal and regulatory risks	Major	Major
Operational and IT risks	Medium	Low
HSE, HR, and other	Low	Low
Market risks	Major	Medium
Strategic risks	Medium	Moderate
Finance and treasury risks	Medium	Medium

The following description of risks by category alludes to the aforementioned impact classes. In addition, the description of risks by segment and category 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 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, high).

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 legal and regulatory 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 average annual adjusted EBITDA risk ought not to exceed -€200 million to -€1 billion in 95 percent of all cases.

The E.ON Group's overall risk situation at the end of 2021 was influenced primarily by sharply higher commodity prices. First, they affect PreussenElektra's remaining power generation activities; second, they are a major risk factor for volume and price effects and also for potential credit losses in the sales business. In addition, high commodity prices lead to an increase in counterparty risks (tail/high).

At the time of preparing this report, it is not possible to make any specific assessments of other possible implications of the current crisis in Ukraine beyond the increase in commodity prices that is factored into the risk assessment. Potential implications for the Nord Stream AG stake held in pension plan assets will depend on political developments, in particular trade relations with Russia. In addition, political or regulatory measures could have an indirect or direct impact on business operations in individual countries.

The network business could also experience a decline in sales volume, credit losses, and price increases for network losses which result in lower earnings. A distinctive feature of the network business, however, is that regulatory mechanisms generally foresee that volume-driven declines in sales and price-driven cost increases for network losses can generally be recovered in subsequent years by corresponding adjustments to network tariffs.

Risks and Chances by Segment

Energy Networks

The operation of energy networks is subject to a large degree of government regulation. New laws (tail/high) and regulatory periods cause uncertainty for this business (medium/medium). 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 (tail/major). This could create major chances as well as pose a major risk. 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.

Customer Solutions

The E.ON Group's operations 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 could pose a major risk (tail/high).

PreussenElektra

PreussenElektra's business is substantially influenced by regulation. In general, regulation can result in risks for its remaining operating and dismantling activities. One example is the impact of the Fukushima nuclear accident. Policy measures taken in response to such events could have a direct impact on the further operation of a nuclear

power plant ("NPP") (tail/high) or trigger liabilities and significant payment obligations stemming from the solidarity obligation agreed on among German NPP operators (tail/high). Furthermore, new regulatory requirements, such as additional mandatory safety measures or delays in dismantling, could lead to production outages and higher costs. In addition, there may be lawsuits that fundamentally challenge the operation of NPPs. Regulation can also require an increase in provisions for dismantling. These factors could pose major risks for E.ON.

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 €200 million. Risks and chances that would affect planned net income and/or cash flow by more than €200 million are included as well.

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, and the German federal government's decision to phase out conventional hard-coal- and lignite-fired power generation (the

Coal Phaseout Law of August 2020). The achievement of these (environmental) policy objectives will require legal and regulatory implementation measures that themselves would 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, and changes to support schemes for renewables, which could pose risks to, as well as create opportunities for, E.ON's operations in the respective countries.

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 major risk and a medium chance position.

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).

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"). This includes 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 is 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. In the case of

PreussenElektra, this also includes dismantling activities. 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 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 medium risk position and a low chance position in this category. General project risks can include a delay in projects 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/high).

E.ON could also be subject to environmental liabilities associated with its power generation operations that could materially and adversely affect 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 support so that the Company can continue to operate its business successfully. These matters do not result in a major risk or 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 new 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; other countries will be added successively.

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 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 not major at the balance-sheet date.

Furthermore, investments and acquisitions 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 (medium/major).

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 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. For example, E.ON's historical connection with Uniper and RWE continues to pose a major, albeit unlikely, risk. 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 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 in 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 medium risk and a major 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, high). 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 and S&P 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.

Management Board's Evaluation of the Risk and Chances Situation

The E.ON Group's overall risk and chances situation at year-end 2021 did not change materially relative to year-end 2020 owing to offsetting effects across the risk categories. Although the average annual risk for the E.ON Group's adjusted EBITDA is classified as major and despite the expansion of its risk and chance position in the category market risks due to higher commodity prices, 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.

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 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/Belgium, 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, and the Quarterly Statements.

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 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 management remains responsible for the appropriateness and effectiveness of the implemented ICS. The ICS BP concept ensures a uniform approach as well as consistent and efficient collaboration and fosters continuous improvement through extensive information-sharing among the 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 ICS Principles, which define the minimum requirements for an effective internal control system, are a key component of E.ON's ICS. They contain 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, and payments. 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) at the operating units, serves as a checklist, and provides guidance for the establishment of internal controls as well as their documentation and implementation, and is thus an integral part of the accounting processes.

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 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 financial-reporting 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.

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. Shares acquired by an employee under the Company-sponsored 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 (known by its 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

- 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 (see the detailed presentation in the Compensation Report).

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 Disclosure Relevant to 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.

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 March 2021.

The Executive Board and Supervisory Board further declare that the recommendations of the "Government Commission on the German Corporate Governance Code" (version dated 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, will be complied with in full.

Essen, December 14, 2021

For the Supervisory Board of E.ON SE:
Dr. Karl-Ludwig Kley
(Chairman of the Supervisory Board of E.ON SE)

For the Board of Management of E.ON SE:
Dr. Leonhard Birnbaum
(Chairman of the Board of Management of E.ON SE)

Because of the one-off deviation from recommendation G.8 of the German Corporate Governance Code, in March 2021 the E.ON SE Management Board and Supervisory Board also issued an intrayear declaration of compliance. The deviation resulted from the Supervisory Board's decision to offset special effects in the network business for the determination and definition of target attainment for the bonus for the 2020 financial year.

These declarations and those of the previous 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 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 www.eon.com. For Management Board members already appointed, the new compensation system applies effective from January 1, 2022. The Compensation Report and the auditor's report pursuant to Section 162 of the AktG are also made publicly available at www.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. They determined that E.ON SE fully complies, or will comply, with all of the Code's recommendations and also with nearly all of its suggestions, with the exception of the Code's recommendation G.8.

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:

- 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.

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 financial calendar and ad hoc statements are available on the Internet.

Managers' Transactions

Persons with executive responsibilities, in particular members of E.ON SE's Management Board and Supervisory Board, and persons closely related to them, must disclose certain dealings in E.ON stock or bonds, related derivatives, or other related financial instruments pursuant to Article 19 of the EU Market Abuse Regulation in conjunction with Section 26, Paragraph 2, of the German Securities Trading Act. Notifications about such dealings in the 2021 financial year were published on the Internet.

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 the Company 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 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—anononymously, 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.

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

Management Board

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.

Throughout 2021 the Management Board consisted of five members and had one Chairman. 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 member of the Management Board has reached the general retirement age. The Management Board has in place policies and procedures for the business it conducts 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, 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. There were no conflicts of interest involving members of the E.ON SE Management Board in the year under review.

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.

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.

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.

Supervisory Board

To ensure that, after the acquisition of the majority of the shares of innogy SE, 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. Persons are not eligible as Supervisory Board members if they:

- (as stipulated by the AktG) are already supervisory board members in ten commercial companies that are required by law to form a supervisory board.

- are legal representatives of an enterprise controlled by the Company,
- are legal representatives of another corporation whose supervisory board includes a member of the Company's Management Board,
- were a member of the Company's Management Board in the past two years, unless the person concerned is nominated by shareholders who hold more than 25 percent of the Company's voting rights.

The members of the E.ON SE Supervisory Board fulfill these requirements. Pursuant to the AktG, at least one member of the Supervisory Board must have expert knowledge in accounting, and at least another member must have expert knowledge in the auditing of financial statements. The Supervisory Board believes that, in particular, Andreas Schmitz and Ulrich Grillo meet this requirement. It also believes that its members in their entirety are familiar with the sector in which the Company operates.

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, such as the Group's investment, finance, and personnel plans; the acquisition or sale of companies, equity interests, parts of companies (with the exception of equity investments), or asset investments whose fair value or, in the absence of a fair value, whose book value exceeds €300 million; financing measures that exceed €1 billion and have not been covered by Supervisory Board resolutions regarding finance plans; and the

conclusion, amendment, or termination of affiliation agreements. The Supervisory Board examines the Financial Statements of E.ON SE, the Management Report, and the proposal for profit appropriation and, on the basis of the Audit and Risk Committee's preliminary review, the Consolidated Financial Statements and the Separate Combined Non-financial Report. The Supervisory Board provides to the Annual Shareholders Meeting a written report on the results of this examination.

The Supervisory Board has established rules and procedures for itself, which are available on the Company's Internet page. It 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. Shareholder representatives and employee representatives can prepare for Supervisory Board meetings separately. In the event of a tie vote on the Supervisory Board, the Chairman has the tie-breaking vote.

Furthermore, the Supervisory Board's rules and procedures stipulated that the Supervisory Board will hold executive sessions on a regular basis; that is, to meet without the Management Board.

In view of recommendation C.1 of the German Corporate Governance Code, dated December 16, 2019, 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 a competency profile for the entire Supervisory Board, that go beyond the applicable legal requirements. They 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) In this context, the following general objectives shall be observed:

- Given a total number of 20 Supervisory Board members, the shareholder representatives believe that at least six of them should be independent of the Company and the Management Board. Members shall be deemed to be independent if they have no personal or business relationship with the Company or its Management 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 Management Board, the shareholder representatives shall consider in particular whether a Supervisory Board member or a close family member was a member of the Company's Management Board in the two years prior to appointment, currently has (or until the year of appointment had) a significant business relationship with the Company or one of its affiliates, either directly or as a shareholder or corporate officer of a company outside the Group, is a close family member of a Management Board member, 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 and Risk Committee and the Chairman of the Executive Committee shall be independent of the Company and the Management Board.
- The Supervisory Board shall not include more than two former members of the Board of Management.

- 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 one of its competitors.

- Supervisory Board membership shall be limited to no more than 15 years.

- All Supervisory Board members must have sufficient time available to perform their duties on the boards of various companies. Persons who are not members of the management board of a listed company should only be eligible as members of E.ON's Supervisory Board if they do not have seats on a total of more than five supervisory boards of listed non-Group companies or exercise a similar function; being a chairperson of a supervisory board counts twice. Persons who are members of the board of management of a listed company should only be eligible as members of E.ON's Supervisory Board if they do not have seats on a total of more than two supervisory boards of listed non-Group companies, exercise a comparable function, and are not the chairperson of the supervisory board of a listed non-Group company.

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.

- As a rule, members of the Supervisory Board shall not hold office beyond the age of 75; they should not be older than 72 years when they are elected.
- Four Supervisory Board members shall have international experience, i.e. they shall have spent, for instance, many years 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 shareholders' representatives should have leadership experience in companies or other large organizations by the majority. At least four members shall have experience, as management or supervisory board members, in the strategic management or supervision of listed organizations and shall be familiar with the functioning of capital and financial markets.
- At least two members shall be familiar, in particular, with innovation, disruption and digitization and the associated new business models and cultural change.

- At least four members shall have specific expertise in the businesses and markets that are particularly relevant for E.ON. This includes in particular the energy sector, the sales and retail business, regulated industries, new technology as well as relevant customer sectors.

- At least two independent representatives of the shareholders shall have expertise in the fields of accounting, risk management and auditing of financial statements.

- At least two members shall be familiar with legal and compliance, HR, IT and sustainability, more specially in the dimensions of environmental protection, social, and governance ("ESG").

Current Composition of the Supervisory Board

a) The Supervisory Board believes that all of its members—thus 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 of more than 15 years. The Supervisory Board's assessment 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 includes two members of executive boards of listed companies during the course of the year, namely Rolf Martin Schmitz, who was Chief Executive Officer of RWE Aktiengesellschaft until the end of April 2021, and Carolina Dybeck Happe, who has been CFO of General Electric Company since March 2020. In addition, these Supervisory Board members 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.

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 occurred from the 2018 Annual Shareholders Meeting. The age range of the Supervisory Board is currently 46 to 75 years. At least four members have international experience.

c) 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. In view of continually changing business requirements, the Supervisory Board will continue to identify necessary competencies early to ensure that these are covered. The Supervisory Board believes that the requirements of the Supervisory Board's competency profile are met by the current members of the Supervisory Board.

Current CVs of Supervisory Board members are published on the Company's Internet page.

The Supervisory Board has established the following committees and defined rules and procedures for them:

The Executive Committee consists of six members: the Supervisory Board Chairman, his two Deputies, another member elected at the recommendation of employee representatives, and two more members elected at the recommendation of shareholder representatives. It prepares the meetings of the Supervisory Board and advises the Management Board on matters of general policy relating to the Company's strategic development. In urgent cases (in other words, if waiting for the Supervisory Board's prior approval would materially prejudice the Company), the Executive Committee acts on the full Supervisory Board's behalf. In addition, a key task of the Executive Committee is to prepare the Supervisory Board's personnel decisions and resolutions for setting the respective total compensation of individual Management Board members within the meaning of Section 87, AktG.

Furthermore, it is responsible for the conclusion, alteration, and termination of the service agreements of Management Board members and for presenting the Supervisory Board with a proposal for a resolution on a clear and comprehensible compensation system for the Management Board and its periodic review. In addition, it prepares the Supervisory Board's decision on the Group's investment, financial, and personnel plan for the next financial year. It also deals with corporate governance matters and reports to the Supervisory Board, generally once a year, on the status and effectiveness of, and possible ways of improving, the Company's corporate governance and on new requirements and developments in this area.

In addition, the Executive Committee advises the Management Board on all issues of Group financing and investment planning. It decides on behalf of the Supervisory Board on the approval of the acquisition and disposition of companies, equity interests, and parts of companies whose value exceeds €300 million but does not exceed €600 million. Furthermore, the Management Board must present to the Executive Committee investments if, in the case of a fixed-asset investment of more than €300 million, the Management Board is convinced that the approved investment amount will be surpassed by more than 10 percent or if the Management Board perceives that the investment is no longer economic; that is, that it will no longer achieve its cost of capital. Additionally, the Executive Committee decides on behalf of the Supervisory Board on the approval of financing measures whose value exceeds €1 billion but not €2.5 billion if such measures are not covered by the Supervisory Board's resolutions regarding finance plans. If the value of any such transactions or measures exceeds the aforementioned thresholds, the committee prepares the Supervisory Board's decision. Finally, the Executive Committee prepares decisions on transactions with members of the Management Board and Supervisory Board,

represents the Company vis-à-vis the Management Board, and is responsible for approving the assignment of task areas to individual Management Board members and for other activities of a Management Board member.

The Audit and Risk Committee consists of six members. The Supervisory Board believes that, in their entirety, the members of the Audit and Risk Committee are familiar with the sector in which the Company operates. According to the AktG, the Audit and Risk Committee must include one Supervisory Board member who has expertise in accounting and at least another member with expertise in the auditing of financial statements. The Supervisory Board believes that in particular Andreas Schmitz and Ulrich Grillo fulfill this requirement. Pursuant to the recommendations of the German Corporate Governance Code, dated December 16, 2019, the Chairman of the Audit and Risk Committee should have special knowledge and experience in the application of accounting principles and internal control processes and be familiar with the auditing of financial statements. In addition, this person should be independent; in other words, in particular not a former Management Board member whose service on the Management Board ended less than two years ago and not simultaneously the Supervisory Board Chairman. The Supervisory Board believes that the Chairman of the Audit and Risk Committee, Andreas Schmitz, fulfills these requirements.

In particular, the Audit and Risk Committee deals with the auditing of financial statements, the monitoring of the accounting process, the effectiveness of risk management as well as the independent audit (including the quality of the audit) and compliance. Dealing with risk management includes reviewing the effectiveness of the internal control system, the internal risk management system, and

the internal audit system. The Audit and Risk Committee deals with Internal Audit's activities and the definition of the audit priorities on a regular basis.

The committee also prepares the Supervisory Board's decision on the approval of the Financial Statements of E.ON SE and the Consolidated Financial Statements. It is responsible for the preliminary review of the Financial Statements of E.ON SE, the Management Report, the Consolidated Financial Statements, the Combined Group Management Report and the proposal for profit appropriation as well as the Separate Non-financial Report and the Separate Combined Non-financial Report. It discusses the half-yearly reports and quarterly statements or financial reports with the Management Board prior to their publication. The effectiveness of the internal controls (including for the financial disclosures) at E.ON SE and the Group's units is tested by Internal Audit as part of a risk-oriented audit plan. The audit of the internal controls is also part of the audit of the Consolidated Financial Statements. The Audit and Risk Committee may commission an external review of the contents of the Non-financial Statement or the Separate Non-financial Report or the Combined Non-financial Statement or the Separate Combined Non-financial Report.

In addition, the Audit and Risk Committee prepares the proposal on the selection of the Company's independent auditor for the Annual Shareholders Meeting and makes a substantiated proposal, which in cases where the audit mandate is put out to tender includes at least two candidates. In order to ensure the auditor's independence, prior to making its selection proposal, the Audit and Risk Committee secures a statement from the proposed auditor detailing any facts that could lead to the audit firm being excluded for independence reasons or otherwise conflicted. In addition, the committee deals with issues relating to the issuance of the audit mandate to the independent auditor, the definition of the audit priorities, and the

agreement regarding the independent auditor's fees as well as any additional services performed by the independent auditor. The Audit and Risk Committee assesses the quality of the independent audit on a regular basis.


In being assigned the audit task, the independent auditor agrees to:

- promptly inform the Chairman of the Audit and Risk Committee should any facts arise during the course of the audit that could lead to the audit firm being excluded for independence reasons or otherwise conflicted, unless such facts are resolved
- promptly inform the Chairman of the Audit and Risk Committee of anything it becomes aware of during the course of the audit that is of relevance to the Supervisory Board's duties
- inform the Chairman of the Audit and Risk Committee, or to note in the audit report, if the audit has led to findings that contradict the Declaration of Compliance with the German Corporate Governance Code issued by the Management Board and the Supervisory Board.

The Audit and Risk Committee decides on the approval of related-party transactions and deals with the internal procedure for assessing market conformity and the execution of related-party transactions in the ordinary course of business.

The Innovation and Sustainability Committee consists of six members. It advises the Management Board on all innovation issues and growth opportunities. The focus is on opportunities that could deliver significant growth in sales and profit within the foreseeable future. These types of opportunities could range from new business models, markets, products, and services to innovative solutions that tangibly improve the customer experience, employees' daily work, or processes. The Innovation and Sustainability Committee advises the Management Board on E.ON's digital transformation with the aim of making the Company more automated, leaner, and more data-driven. The committee also addresses issues relating to E.ON's HR agenda that help employees adopt a growth and innovation mentality, such as engagement, capabilities, work methods of the future, and cultural change. In addition, the committee advises the Supervisory Board and the Management Board on environmental, social, governance ("ESG"), and sustainability issues.

The Nomination Committee consists of three shareholder representative members. Its Chairman is the Chairman of the Supervisory Board. Its task is to recommend to the Supervisory Board, taking into consideration the Supervisory Board's targets for its composition, suitable candidates for election to the Supervisory Board by the Annual Shareholders Meeting.

The Audit and Risk Committee and Executive Committee meet at regular intervals and when specific circumstances require it under their rules and procedures. The Nomination Committee and the Innovation and Sustainability Committee meet as needed. The Report of the Supervisory Board (on pages 31 to 32 ) contains information about the activities of the Supervisory Board and its committees in the year under review.

The Supervisory Board's committees have the following composition:

Executive Committee

Dr. Karl-Ludwig Kley, Chairman
Christoph Schmitz, Deputy Chairman
Erich Clementi
Ulrich Grillo
Fred Schulz
Albert Zettl

Audit and Risk Committee

Andreas Schmitz, Chairman
Fred Schulz, Deputy Chairman
Ulrich Grillo
René Pöhls
Elisabeth Wallbaum
Deborah Wilkens

Innovations and Sustainability Committee

Dr. Karen de Segundo, Chairwoman
Stefan May, Deputy Chairman
Klaus Fröhlich
Monika Kriebber
Eugen-Gheorghe Luha
Ewald Woste

Nomination Committee

Dr. Karl-Ludwig Kley, Chairman
Erich Clementi, Deputy Chairman
Dr. Karen de Segundo

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 improving the discussion culture of virtual meetings and focusing more on the analysis of the competitive environment.

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 Covid-19 pandemic, the 2021 E.ON SE Annual Shareholders Meeting as well as 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.

The EU Regulation on Statutory Audit introduced an obligation for the statutory auditor and/or firm to be rotated periodically. Such a rotation was to be carried out for the 2021 financial year.

After the conclusion of the multistage review process and in accordance with the Supervisory Board's recommendation, on May 28, 2020, 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 2021. On May 19, 2021, 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 2022 financial year. The Supervisory Board intends to recommend to the 2022 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 2022 financial year and the first quarter of the 2023 financial year.

Women and Men in Leadership Positions Pursuant to Section 76, Paragraph 4, and Section 111, Paragraph 5, of the German Stock Corporation Act

In the year under review, the E.ON SE Management Board consisted of five men until the departure of Johannes Teyssen. Since the appointment of Victoria Ossadnik effective April 1, 2021, a woman is also a member of the E.ON SE Management Board. The 20-percent target for the proportion of women on the Management Board set by the Supervisory Board in December 2016, which had a deadline until December 31, 2021, for implementation, was achieved. The statutory minimum composition requirement of at least one woman and at least one man, which applies from August 1, 2022, is thus already met.

In May 2017 the Management Board set a target of 30 percent for the proportion of women in the first level of management below the Management Board and a target of 35 percent for the second level of management below the Management Board. The deadline for achieving both targets is June 30, 2022. At year-end 2021, the proportion of women in first and second levels of management below the Management Board was 28.0 percent and 30.4 percent, respectively.

For all other E.ON Group companies concerned, targets and deadlines pursuant to the Law for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector were set for the proportion of women on these companies' supervisory board and management board or team of managing directors as well as in the next two levels of management. As a rule, the deadline for achieving these targets is June 30, 2022.

Diversity Concept and Long-term Succession Plan for the Management Board

At its meeting in December 2017 the E.ON SE Supervisory Board adopted a resolution on the following succession planning/diversity concept 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

The diversity concept consists of the following items:

- 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 Supervisory Board has therefore adopted a target quota of 20 percent for the share of women on the Management Board which was to be achieved by December 31, 2021.

- 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.

Achievement of Objectives

The composition of the Management Board already 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.



Compensation Report

Compensation Report

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E.ON Compensation Report 2021

I. Introduction

This Compensation Report describes the basic features and design of the compensation for the E.ON SE Management Board and Supervisory Board. It was prepared by the E.ON SE Management Board and Supervisory Board in accordance with the requirements of Section 162 of the German Stock Corporation Act (known by its German abbreviation, "AktG") and complies with the recommendations as well as the suggestions of the German Corporate Governance Code (known by its German abbreviation, "DCGK") in its current version dated December 16, 2019.

The Compensation Report and the report on the formal and substantive audit of the Compensation Report by KPMG AG Wirtschaftsprüfungsgesellschaft can be found on E.ON's Internet page.

The figures presented in the tables of the Compensation Report may not add up precisely due to rounding. The same applies to the percentages shown, which may not represent the exact absolute figures due to rounding.

II. Letter from the Chairman of the Supervisory Board

Dear Shareholders,

For the first time we are presenting the Compensation Report required by the Act Implementing the Second Shareholders' Rights Directive ("ARUG II"). It provides you with detailed insights into all relevant aspects and facts regarding the compensation of the Management Board and Supervisory Board for the 2021 financial year.

In the following, I summarize the most important compensation-related events of the past financial year.

Altered Reporting Framework due to ARUG II

As a result of ARUG II's entry into force, the Compensation Report was prepared for the first time on the basis of the new regulatory requirements of Section 162 AktG.

In addition to the associated changes in content, there is now also an annual vote on the Compensation Report at the Annual Shareholders Meeting. This Compensation Report will therefore be submitted to you for approval at the 2022 Annual Shareholders Meeting

Business Performance and Management Board Compensation in the 2021 Financial Year

Through the performance-based compensation components and the consideration of strategically relevant performance criteria, the Management Board compensation system links the compensation of Management Board members to E.ON's business performance and thus promotes our company's long-term performance.

E.ON had a successful 2021 financial year, slightly surpassing its forecast for several earnings metrics. It had significantly increased its full-year forecast for multiple metrics in August. The reason was the implementation of the public-law agreement of March 25, 2021, between the German federal government and the country's nuclear power plant operators. In this context, previous purchases of residual power output rights were refunded. This resulted in a positive effect of roughly €0.6 billion for E.ON, which was the reason for the increased forecast in August. E.ON raised its forecast range for adjusted EBIT for the 2021 financial year from €3.8 to 4.0 billion to €4.4 to 4.6 billion. It also raised the forecast range for adjusted

net income from €1.7 to 1.9 billion to €2.2 to 2.4 billion. E.ON's adjusted EBIT of €4.7 billion and adjusted net income of €2.5 billion both surpassed the forecast range. The main drivers of this good earnings performance were higher sales prices in the second half of the year and high capacity utilization at PreussenElektra's remaining power plants. E.ON's core operating business also delivered a positive performance, owing in part to cost savings and higher sales volumes in almost all regional markets. Cost savings, primarily at the U.K. sales business, also led to improved earnings. Earnings per share based on adjusted net income ("EPS") for the 2021 financial year amounted to €0.96 (prior year: €0.63).

This result was influenced, among other things, by the success of the agreement reached with the German federal government and the other nuclear power plant operators on residual electricity output. For the purpose of calculating the bonus, only the income contribution of this agreement for 2021 was considered to impact earnings as the budget year currently to be assessed. As a result of the EPS achieved in the 2021 financial year and the individual performance, the target achievement of the 2021 bonus for the Management Board members active as of December 31, 2021, is 176 percent.

The E.ON Performance Plan is calculated on the basis of the performance of E.ON's total shareholder return ("TSR") compared with the TSR performance of the companies in the STOXX® Europe 600 Utilities. For the second tranche of the E.ON Performance Plan (2018–2021), which ended at the end of the 2021 financial year and will be paid out in 2022, the target achievement in the relative TSR performance and the absolute share price performance result in a payout of 111 percent of the target amount

Resolution and Approval of the New Compensation System for the Management Board

At the beginning of the 2021 financial year, the Supervisory Board resolved a new compensation system for the Management Board. The new compensation system was submitted to the 2021 Annual Shareholders Meeting for resolution and approved by it with a majority of 92.56 percent. The previous compensation rules, which were resolved at the 2016 Annual Shareholders Meeting, were replaced by the new compensation system for all Management Board

members effective January 1, 2022. The introduction of the new compensation system takes account of the new legal requirements of ARUG II and the current recommendations of the revised version of the DCGK. In addition, the alignment with E.ON's corporate strategy is strengthened. The new compensation system establishes an even stronger incentive for successful and sustainable corporate governance and continues to promote the Company's long-term performance. The main changes can be summarized as follows:

Annual bonus	<ul style="list-style-type: none"> Factor in a non-financial performance criterion alongside EPS with a weighting of 20 percent Net Promoter Score (NPS) is included as a non-financial criterion
E.ON Performance Plan	<ul style="list-style-type: none"> Introduce ROCE (weighting 25 percent) as a second financial performance criterion alongside relative TSR (weighting 50 percent) Include the E.ON Sustainability Index as another performance criterion (weighting 25 percent)
Pension substitute	<ul style="list-style-type: none"> Eliminate company pension plan and introduce a pension substitute for newly appointed Management Board members Management Board members in office at December 31, 2021, have the option to choose
Compensation caps	<ul style="list-style-type: none"> Set maximum compensation The maximum for the Management Board Chairman is €10,000,000, and for each ordinary Management Board member €5,500,000
Share Ownership Guidelines	<ul style="list-style-type: none"> Extend the holding period for shares held under the Share Ownership Guidelines to two years after departure from the Management Board
Other contractual provisions	<ul style="list-style-type: none"> Introduction of malus and clawback rules Set severance caps in accordance with new DCGK recommendations

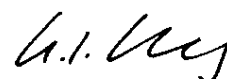
Confirmatory Resolution on the Supervisory Board's Compensation System

At the 2021 Annual Shareholders Meeting, a confirming resolution was also passed on the Supervisory Board's compensation system, which was approved by 99.31 percent of the votes cast.

Change in the Management Board's Composition

Johannes Teyssen ended his service on the Management Board effective March 31, 2021, after more than ten years as Management Board Chairman. The Supervisory Board appointed Leonhard Birnbaum to succeed him as Management Board Chairman effective April 1, 2021. Further, Victoria Ossadnik was appointed as a Management Board member for the newly created area of responsibility "Digitalization." In addition, Karsten Wildberger ended his service on the Management Board prematurely effective July 31, 2021. The Supervisory Board appointed Patrick Lammers to succeed him as Management Board member with responsibility for "Sales and Customer Solutions" effective August 1, 2021. To ensure a uniform incentive system for the Management Board, the compensation system applicable to the other Management Board members applies to the new members appointed in the 2021 financial year.

Taking into account the new regulatory requirements of Section 162 AktG, we stand by our objective of providing you with the usual comprehensive transparency on the compensation of the E.ON Management Board and Supervisory Board, while at the same time comprehensively addressing the requirements of the capital market.



Karl-Ludwig Kley
Chairman of the E.ON SE Supervisory Board

III. Compensation of the Management Board in the 2021 Financial Year

The compensation of the Management Board in the 2021 financial year is presented and disclosed in detail below.

1 Compensation Governance

The Supervisory Board as a whole is responsible for determining the compensation system as well as the amount and structure of Management Board compensation. The compensation system for the members of the Management Board is determined by the Supervisory Board in accordance with Section 87, Paragraph 1, and Section 87a, Paragraph 1 AktG on the basis of a proposal by the Executive Committee. After the Supervisory Board passes this resolution, the compensation system is submitted to the Annual Shareholders Meeting for approval.

The new compensation system for the Management Board resolved by the Supervisory Board on March 23, 2021, and approved by the 2021 Annual Shareholders Meeting applies from January 1, 2022. The compensation system in place since January 1, 2017, was applied for the last time in the 2021 financial year ("Compensation system 2017").

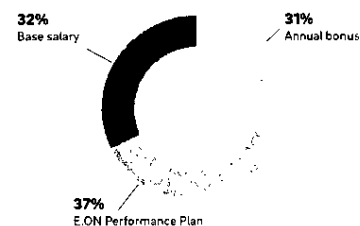
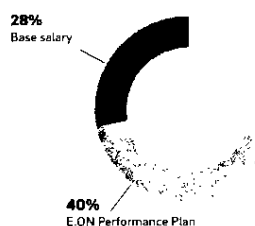
Furthermore, for the respective upcoming financial year, the Supervisory Board sets the target values used to measure the Management Board's performance for the performance criteria that are applied in the financial year.

In addition, the Supervisory Board sets the specific target compensation for the members of the Management Board.

Following the appointment of Leonhard Birnbaum as Management Board Chairman effective April 1, 2021, the following target direct compensation (base salary, target amount bonus, target amount E.ON Performance Plan) applied to the Management Board Chairman and the ordinary Management Board members for the 2021

financial year (on a full-year basis). The amount of Leonhard Birnbaum's target direct compensation as Management Board Chairman corresponds to that of the former Management Board Chairman, Johannes Teyssen.

in €k		
Base salary	1,220	700
Annual bonus	1,420	675
E.ON Performance Plan	1,750	825
Target direct compensation	4,390	2,200



In setting the compensation of the Management Board members, the Supervisory Board, in accordance with Section 87, Paragraph 1 AktG, shall ensure that it is commensurate with the duties of the individual Management Board member, their individual performance, and the Company's economic situation, and that it does not exceed the customary compensation without special reasons. Furthermore, when setting the compensation, the Supervisory Board shall ensure that the compensation structure is geared towards the Company's sustainable and long-term development.

With the Executive Committee's support, the Supervisory Board reviews the appropriateness of Management Board members' compensation on a regular basis. In assessing the appropriateness of Management Board compensation, a horizontal comparison is made with the compensation paid to Management Board members of comparable companies. DAX companies are used as a peer group for this purpose. Since September 20, 2021, the peer group therefore consists of 40 companies. In addition, a vertical comparison of compensation within E.ON is also carried out, taking into account the ratio of Management Board compensation to that of the Company's executives and the rest of its workforce. Both the current ratio and the change in the ratio over time are reviewed on a regular basis.

The most recent review of the appropriateness of Management Board compensation was conducted in the 2021 financial year. The Supervisory Board's review of the level and structure of compensation was supported by an independent external compensation expert. This review resulted in the appropriateness of Management Board compensation being confirmed.

2 Basic features of Management Board Compensation
E.ON aims to strengthen and expand its leading position in the European energy market. The objective is to align E.ON to the new energy world, which is increasingly shaped by autonomous and proactive customers, and be their leading partner for the new energy world. Part of E.ON's strategy is to continue to promote and embed a strong performance culture in the interests of its various stakeholders. Management Board compensation represents an important governance element for implementing the corporate strategy and

creates incentives for achieving the objectives that have been set. The compensation of the Management Board is linked to E.ON's performance to a high degree and therefore clearly reflects the pay-for-performance concept.

In designing and determining the Management Board compensation, the Supervisory Board is guided in particular by the following principles:

Promote the corporate strategy	The Management Board's compensation is closely linked to the strategy of E.ON via defined targets for variable compensation and thus promotes the Company's business strategy.
Appropriateness of the compensation	Management Board compensation is appropriate from a horizontal perspective in comparison with competitors as well as from a vertical perspective in an internal comparison with other employees.
Pay-for-performance	The majority of the compensation consists of performance-based compensation components that are especially geared to the Company's success by means of setting ambitious targets.
Long-term business development	To reinforce the long-term aspect, performance-based compensation is predominantly assessed on a multi-year basis.
Consideration of Shareholder Interests	In order to align management's and shareholders' interests and objectives, long-term variable compensation is based not only on the performance of E.ON's share price in absolute terms but also on a comparison with competitors. Share Ownership Guidelines further strengthen the capital-market orientation and shareholder culture.

Management Board compensation in the 2021 financial year was for the final time based on the Compensation System 2017 and consisted primarily of non-performance-based and performance-based compensation components. The non-performance-based components consist of base salary, fringe benefits, and pension benefits, while the performance-based components include the annual bonus and long-term variable compensation in the form of

the E.ON Performance Plan. In addition, the E.ON Share Matching Plan was granted as part of long-term variable compensation until 2016; and was paid out for the last time in the 2021 financial year.

In addition, other compensation provisions exist for Management Board members, including share ownership guidelines and malus and clawback rules.

The following table provides an overview of the components of the Management Board's compensation system for the 2021 financial year as well as their respective metrics and parameters:

Overview compensation components

Overview compensation components	
Non-performance-based compensation	
Base salary	Fixed compensation paid out in 12 monthly instalments
Fringe benefits	Chauffeur-driven company car, telecommunications equipment, insurance premiums, medical examination
Pension benefits	<ul style="list-style-type: none"> Final-salary-based benefits¹ <ul style="list-style-type: none"> Lifelong pension payment equalling a maximum of 75 percent of fixed compensation from the age of 60 Pension payments for widows and children equalling 60 percent and 15 percent, respectively, of pension entitlement Contribution-based benefits <ul style="list-style-type: none"> Virtual contributions equalling a maximum of 21 percent of fixed compensation and target bonus Virtual contributions capitalized using interest rate based on long-term German treasury notes Payment of pension account balance from age 62 as a lifelong pension, in instalments, or in a lump sum
Performance-based compensation	
Annual bonus	<ul style="list-style-type: none"> Annual target bonus corresponds to about 45 percent of performance-based compensation Amount of bonus depends on <ul style="list-style-type: none"> Company performance: actual EPS versus budget (based on adjusted net income) Individual performance factor: collective performance and individual performance ("bonus/malus") Cap: 200 percent of target bonus
Possibility of special compensation	May be awarded, at the Supervisory Board's discretion, for outstanding achievements as part of the annual bonus as long as the total bonus remains under the cap.
Long-term variable compensation: E.ON Share Matching Plan (granted until 2016)	<ul style="list-style-type: none"> Granting of virtual shares of E.ON with a four-year performance period Number of virtual shares: 1/3 from the annual bonus (LTI component) + base matching (1:1) + performance matching (1:0 to 1:2) depending on ROCE during the performance period Value development depends on the 60-day average price of the E.ON share at the end of the performance period and on the dividend payments during the four-year performance period Cap: 200 percent of the target amount
Long-term variable compensation: E.ON Performance Plan (granted from 2017)	<ul style="list-style-type: none"> Annual target amount corresponds to about 55 percent of performance-based compensation Granting of virtual shares of E.ON with a four-year performance period Final number of virtual shares depends on E.ON's TSR relative to the TSR of companies in the STOXX® Europe 600 Utilities index: 1/4 of TSR performance is locked in annually Allocation limit; that is, the maximum number of virtual shares: 150 percent Value development depends on the 60-day average price of the E.ON share at the end of the performance period and on the dividend payments during the four-year performance period Cap: 200 percent of the target amount

¹ Only applies to Johannes Teysen

Overview compensation components

Component	Description
Other compensation provisions	
Share Ownership Guidelines	<ul style="list-style-type: none"> Obligation to buy and hold E.ON shares until the end of service on the Management Board Investment in E.ON shares equaling a percentage of base salary <ul style="list-style-type: none"> ~ 200 percent (Management Board Chairperson) ~ 150 percent (other Management Board members) Until the required investment is reached, obligation to invest net payouts from long-term compensation in E.ON shares
Severance cap	Maximum of two years' total compensation or the total compensation for the remainder of the service agreement
Settlement for change-of-control	Severance payment in the amount of no more than two years' total target compensation (base salary, target bonus, and fringe benefits), but no more than the total compensation for the year for the remaining term of the service agreement. ²
Non-compete clause	For six months after termination of service agreement, prorated compensation equal to fixed compensation and target bonus, at a minimum 60 percent of most recently received compensation. Severance payments are credited against the compensation payment
Malus and clawback rules ³	Possibility for the Supervisory Board to reduce or reclaim the performance-based compensation in part or in full in the event of: <ul style="list-style-type: none"> deliberate breaches of duty in the form of <ul style="list-style-type: none"> non-compliance with material provisions of E.ON's internal Code of Conduct and/or material contractual duties a significant breach of due diligence obligations as defined in section 93 of the German Stock Corporation Act a determination or payout of variable compensation on the basis of incorrect consolidated financial statements

²The limitation to the remaining term of the service agreement applied in the 2021 financial year to Leonhard Brinbaum (since April 1, 2021) as well as to the Management Board members newly appointed in the 2021 financial year and, effective January 1, 2022, to all Management Board members

³The malus and clawback rules applied in the 2021 financial year to Leonhard Brinbaum (since April 1, 2021) as well as to the Management Board members newly appointed in the 2021 financial year and, effective January 1, 2022, to all Management Board members

3 Management Board Compensation in the 2021 Financial Year in Detail

3.1. Non-Performance-Based Compensation

Non-performance-based compensation consists of a base salary, fringe benefits, and pension benefits.

3.1.1. Base Salary

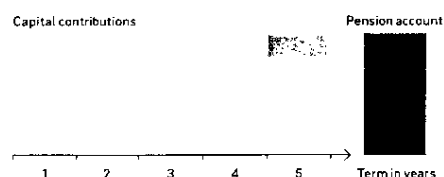
Management Board members receive their fixed compensation in twelve monthly payments.

3.1.2. Fringe Benefits

Management Board members receive a number of contractual fringe benefits, including the use of a chauffeur-driven company car. The Company also provides them with the necessary telecommunications equipment, covers costs that include those for a periodic medical examination, and pays the premium for an accident insurance policy.

3.1.3. Pension Benefits

Members appointed to the Management Board since 2010 are enrolled in the "Contribution Plan E.ON Management Board", which is a contribution-based pension plan.



The Company makes virtual contributions to Management Board members' pension accounts in an amount equal to a percentage of their pensionable income (base salary and annual bonus). The contribution percentage is at most 21 percent. The annual contribution consists of a fixed base percentage (16 percent) and a matching contribution (5 percent). The requirement for the matching contribution to be granted is that the Management Board member contributes, at a minimum, the same amount by having it withheld from his or her compensation. The company-funded matching contribution is suspended if and as long as the E.ON Group's ROCE is less than its cost of capital for three years in a row. The contributions are capitalized using actuarial principles (based on a standard retirement age of 62) and placed in Management Board members' pension accounts. The interest rate used for each year is based on the return of long-term German treasury notes. At the age of 62 at the earliest, a Management Board member (or his or her survivors) may choose to have the pension account balance paid out as a life-long pension, in installments, or in a lump sum. Individual Management Board members' actual resulting pension entitlement cannot be calculated precisely in advance. It depends on a number of uncertain parameters, in particular the changes in their individual salary, their total years of service, the attainment of company targets, and interest rates. For a Management Board member enrolled in the plan at the age of 50, the company-financed, contribution-based pension payment is currently estimated to be between 30 and 35 percent of his or her base salary (without factoring in pension benefits accrued prior to being appointed to the Management Board).

The Company has agreed to a pension plan based on final salary for the Management Board Chairman, Johannes Teyssen, who was appointed to the Management Board before 2010. Following the end of his service for the Company, Johannes Teyssen is entitled to receive lifelong monthly pension payments. Johannes Teyssen's pension entitlements provide for annual pension payments equal to 75 percent of his annual base salary. The full amount of any pension entitlements from earlier employment is offset against these payments. In addition, in the case of decease, the pension plan includes benefits for the widow and each orphan that are equal to 60 percent and 15 percent, respectively, of the deceased's pension entitlement. Together, pension payments to a widow and children may not exceed 100 percent of the deceased Management Board member's pension. The vesting of Management Board members' pension entitlements (both contribution-based and final-salary-based pension plans) is governed by the provisions of the German Occupational Pensions Improvement Act ("BetrAVG").

The service cost and present value of the existing pension entitlements as of December 31, 2021, are as follows for each member of the Management Board:

Pension entitlement:		
in €k		
Leonhard Birnbaum (Chairman since April 1, 2021)	335	3,019
Thomas König	260	3,236
Patrick Lammers (since August 1, 2021)	240	240
Victoria Ossadnik (since April 1, 2021)	611	611
Marc Spieker	243	1,396
Johannes Teyssen (until March 31, 2021)	–	28,356
Karsten Wildberger (until July 31, 2021)	176	1,315

Outlook for 2022

Management Board members newly appointed to the Management Board from January 1, 2022, will receive a lump-sum, earmarked pension substitute, to be paid out annually. The amount is defined in individual contracts, is not linked to any other compensation components and is in the range of approximately 9 to 13 percent of the total target compensation. By granting the pension substitute, the pension provision and the investment risk are transferred to the Management Board member, which eliminates long-term financing through the formation of provisions and thus the risk for the Company.

Management Board members already appointed at the time of the introduction of the pension substitute were granted a one-time option to switch to the pension substitute. They exercised this option collectively to switch to the new pension payment. Pension entitlements already acquired under the "Contribution Plan E.ON Management Board" shall remain in force. The contribution plan continues to apply at the previous level for early retirement.

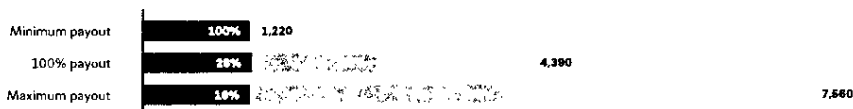
3.2. Performance-Based Compensation

Performance-based compensation accounts for the majority of Management Board members' compensation. It consists of the annual bonus (short-term incentive or "STI") and the E.ON Performance Plan (long-term incentive or "LTI"), which have terms of one and four years, respectively. The target amount of the annual bonus accounts for 45 percent of performance-based compensation, the target amount of the E.ON Performance Plan for 55 percent. By basing variable compensation predominantly on a multi-year metric, the Supervisory Board ensures the promotion of E.ON's sustainable and long-term development.

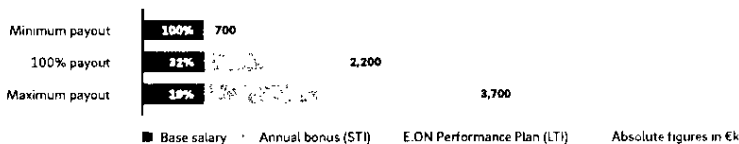
The pay-for-performance concept of Management Board compensation represents a key principle of Management Board compensation. Alongside target direct compensation's high proportion of variable compensation (about 72 percent for the Management Board Chairman, about 68 percent for ordinary Management Board members), the Supervisory Board ensures this by setting ambitious performance criteria. The Supervisory Board defines these criteria for the annual bonus and for the E.ON Performance Plan prior to the start of each financial year and the start of each tranche, respectively, thereby incentivizing operational as well as strategic corporate goals.

The following diagram illustrates the pay-for-performance concept of Management Board compensation in light of three performance scenarios:

Management Board Chairman



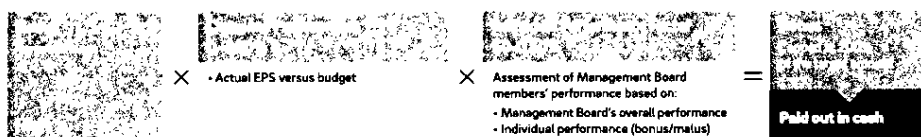
Ordinary Management Board members



	Bonus	E.ON Performance Plan
Minimum payout	0% of the target amount, E.ON Performance Plan 0% of the target amount	
100% payout	100% of the target amount, E.ON Performance Plan 100% of the target amount	
Maximum payout	200% of the target amount, E.ON Performance Plan 200% of the target amount	

3.2.1. Annual Bonus ("STI")

The annual bonus consists of a cash payment made after the end of the financial year. The amount of the bonus is based on the achievement of predefined performance criteria. These measure both company performance and individual performance using an individual performance factor. The bonus is capped at a maximum of 200 percent of the contractually agreed-on target bonus (cap). The bonus payout is calculated as follows:



As a rule, the Supervisory Board may also, as part of the annual bonus, grant Management Board members special compensation for outstanding achievements. The bonus (including any special compensation) remains capped at 200 percent of the contractually agreed target amount (cap).

As in prior years, the Supervisory Board made no use of the possibility of special compensation in 2021 financial year.

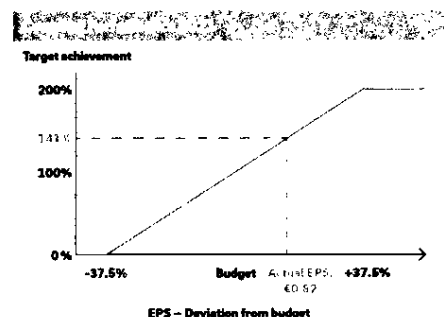
Company Performance

Company performance is assessed on the basis of EPS, E.ON's key performance indicator. EPS used for this purpose is derived from adjusted net income as disclosed in the Annual Report. EPS is used to incentivize E.ON's operating success, which constitutes the basis for our long-term strategy to be the leading partner for the new energy world. In addition, the Company's attractiveness is to be further enhanced through dividend growth. This objective is also supported by an ambitious EPS target.

The EPS target for each financial year is set by the Supervisory Board, taking into account the approved budget. The target achievement is 100 percent if actual EPS is equal to the target. If actual EPS is 37.5 percent or more below the target, this constitutes zero percent target achievement. If actual EPS is 37.5 percent or more above the target, this constitutes 200 percent target achievement. Linear interpolation is used to translate intermediate EPS figures into percentages.

The EPS achieved in the 2021 financial year was influenced, among other things, by the success of the agreement reached with the German federal government and the other nuclear power plant operators on residual electricity output. Against this background, in deviation from the Management Board compensation system and the calculation of the annual bonus provided for therein, an adjustment was made to the actual EPS as the basis for calculating the annual bonus. Only the income contribution of this agreement for 2021 was considered to impact earnings as the budget year currently

to be assessed, and EPS was adjusted accordingly from €0.96 to €0.82 as the assessment basis for determining the company performance. This results in a target achievement of 141 percent.



Individual Performance Factor

The Supervisory Board determines the degree to which Management Board members have achieved the targets of their individual performance factors, giving adequate consideration to their individual and collective contributions. The factors range between 50 and 150 percent. The amount of the bonus can therefore be adjusted up or down depending on performance (in the sense of a "bonus/malus"). In addition, the Supervisory Board has the option to take into account extraordinary developments as part of the individual performance factor and thus complies with recommendation G.11 sentence 1 of the DCGK

The targets for individual performance factors are set at the beginning of each financial year. No specific target figures are disclosed ex ante for competitive reasons. The Supervisory Board may also factor in, for example, strategic targets, quantitative and qualitative customer targets as well as performance indicators for the Company's core businesses or matters such as health, safety, and environment and personnel management.

In determining the individual performance factor for the 2021 financial year, the Supervisory Board discussed and assessed the Management Board's overall performance as well as the individual performance of Management Board members on the basis of predetermined targets.

The following presentation shows the predefined individual and collective targets for the 2021 financial year, their assessment, and the target achievement determined on this basis for the Management Board members active as of December 31, 2021

Individual Performance Factor

Individual and collective targets, particularly with regard to the following topics:	The Supervisory Board assessed the performance of the Management Board members taking into account the predefined targets for 2021 financial year. The Supervisory Board rated the following aspects as particularly positive in its assessment of the Management Board's performance:
Strategic targets and projects	<ul style="list-style-type: none"> In 2021 financial year, the Management Board adopted the new E.ON strategy as a determined growth and investment offensive to shape the energy transition. This laid a clear path for E.ON's long-term and sustainable development. E.ON updated the Green Bond Framework at an early stage with regard to the basis of the new EU taxonomy, whereupon a green bond with a volume of €750 million was subsequently issued under explicit recognition by the EU Commission. The Management Board quickly implemented the public law agreement between the German federal government and the nuclear power plant operators, resulting in significant reimbursements from payments made for the purchase of residual electricity volumes.
Digitalization	<ul style="list-style-type: none"> In 2021 financial year, the IT & Digital Technology board function was established. In addition, the Management Board has anchored the topic of digitalization as an integral part of E.ON's strategy and several major digitalization projects have already been successfully implemented. Furthermore, significant progress was made in managing cyber risks and digital employee skills were significantly strengthened.
Promoting talent and strengthening diversity	<ul style="list-style-type: none"> A comprehensive concept for strengthening women in management positions has been developed. In addition, the first concrete measures have already been taken, such as the implementation of job sharing models and the promotion of part-time management roles.
ESG strategy	<ul style="list-style-type: none"> The Management Board has anchored the Group-wide ESG strategy as a core element in the new E.ON strategy. In addition, the new ESG reporting requirements have already been successfully implemented. New ESG metrics were introduced to improve reporting and governance with regard to the ESG strategy.
Taking into account the collective performance and individual contributions of the Management Board members, the Supervisory Board has set a uniform performance factor for all Management Board members active as of December 31, 2021	

125%

For the Management Board members who left in the 2021 financial year, Johannes Teyssen and Karsten Wildberger, the individual performance factor was set at 100 percent.

Total Target Achievement and Payout Amounts

Taking into account the company performance and the individual performance factor set by the Supervisory Board for the 2021 financial year, total target achievement for the 2021 bonus, which will be paid out at the start of the 2022 financial year, is 176 percent for the Management Board members active as of December 31, 2021 and 141 percent for the Management Board members who left during the 2021 financial year:

2021 Bonus

Management Board member	Target amount	Target amount	Target achievement	Target achievement	Payout amount
Leonhard Birnbaum (Chairman since April 1, 2021)	€1,420,000 ¹	€1,271,250 ²	125%		€2,237,400
Thomas König	€675,000	€675,000	125%		€1,188,000
Patrick Lammers (since August 1, 2021)	€675,000	€281,250	125%	176%	€495,000
Victoria Ossadnik (since April 1, 2021)	€675,000	€506,250	125%		€891,000
Marc Spieker	€675,000	€675,000	125%		€1,188,000
Johannes Teysse (until March 31, 2021)	€1,417,500	€354,375	100%	141%	€499,669
Karsten Wildberger (until July 31, 2021)	€675,000	€393,750	100%		€555,188

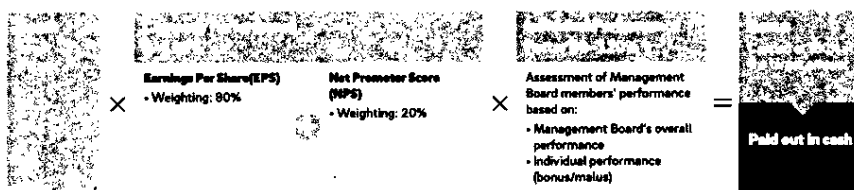
¹Corresponds to the target amount for Leonhard Birnbaum as Management Board Chairman (since April 1, 2021) on a full-year basis.

²Corresponds to the sum of the respective pro rata target amounts as an ordinary Management Board member (until March 31, 2021: €208,250) and as Management Board Chairman (from April 1, 2021: €1,065,000).

Outlook for 2022

Due to the application of the new compensation system from the 2022 financial year, the design of the annual bonus changes. In view of the importance of retaining existing customers and acquiring new ones, company performance will be supplemented by a further performance criterion. In addition to EPS¹ (80 percent weighting), Net Promoter Score (20 percent weighting) will be factored in. In addition, the range of the individual performance factor will be reduced to customary 80 to 120 percent. At the same time, the cap on the maximum payout is reduced to 180 percent. In addition, the possibility of discretionary special compensation will be eliminated.

¹Taking into account the annually determined fluctuation range defined from surplus or shortfalls in network revenues (regulatory net balances in the network business).

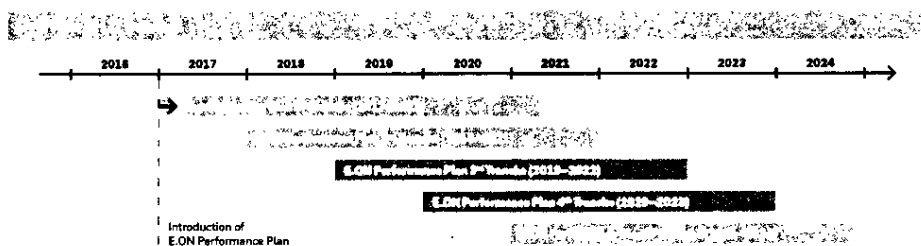


3.2.2. Long-Term Variable Compensation

Long-term variable compensation consists of the E.ON Performance Plan, which has been granted in annual tranches since 2017. The fifth tranche (2021–2024) was granted at the start of the 2021 financial year. The third tranche (2019–2022) and the fourth tranche (2020–2023) of the E.ON Performance Plan continue to run.

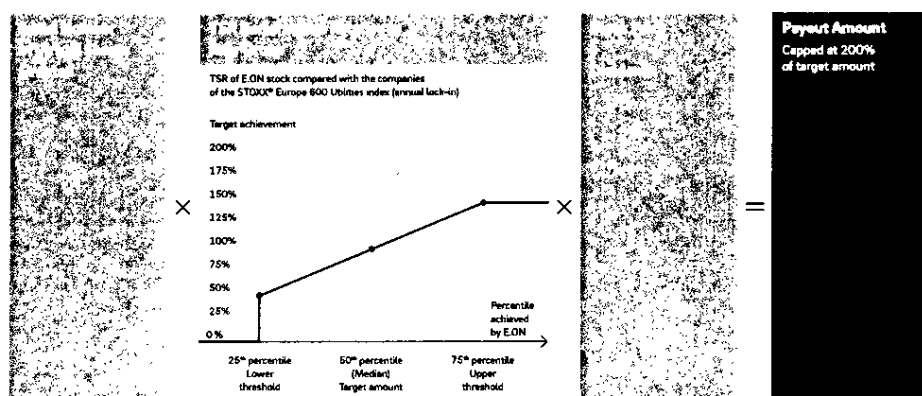
The performance period of the second tranche (2018–2021) of the E.ON Performance Plan, which was granted to Management Board members at the start of the 2018 financial year, ended at the conclusion of the 2021 financial year. The payout of this tranche takes place in April 2022.

Due to the conversion of the E.ON Share Matching Plan to the E.ON Performance Plan in the 2017 financial year, the LTI component of the 2016 bonus also ended during the 2021 financial year. It was granted as the fifth and last tranche of the E.ON Share Matching Plan (2017–2021); its performance period ended in March 2021.



3.2.2.1. E.ON Performance Plan (Granted from 2017)

Management Board members receive stock-based, long-term variable compensation under the E.ON Performance Plan, which replaced the previous E.ON Share Matching Plan as the Company's new long-term compensation system effective January 1, 2017. Each tranche of the E.ON Performance Plan has a performance period of four years to serve as a long-term incentive for sustainable business performance. Performance periods start on January 1.



In the financial year granted fifth tranche of the E.ON Performance Plan (2021–2024)

The fifth tranche of the E.ON Performance Plans was granted effective January 1, 2021. Management Board members received virtual shares in the amount of the contractually agreed-on target amount. The conversion into virtual shares is based on the fair market value on the date when the shares are granted. The fair market value is determined by applying methods accepted in financial mathematics, taking into account the expected future payout, and hence, the volatility and risk associated with the E.ON Performance Plan.

The following table shows the target amount, the fair value per share at grant and the number of performance shares granted:

E.ON Performance Plan 5 – Tranche (2021–2024)

	Target amount	Fair value per share at grant	Number of performance shares granted
Leonhard Birnbaum (Chairman since April 1, 2021)	€1,750,000	€7.65	228,759
Thomas König	€825,000	€7.65	107,844
Patrick Lammers (since August 1, 2021) ¹	€343,750	€7.65	44,935
Victoria Ossadnik (since April 1, 2021)	€825,000	€7.65	107,844
Marc Spieker	€825,000	€7.65	107,844

¹Because Patrick Lammers was not a Management Board member on the date of grant, April 1, 2021, the grant was made on the basis of a pro-rated target amount.

Johannes Teyssen did not receive a grant of the fifth tranche of the E.ON Performance Plan due to his departure from the Management Board on March 31, 2021, while in the case of Karsten Wildberger all virtual shares granted to him lapsed without any replacement due to his departure on July 31, 2021.

E.ON's corporate strategy aims to deliver sustainable growth in shareholder value. For this reason, the E.ON Performance Plan's total target achievement is measured by relative TSR. Taking TSR

into account further aligns the interests and objectives of management and shareholders. TSR is the return of the E.ON stock, which takes into account the share price plus the assumption of reinvested dividends, adjusted for changes in capital.

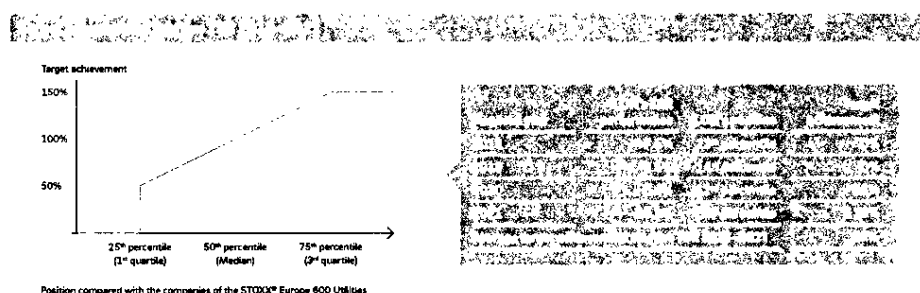
To achieve the Company's ambition to be the leading partner in the energy world, also for its investors, E.ON SE's performance is measured in comparison with competitors. The companies of the STOXX® Europe 600 Utilities sector index are used as the peer group.

During a tranche's performance period, E.ON's TSR performance is measured once a year in comparison with the companies in the peer group and set for that year. E.ON SE's TSR performance in a given year determines the final number of one fourth of the virtual shares granted at the beginning of the performance period. For this purpose, the TSRs of all companies are ranked, and E.ON SE's relative position is determined based on the percentile reached. Target achievement is 100 percent if E.ON SE's TSR is equal to the median of the peer group. The lower threshold is the 25th percentile; a TSR performance below this threshold would reduce the number of virtual shares granted by one quarter. If E.ON's performance is at or above the 75th percentile (upper cap), the quarter of virtual shares granted for that particular year increases to a maximum of 150 percent. Linear interpolation is used to translate intermediate figures into percentage.

The payout amount is determined by multiplying the number of virtual shares at the end of the performance period on the basis of the target achievement by the average price of E.ON stock in the last 60 days prior to the end of the performance period and adding the dividends per share distributed on E.ON stock during the performance period. The payout is capped at 200 percent of the contractually agreed-on target amount.

In financial year ended second tranche of the E.ON Performance Plan (2018–2021)

The performance period of the second tranche of the E.ON Performance Plan ended at the conclusion of the 2021 financial year, on December 31, 2021 (2018–2021). Target achievement was as follows:



Taking into account the closing price and cumulative dividends, the total payout amounts from the second tranche of the E.ON Performance Plan are as follows. Payout takes place in April 2022

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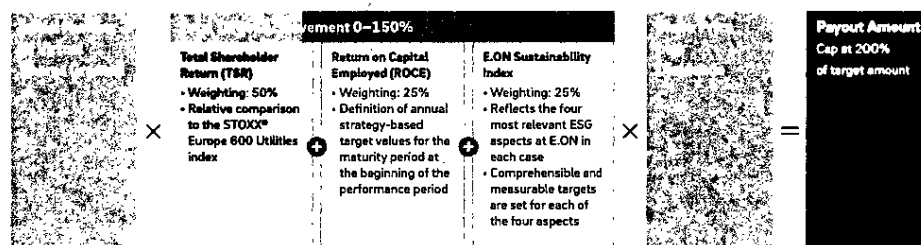
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Leonhard Birnbaum	€1,008,333	€1,008,333	€6.41	157,307	87,699	€11,141	€1.66	€4122,635	
Thomas König (since June 1, 2018)	€825,000	€481,250	€6.41	75,078	41,858	€11,141	€1.66	€535,824	
Marc Spieker	€825,000	€825,000	€6.41	128,706	71,755	€11,141	€1.66	€818,536	
Johannes Teyssen	€1,732,500	€1,732,500	€6.41	270,281	150,682	€11,141	€1.66	€1,928,880	

Due to Karsten Wildberger's departure from the Management Board effective July 31, 2021, all virtual shares granted to him under the 2nd tranche of the E.ON Performance Plan lapsed without any replacement

Outlook for 2022

With the introduction of the new compensation system effective January 1, 2022, the revised E.ON Performance Plan will be granted for the first time. From 2022 onward, alongside TSR (50 percent weighting), ROCE (25 percent weighting) and the E.ON Sustainability Index (25 percent weighting) are considered as performance criteria for long-term variable compensation.

The E.ON Sustainability Index contains the four most relevant environmental, social, and governance ("ESG") aspects at E.ON. In 2022 these are: climate action, diversity, health and safety, and ESG ratings. All ESG aspects are backed by comprehensible and measurable targets.



3.2.2.2. E.ON Share Matching Plan (Granted until 2016)

Until the introduction of the new compensation system on January 1, 2017, Management Board members received stock-based compensation under the E.ON Share Matching Plan. Until the beginning of the 2016 financial year, the Supervisory Board decided, based on the Executive Committee's recommendation, on the grant of a respective new tranche for the current financial year, including the respective targets and the number of virtual shares granted to individual members of the Management Board. To serve as a long-term incentive for sustainable business performance, each tranche had a performance period of four years. The tranche started on April 1 of each year.

Following the Supervisory Board's decision to grant a new tranche, Management Board members initially received vested virtual shares equivalent to the amount of the LTI component of their bonus. The determination of the LTI component took into consideration the overall target achievement of the old compensation system's bonus for the preceding financial year. The number of virtual shares was calculated on the basis of the amount of the LTI component and E.ON's average stock price during the first 60 days prior to the four-year performance period. Furthermore, Management Board members could receive, on the basis of annual Supervisory Board decisions, a base matching of additional non-vested virtual shares in addition to the virtual shares that resulted from their LTI component. In

addition, Management Board members could, depending on the company performance during the performance period, receive performance matching of up to two additional non-vested virtual shares per share that resulted from base matching.

The arithmetical total target amount granted at the start of the vesting period, which began on April 1 of the year in which a tranche was granted, was therefore the sum of the value of the LTI component, base matching, and performance matching (depending on the degree of achievement of a predefined company performance target).

In financial year ended fifth tranche of the E.ON Share Matching Plan (2017–2021)

The fifth and final tranche of the E.ON Share Matching Plan (2017–2021) consisted only of the LTI component of the 2016 bonus. The payout from the fifth tranche of the E.ON Share Matching Plan is calculated by multiplying the number of virtual shares granted on the basis of the LTI component by E.ON's average stock price during the last 60 days prior to the end of the performance period. To each virtual share is then added the aggregate per-share dividend paid out during the performance period. This total—cash value plus dividends—is then paid out. Payouts are capped at 200 percent of the arithmetical total target amount.

E.ON Share Matching Plan – 5th Tranche (2017–2021)

	LTI component	S				Payout	
Leonhard Birnbaum	€476,667	€7.17	66,481	€8.836	€1.40	€680,500	
Johannes Teyssen	€819,000	€7.17	114,226	€8.836	€1.40	€1,169,217	
Karsten Wildberger (since April 1, 2016)	€292,500	€7.17	40,795	€8.836	€1.40	€410,678	

3.3. Compensation Caps

To ensure appropriate compensation for Management Board members, compensation is capped in two ways. First, caps are defined for the performance-based compensation components. These are 200 percent of the target bonus for the annual bonus and likewise 200 percent of the target amount for the E.ON Performance Plan.

Second, the annual compensation to be paid out to Management Board members is subject to an overall cap. This means that the sum of the individual compensation components in one year may not exceed 200 percent of the total agreed-on target compensation, which consists of base salary, target bonus, and the target amount of long-term variable compensation. The cap increases in accordance with the amounts of fringe benefits and company pension benefits from the respective financial year.

Outlook for 2022

The new compensation system introduced effective January 1, 2022, reduces the cap for the bonus from 200 percent of the target bonus to 180 percent.

In addition to the caps on the individual performance-based compensation components, the Supervisory Board has set maximum compensation as defined in Section 87a, Paragraph 1, Sentence 2, Number 1 AktG. This limits the total amount of all compensation paid out for a financial year; that is, non-performance-based and performance-based components, including all fringe benefits, as well as any service cost for the company pension plan or any pension substitutes, regardless of the payment date. The maximum compensation for the Chairman of the Management Board is €10,000,000, and for ordinary Management Board members, €5,500,000 each.

Compliance with maximum compensation is reviewed at the end of each financial year. However, final compliance with maximum compensation for a financial year can only be reported after the end of the performance period of the last compensation component to be paid out (E.ON Performance Plan). Compliance with maximum compensation for the 2022 financial year can therefore only be reported definitively at the end of the performance period of the tranche of the E.ON Performance Plan granted in the 2022 financial year; that is, in the Compensation Report for the 2025 financial year.

3.4. Share Ownership Guidelines

To strengthen the capital-market focus and shareholder-oriented culture, effective 2017 share ownership guidelines apply to Management Board members. The guidelines obligate Management Board members to invest in E.ON shares equaling 200 percent of base salary (for the Management Board Chairperson) and 150 percent of base salary (for the other Management Board members), to

demonstrate that they have done so, and to hold the shares until the end of their service on the Management Board. Until the required investment is reached, Management Board members are obligated to invest amounts equivalent to the net payouts from their long-term compensation in actual E.ON share. The degree of fulfillment of the shareholding requirements of the individual Management Board members can be summarized as follows:

Share Ownership Guidelines

Management Board member	Share ownership guidelines effective as of	Required investment (E.ON shares)	Actual investment (E.ON shares)	Percentage of required investment
Leonhard Birnbaum (Chairman since April 1, 2021)	July 1, 2013	200	2,446	201
Thomas König	June 1, 2018	150	1,050	152
Patrick Lammers	August 1, 2021	150	1,050	289
Victoria Ossadnik	April 1, 2021	150	1,050	151
Marc Spieker	January 1, 2017	150	1,050	1,437

Furthermore, the Supervisory Board has the opportunity of partially or fully reclaiming the gross amount of variable compensation already paid out (compliance clawback) if one of the aforementioned violations becomes known or is discovered. In addition, if variable compensation has been determined or paid out on the basis of incorrect Consolidated Financial Statements, the Supervisory Board may reclaim the difference determined on the basis of a corrected determination (performance clawback).

Clawback is excluded if the payout was made more than three years ago.

Other claims of E.ON SE, in particular pursuant to Section 93, Paragraph 2 AktG, the right to revoke the appointment as defined in Section 84, Paragraph 3 AktG, and the right to terminate the service agreement without notice remain unaffected.

Neither the malus rule nor the clawback rule was made use of in the 2021 financial year.

Outlook for 2022

From January 1, 2022, Management Board members are obligated to fulfill their share ownership requirement for two additional years after leaving the Management Board.

3.5. Malus and Clawback Rules

For the Management Board members newly appointed in 2021 financial year and for Leonhard Birnbaum (since April 1, 2021), the malus and clawback rules, effective for all Management Board members with the introduction of the new compensation system

on January 1, 2022, already applied in 2021 financial year. Under these rules, the Supervisory Board has the opportunity of reducing variable compensation that has not yet been paid out (malus) or of reclaiming variable compensation that has already been paid out (clawback).

In the case of intentional violations of material provisions of E.ON's Code of Conduct and/or material contractual obligations, or in the case of a material breach of the duty of care as defined in Section 93 AktG, the Supervisory Board may, at its reasonable discretion, partially or fully reduce to zero any variable compensation not yet paid out during the assessment period in which the violation occurred.

4. Compensation-Related Transactions

4.1. Premature Termination of a Management Board Service Agreement

Ordinary termination of the service agreement is excluded. The right of either party to terminate the service agreement for cause remains unaffected. In case of premature termination of the Management Board service agreement for good cause for which the Management Board member is responsible, the Management Board member has no claim to a severance payment for the remaining term. Furthermore, all tranches of the E.ON Performance Plan not yet paid out lapse without any replacement.

In the event of premature termination of the Management Board service agreement without good cause, the Management Board service agreements provide for a severance cap in line with the recommendation of the DCGK. According to this, payments in this context may not exceed two years' compensation and may not compensate for more than the remaining term of the service agreement. Total compensation for the past financial year and the expected total compensation for the current financial year in which the service agreement ends prematurely are used to calculate the settlement payment cap.

In the event of premature termination of the Management Board service agreement due to permanent incapacity to work, the service agreement ends at the conclusion of the sixth month following the month in which the permanent incapacity to work was established. In this case, the performance period of outstanding tranches of the E.ON Performance Plan—paid out on the basis of a closing stock price determined at the premature end of the performance period, a dividend equivalent calculated prematurely, and a target achievement determined prematurely—also ends.

If a Management Board member dies during the term of the service agreement, the surviving spouse, or, alternatively, their legally dependent children, is entitled to continued payment of the base salary and the target bonus for six months following the month of death. In addition, outstanding tranches of the E.ON Performance Plan are paid out on the basis of a closing share price determined at the premature end of the performance period, a dividend equivalent calculated prematurely, and a target achievement determined prematurely.

No severance payments were made in the 2021 financial year. Due to Karsten Wildberger's resignation from the Management Board effective July 31, 2021, all virtual shares granted to him within the second to fifth tranches of the E.ON Performance Plan lapsed without any replacement.

4.2. Change of Control

In the event of a premature loss of a Management Board position due to a change of control, Management Board members are entitled to settlement payments. The change-of-control agreements stipulate that a change in control exists in three cases: a third party acquires at least 30 percent of the Company's voting rights, thus triggering the automatic requirement to make an offer for the Company pursuant to Germany's Stock Corporation Takeover Law; the Company, as a dependent entity, concludes a corporate agreement; the Company is merged with a non-affiliated company. Management Board members are entitled to a settlement payment if, within 12 months of the change of control, their service agreement is terminated by mutual consent, expires, or is terminated by them; in the latter case, however, only if their position on the Management Board is materially affected by the change in control. Management Board members' settlement payment consists of their base salary and target bonus plus fringe benefits for two years after termination of their service agreements.

For the Management Board members newly appointed in the 2021 financial year and for Leonhard Birnbaum (since April 1, 2021), in accordance with the DCGK, these settlement payments are also limited to the amount of annual compensation for the remaining term of the service agreement. This applies to the other Management Board members with the introduction of the new compensation system effective January 1, 2022. Total compensation for the past financial year and the expected total compensation for the current financial year in which the service agreement ends prematurely are used to calculate the settlement payment cap.

4.3. Non-Compete Clause

The service agreements of Management Board members include a non-compete clause. For a period of six months after the termination of their service agreement, Management Board members are contractually prohibited from working directly or indirectly for a company that competes directly or indirectly with the Company or its affiliates. Management Board members receive a compensation payment for the period of the non-compete restriction. The pro-rated payment is based on 100 percent of their contractually stipulated annual target compensation (base salary and target bonus), but is, at a minimum, 60 percent of their most recently received contractually stipulated compensation. Other benefits owed by the Company for the period after termination of the service agreement will be offset against this compensation.

For the Management Board members newly appointed in the 2021 financial year and for Leonhard Birnbaum (since April 1, 2021), other benefits owed by the Company for the period after termination of the service agreement, in particular a settlement payment in the event of premature termination of the service agreement and company pension benefits, will instead be offset against this compensation. This applies to the other Management Board members with the introduction of the new compensation system effective January 1, 2022.

In conjunction with the termination of his service agreement effective March 31, 2021, Johannes Teyssen was granted a compensation payment for the period of the non-compete restriction of €301,403 per month for the subsequent six months. Within this period, Johannes Teyssen received no pension payments. No other compensation payments for the period of the non-compete restriction were granted in the 2021 financial year.

5. Individualized Disclosure of Management Board Compensation

The target compensation as well as the compensation awarded and due of the individual Management Board member is presented below in tabular form pursuant to Section 162, Paragraph 1, Sentence 1 AktG.

5.1. Target Compensation

The following tables present target compensation for the 2021 financial year for Management Board members active as of December 31, 2021, and, for better comparability, likewise for the 2020 financial year. Target compensation consists of the compensation granted for the financial year that is paid out in the case of 100-per-cent target achievement.

Target compensation

	2021	2020	2019
Base salary ¹	1,115	25	800
Fringe benefits	14	0	23
One-year variable compensation			
2020 bonus	-	-	909
2021 bonus ¹	1,271	28	-
Multi-year variable compensation			
Performance Plan, 4 th Tranche (2020–2023)	-	-	1,008
"LTi innogy" (2020–2021)	-	-	125
Performance Plan, 5 th Tranche (2021–2024)	1,750	39	-
Total	4,150	-	2,955
Service cost	335	7	333
Total compensation	4,485	100	3,198

¹ Target amounts for 2021 based on service contract provisions until March 31, 2021 (ordinary Management Board member) and from April 1, 2021 on the basis of the service contract provisions as Management Board Chairman

Target compensation

	2020		2021		2022	
	Target	Actual	Target	Actual	Target	Actual
Base salary	700	28	700	292	25	-
Fringe benefits	46	2	46	25	2	-
One-year variable compensation						
2020 bonus	-	-	675	-	-	-
2021 bonus	675	27	-	281	24	-
Multi-year variable compensation						
Performance Plan, 4 th Tranche (2020–2023)	-	-	825	-	-	-
Performance Plan, 5 th Tranche (2021–2024) ¹	825	33	-	344	29	-
Total	2,246	-	2,246	841	-	-
Service cost	260	10	252	240	20	-
Total compensation	2,506	100	2,498	1,381	100	-

¹Because Patrick Lanniers was not a Management Board member on the date of grant, April 1, 2021, the grant was made on the basis of a pro-rated target amount.

Target compensation

	2020		2021		2022	
	Target	Actual	Target	Actual	Target	Actual
Base salary	525	21	-	700	28	700
Fringe benefits	15	1	-	50	2	53
One-year variable compensation						
2020 bonus	-	-	-	-	-	675
2021 bonus	508	20	-	675	27	-
Multi-year variable compensation						
Performance Plan, 4 th Tranche (2020–2023)	-	-	-	-	-	825
Performance Plan, 5 th Tranche (2021–2024) ¹	825	33	-	825	33	-
Total	1,872	-	-	2,250	-	2,253
Service cost	611	25	-	243	10	234
Total compensation	2,483	100	-	2,493	100	2,487

¹Because Victoria Ostadnik was a Management Board member on the date of grant, April 1, 2021, the grant was made on the basis of the full-year target amount.

5.2. Compensation Awarded and Due in the Financial Year pursuant to Section 162 AktG

The following presents the compensation awarded and due of the individual Management Board member in the 2021 financial year below pursuant to Section 162 AktG. Compensation awarded and due consists of all compensation components earned as of the conclusion of the financial year. This includes all compensation components for which performance has been fully carried out or for which performance measurement ends at the conclusion of the 2021 financial year even if payout does not take place until the 2022 financial year. Consequently, the 2021 bonus is disclosed under one-year variable compensation even though payout did not take place until the start of the 2022 financial year. The same applies to the E.ON Performance Plan, whose second tranche, which ended at the conclusion of the 2021 financial year, is disclosed for the 2021 financial year even though payout did not take place until the start of the 2022 financial year. This disclosure approach presents transparently the relationship between the business results of a financial year and the resulting compensation.

Consequently, compensation awarded and due in the 2021 financial year consists, pursuant to Section 162 AktG, of:

- base salary in the 2021 financial year,
- fringe benefits in the 2021 financial year,
- the 2021 annual bonus, which is paid in the 2022 financial year,
- the fifth tranche of the E.ON Share Matching Plan (2017–2021); that is, the LTI component of 2016 bonus,
- the second tranche of the E.ON Performance Plan, that was granted in the 2018 financial year and ended at the conclusion of the 2021 financial year and is paid out in the 2022 financial year.

In addition, the service cost of pension entitlements in accordance with IAS 19 for the 2021 financial year is shown in the tables below the compensation awarded and due pursuant to Section 162 AktG as part of Management Board compensation.

It should be noted that in the 2021 financial year, as in the previous year, as a result of the changeover from the E.ON Share Matching Plan (granted until 2016 on April 1 of a financial year) to the current

E.ON Performance Share Plan (granted from 2017 onward on January 1 of a financial year), two tranches of multi-year variable compensation are reported, although they were granted in different financial years. For the 2021 financial year, this includes the fifth tranche of the E.ON Share Matching Plan (LTI component of the 2016 bonus; performance period ended on March 31, 2021) and the second tranche of the E.ON Performance Plan (granted in 2018; performance period ended on December 31, 2021)

Compensation awarded and due in the financial year pursuant to Section 162 AktG

	2020	2021	2022
Base salary	1,115	22	800
Fringe benefits	14	0	23
One-year variable compensation			
2020 bonus	–		918
2021 bonus	2,237	43	–
Multi-year variable compensation			
Share Matching Plan, 4 th Tranche (2016–2020)	–		1,918
Share Matching Plan, 5 th Tranche (2017–2021)	680		–
Performance Plan, 1 st Tranche (2017–2020)	–		1,078
Performance Plan, 2 nd Tranche (2018–2021)	1,123		–
„LTI innogy“ (2020–2021) ¹⁾	–	35	125
Compensation awarded and due pursuant to Section 162 AktG	5,169	100	4,862
Service cost	335	–	333

¹⁾ The „LTI innogy“ was granted for the period January 1 to June 1, 2020 (dual mandate within the meaning of Section 88, Paragraph 1, Sentence 2 of the AktG). The term was originally two years. Target achievement was set at the conclusion of the dual mandate in the 2020 financial year at 100 percent. „LTI innogy“ is thus to be disclosed as compensation awarded and due for the 2020 financial year. In accordance with the original agreement, payout takes place in April 2022.

Compensation awarded and due in the financial year pursuant to Section 162 AktG:

	2020 Financial Year			2021 Financial Year		
	2020	2021	2020	2021	2020	2021
Base salary	700	28	700	292	36	-
Fringe benefits	46	2	46	25	3	-
One-year variable compensation						
2020 bonus	-	-	689	-	-	-
2021 bonus	1,188	48	-	495	61	-
Multi-year variable compensation						
Share Matching Plan, 4 th Tranche (2016–2020)	-	-	-	-	-	-
Share Matching Plan, 5 th Tranche (2017–2021)	-	22	-	-	-	-
Performance Plan, 1 st Tranche (2017–2020)	-	-	-	-	-	-
Performance Plan, 2 nd Tranche (2018–2021)	536	-	-	-	0	-
Compensation awarded and due pursuant to Section 162 AktG	2,470	100	1,435	811	100	-
Service cost	260	-	252	240	-	-

Compensation awarded and due in the financial year pursuant to Section 162 AktG:

	2020 Financial Year			2021 Financial Year		
	2020	2021	2020	2021	2020	2021
Base salary	525	37	-	700	24	700
Fringe benefits	15	1	-	50	2	53
One-year variable compensation						
2020 bonus	-	-	-	-	-	689
2021 bonus	891	62	-	1,188	42	-
Multi-year variable compensation						
Share Matching Plan, 4 th Tranche (2016–2020)	-	-	-	-	-	-
Share Matching Plan, 5 th Tranche (2017–2021)	-	-	-	-	-	-
Performance Plan, 1 st Tranche (2017–2020)	-	-	-	-	-	882
Performance Plan, 2 nd Tranche (2018–2021)	-	0	-	919	32	-
Compensation awarded and due pursuant to Section 162 AktG	1,431	100	-	2,857	100	2,323
Service cost	611	-	-	243	-	234

Compensation awarded and due in the financial year pursuant to Section 162 AktG

	2020			2021		
	in EUR	in thousands of EUR	in thousands of EUR	in EUR	in thousands of EUR	in thousands of EUR
Base salary	310	8	1,240	408	29	700
Fringe benefits	7	0	35	30	2	51
One-year variable compensation						
2020 bonus	–	–	1,446	–	–	689
2021 bonus	500	13	–	555	39	–
Multi-year variable compensation						
Share Matching Plan, 4 th Tranche (2016–2020)	–	–	3,295	–	–	896
Share Matching Plan, 5 th Tranche (2017–2021)	1,169	–	–	418	–	–
Performance Plan, 1 st Tranche (2017–2020)	–	–	1,853	–	–	882
Performance Plan, 2 nd Tranche (2018–2021) ¹	1,929	79	–	–	30	–
Compensation awarded and due pursuant to Section 162 AktG	3,915	100	7,868	1,411	106	3,218
Service cost	–	–	911	176	–	299

¹Due to Karsten Wildberger's resignation from the Board of Management effective July 31, 2021, all virtual shares granted to him under the 2nd to 5th tranches of the E.ON Performance Plan lapsed without replacement.

²In addition to the compensation components presented here for his active service until March 31, 2021, Johannes Teysse received further compensation components from April 1, 2021 as shown in the table "Compensation of former Management Board members."

6 Individualized Disclosure of the Compensation of Former Management Board Members

The following tables present the compensation awarded and due in the 2021 financial year to each individual former Management Board member of E.ON who left the Management Board within the last ten years pursuant to Section 162 AktG:

Compensation awarded and due in the financial year pursuant to Section 162 AktG

	2020	2021	2020	2021	2020	2021
Multi-year variable compensation <i>Share Matching Plan, 5th Tranche (2017–2021)</i>	–	0	278	35	557	100
Others	–	0	–	0	–	0
Pension and transitional payments	185	100	523	65	–	0
Compensation awarded and due pursuant to Section 162 AktG	185	100	801	100	557	100

Compensation awarded and due in the financial year pursuant to Section 162 AktG

	2020	2021	2020	2021	2020	2021
Multi-year variable compensation <i>Share Matching Plan, 5th Tranche (2017–2021)</i>	–	0	–	0	–	0
Others	–	0	–	0	–	0
Pension and transitional payments	61	100	233	11	48	100
Compensation for non-compete clause	–	0	1,808	89	–	0
Compensation awarded and due pursuant to Section 162 AktG	61	100	2,041	100	48	100

Furthermore, the total compensation awarded and due to 15 further members of the Management Board, who left the company more than ten years ago, amounted to €6.6 million in financial year 2021.

IV. Supervisory Board Compensation in the 2021 Financial Year

The following first presents the Supervisory Board's compensation system and then the compensation awarded and due of the individual Supervisory Board members in the 2021 financial year.

1. Compensation System of the Supervisory Board

The compensation of Supervisory Board members is determined by the Annual Shareholders Meeting and governed by Section 15 of the Company's Articles of Association. As a result of the regulatory changes and the associated obligation to submit the compensation system for Supervisory Board members to the Annual Shareholders Meeting, the Supervisory Board's compensation system was submitted to the Annual Shareholders Meeting 2021 for resolution. The Supervisory Board's compensation system was not modified compared with previous years, and only a confirmatory resolution was adopted. The Annual Shareholders Meeting confirmed the compensation system with 99.31 percent votes in favor.

The purpose of the compensation system is to enhance the Supervisory Board's independence for its oversight role. Furthermore, there are a number of duties that Supervisory Board members must perform irrespective of the Company's financial performance. Supervisory Board members—in addition to being reimbursed for their expenses—therefore receive fixed compensation and compensation for committee duties.

The Chairman of the Supervisory Board receives fixed compensation of €440,000; the Deputy Chairmen, €320,000. The other members of the Supervisory Board receive compensation of €140,000. The Chairman of the Audit and Risk Committee receives an additional €180,000; the members of the Audit and Risk Committee, an additional €110,000. Other committee chairmen receive an additional €140,000; committee members, an additional €70,000. Members serving on more than one committee receive the highest applicable committee compensation only. In contradiction to the compensation just described, the Chairman and the Deputy Chairmen of the Supervisory Board receive no additional compensation for their committee duties. In addition, Supervisory Board members are paid an attendance fee of €1,000 per day for meetings of the Supervisory Board or its committees. Individuals who were members of the Supervisory Board or any of its committees for less than an entire financial year receive pro rata compensation.

2. Individualized Disclosure of Supervisory Board Compensation

The compensation awarded and due to the members of the Supervisory Board in the 2021 financial year is broken down below into the individual compensation components pursuant to Section 162 AktG. In addition, the table contains the individual compensation components' relative share of total compensation.

Compensation awarded and due in the financial year pursuant to Section 102 AktG

	2020			2019			2018			2017			2016		
	Fixed Compensation	Variable Compensation	Total	Fixed Compensation	Variable Compensation	Total	Fixed Compensation	Variable Compensation	Total	Fixed Compensation	Variable Compensation	Total	Fixed Compensation	Variable Compensation	Total
Karl-Ludwig Kley	440	97	440	-	0	-	12	3	15	-	0	-	452		455
Erich Clementi	320	96	320	-	0	-	13	4	17	-	0	-	333		337
Christoph Schmitz (since February 1, 2020, since May 28, 2020 Vice Chairman)	320	96	248	-	0	-	12	4	10	-	0	-	332		258
Carolina Dybeck Happe	140	95	140	-	0	110	7	5	9	-	0	-	147		269
Klaus Fröhlich	140	64	140	70	32	70	8	4	9	-	0	-	218		219
Ulrich Grillo	140	53	140	110	42	70	15	6	14	-	0	-	265		224
Monika Krebber	140	64	140	70	32	64	8	4	9	-	0	60	218		273
Eugen-Gheorge Luha	140	64	140	70	32	70	9	4	9	-	0	-	219		219
Stefan May	140	60	140	70	30	70	10	4	7	12	5	64	232		281
Miroslav Pelouch (since May 28, 2020)	140	90	93	-	0	-	7	5	3	8	5	-	155		96
Szilvia Pinczésné Márton	140	95	140	-	0	-	7	5	5	-	0	-	147		145
René Pöhlis	140	50	140	110	39	110	12	4	10	20	7	90	282		350
Andreas Schmitz	140	42	140	180	54	180	13	4	14	-	0	-	333		334
Rolf Martin Schmitz	140	95	140	-	0	-	8	5	5	-	0	-	148		145
Fred Schulz	140	49	140	110	39	110	15	5	19	20	7	24	285		293
Karen de Segundo	140	48	140	140	48	140	9	3	8	-	0	-	289		288
Elisabeth Wallbaum	140	54	140	110	42	110	11	4	10	-	0	-	261		260
Deborah Wilkens	140	53	140	110	42	110	13	5	11	-	0	-	263		261
Ewald Woste	140	59	140	70	30	70	9	4	9	18	8	15	237		234
Albert Zettl	140	57	140	70	28	70	12	5	16	24	10	24	246		250

V. Comparative Presentation of the Development of Compensation and Earnings

In accordance with the requirements of Section 162, Paragraph 1, Sentence 2, Number 2 AktG, the following table shows the development of compensation for current and former members of the Management Board, Supervisory Board members, and employees compared with the Company's earnings development. The presentation of the annual changes will be added in the reporting years ahead and will cover the full five-year period for the first time in the 2025 Compensation Report.

For the development of Management Board and Supervisory Board compensation, compensation awarded and due for the 2020 and 2021 financial years will be taken into account in accordance with Section 162 AktG.

For the average employee compensation, the compensation of employees in Germany is considered – analogously to the vertical comparison review. For the development of average employee compensation, the regular target compensation as of the end of the financial year is taken into account, which was extrapolated to a 100% employment level in each case. In fiscal year 2021, 34,409 (2020: 35,526) employees are included in the average

In addition to E.ON SE's net income pursuant to the German Commercial Code ("HGB"), EPS based on adjusted net income is used to present earnings development.

Comparative Presentation

	Membership in Management Board/ Supervisory Board	2020	2021	2022
Active Management Board members				
Leonhard Birnbaum	since July 1, 2013; Chairman since April 1, 2021	5,169	4,862	6
Thomas König	since June 1, 2018	2,470	1,435	72
Patrick Lammers	since August 1, 2021	811	-	-
Victoria Ossadnik	since April 1, 2021	1,431	-	-
Marc Spieker	since January 1, 2017	2,857	2,323	23
Johannes Teyssen ¹	from January 1, 2004, until March 31, 2021; Chairman from May 1, 2010, until March 31, 2021	5,956	7,868	-24
Karsten Wildberger	from April 1, 2016, until July 31, 2021	1,411	3,218	-56
Former Management Board members				
Klaus-Dieter Maubach	from May 13, 2010, until March 31, 2013	185	185	0
Bernhard Reutersberg	from August 11, 2010, until June 30, 2016	801	1,524	-47
Michael Sen	from June 1, 2015, until March 31, 2017	557	253	120
Regine Stachelhaus	from June 24, 2010, until June 30, 2013	61	60	2
Mike Winkel	from April 1, 2013, until May 31, 2015	48	48	0
Further former members		6,610	6,540	1
Active Supervisory Board members				
Karl-Ludwig Kley		452	455	-1
Erich Clementi		333	337	-1

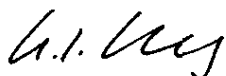
¹The figure for 2021 includes compensation components from the active Management Board membership and benefits after the departure from the Management Board on March 31, 2021.

Comparative Presentation

Christoph Schmitz	since February 1, 2020, Vice Chairman since May 28, 2020	332	258	29
Carolina Dybeck Happe		147	259	-43
Klaus Fröhlich		218	219	0
Ulrich Grillo		265	224	18
Monika Krebber		218	273	-20
Eugen-Gheorge Luha		219	219	0
Stefan May		232	281	-17
Miroslav Pelouch	since May 28, 2020	155	96	61
Szilvia Pinczésné Márton		147	145	1
René Pöhls		282	350	-19
Andreas Schmitz		333	334	0
Rolf Martin Schmitz		148	145	2
Fred Schulz		285	293	-3
Karen de Segundo		289	288	0
Elisabeth Wallbaum		261	260	0
Deborah Wilkens		263	261	1
Ewald Woste		237	234	1
Albert Zettl		246	250	-2
Employees				
Average		74	72	2
Earnings development				
E.ON SE net income pursuant to the German Commercial Code in € million		2,006	2,114	-5
E.ON Group EPS on the basis of adjusted net income, in €		0.96	0.63	52

This Compensation Report was prepared jointly by the Management Board and Supervisory Board in accordance with all requirements of the Section 162 AktG.

For the E.ON SE Supervisory Board:



Signed Karl-Ludwig Kley
Chairman of the E.ON SE Supervisory Board

For the E.ON SE Management Board:



Signed Leonhard Birnbaum
Chairman of the E.ON SE Management Board



Separate Combined Non-Financial Report

Separate Combined Non-Financial Report

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Separate Combined Non-Financial Report

Purpose and Scope

The purpose of this Separate Combined Non-Financial Report is to comply with the reporting requirements of the German CSR Directive Implementation Act (Section 315b, 315c in conjunction with Sections 289b to 289e of the German Commercial Code, or "HGB"). It applies to both the E.ON Group and E.ON SE (hereinafter: "E.ON"). In addition to general information, the report contains information on the Act's five mandatory aspects: the environment, employees, social matter, human rights, and anti-corruption. This information is for the reporting period January 1 to December 31, 2021. The report encompasses all subsidiaries that are fully consolidated in E.ON's Consolidated Financial Statements. Any deviations from this are indicated.

E.ON used the period through year-end 2021—while continuing to integrate innogy—to sharpen the Company's focus. Furthermore, exogenous factors were analyzed and their impact on strategic development was determined. As a result of this strategic review, the Company set three clear priorities on which it will focus human and financial resources in the years ahead: growth, sustainability, and digitalization. The strategic review also reaffirmed key sustainability issues for E.ON's business and its role in society: climate protection, health and safety, diversity and inclusion, and good corporate governance.

The Group policies mentioned in this non-financial report issue instructions, set minimum standards, assign responsibilities, and define management tools for the various non-financial issues. They are reviewed on an ongoing basis. Group policies are binding for all

companies in which E.ON holds a majority stake and for projects and partnerships for which E.ON has operational responsibility. Contractors and suppliers are also required to meet E.ON's minimum standards.

The business operations at the Renewables segment that E.ON transferred to RWE are included in E.ON's key performance indicators ("KPIs") until late September 2019. A separate innogy segment, consisting mainly of network and sales businesses, became part of the E.ON Group on September 18, 2019. As a rule, KPIs include both entities from 2019 on. Any exceptions due to time frames, availability of data, internal collating and reporting processes are clearly indicated.

Business Model

In line with the new strategic direction, E.ON also wants to manage its two core businesses, Energy Networks and Customer Solutions, so that they help Europe decarbonize. Detailed information about E.ON's business model can be found in the Combined Group Management Report.

General Information on Sustainability at E.ON

In line with Regulation 2020/852 of the European Parliament and of the Council ("EU Taxonomy"), the 2021 financial year is the first for which E.ON reports the ratio of its investments, revenues, and operating expenses attributable to taxonomy-eligible and taxonomy-aligned economic activities. E.ON also describes the process by which it implemented the taxonomy's requirements as well as the taxonomy alignment of its economic activities. These disclosures are in the section below entitled "EU Taxonomy."

E.ON strives to always do business responsibly and therefore monitors all material impacts of its business operations. E.ON considers not only financial aspects but also environmental, social, and governance ("ESG") issues along its value chain. The systematic consideration of non-financial issues enables E.ON to identify opportunities and risks for its business development early. In addition to investors' expectations, E.ON takes into account the expectations of other key stakeholders like customers and employees.

In 2021 E.ON's materiality assessment consisted of a three-step process to determine which non-financial issues are essential for understanding E.ON's business performance, financial results, and situation and to evaluate the impact of its business operations. The first step, which was part of the strategic review E.ON conducted in 2021, consisted of a workshop to assess the importance of E.ON's sustainability focus areas for different stakeholder groups. The workshop's findings were discussed with the Management Board. Second, E.ON analyzed its stakeholders' expectations using ESG KPIs. The KPIs were selected on the basis of interviews and questionnaires with investors and analysts, a benchmark of peer companies, and the screening of the criteria of relevant ESG standards and ratings. E.ON then prioritized the KPIs by analyzing the degree to which they support its sustainability narrative, their impact on its business, and their consistency with its targets. This yielded a short list of KPIs that helped E.ON evaluate which issues were material in 2021. In the third and final step, representatives from Controlling & Risk, Group Accounting, Investor Relations, Group Finance, Sustainability & Health, Safety, and Environment ("HSE"), and HR discussed the findings of the first two steps. The participants agreed to propose several changes to E.ON's materiality matrix from 2020. The culmination of step three was for the matrix to be approved by the Steering

Committee, which took place in July 2021. The committee consists of two Management Board members as well as Senior Vice Presidents from several departments, including Investor Relations, Sustainability & HSE, and Finance. Lastly, the results were sent to the Sustainability Council and were confirmed by its members in October 2021. The materiality analysis identified good corporate governance and the following non-financial issues as material for E.ON.

E.ON's Material Issues Subsumed under the Five Mandatory Aspects

Environmental matters	<ul style="list-style-type: none"> Climate protection Sustainable customer solutions
Employee matters	<ul style="list-style-type: none"> Occupational health and safety Working conditions and employee development Diversity and inclusion
Social matters	<ul style="list-style-type: none"> Security of supply Customer orientation
Human rights	<ul style="list-style-type: none"> Human rights and supplier management
Anti-corruption	<ul style="list-style-type: none"> Compliance and anti-corruption

Following the section on EU-Taxonomy, E.ON's approach to each issue and its progress in 2021 are explained. E.ON takes a comprehensive approach to occupational health and safety (Aspect 2: employee matters) and environmental management, which is explained below. The description of all approaches is guided by the Global Reporting Initiative's Sustainability Reporting Standards ("GRI SRS"), in particular GRI 103: Management Approach 2016.

E.ON's management of non-financial risks has been aligned with the five mandatory aspects of the German CSR Directive Implementation Act since 2018. In 2021 E.ON focused in particular on human rights and environmental and climate matters in order to prepare to comply with possible new regulatory requirements in these areas. The climate risk assessment was organizationally integrated into the Group's enterprise risk management ("ERM") system in October 2020 and human rights risk in the supply chain followed in January 2021. It has become a standard ERM process from 2021 onward. Based on this, the content of the climate risk assessment as part of the ERM will be further developed. In addition, the assessment of non-financial risks is gradually being integrated into the general risk management process. The process and findings of the non-financial risk analysis for 2021 were presented to, and approved by, the E.ON Group Risk Committee. Based on the analysis of possibly reportable risks in conjunction with non-financial aspects and after considering risk-mitigation measures and thus only net risks, E.ON identified no material risks within the meaning of Section 289c (3), Paragraph 1, Items 3 and 4 of the German Commercial Code ("HGB") associated with the Group's business activities and business relationships or its products and services that are very likely to have or will have serious negative effects on the aforementioned aspects. More information about E.ON's financial risks and chances can be found in the Risk and Chances Report in the Combined Group Management Report for the 2021 financial year.

E.ON's sustainability efforts are guided by internationally recognized standards, which provide orientation and help ensure that E.ON considers all essential aspects of responsible corporate governance. E.ON is a United Nations Global Compact ("UNGC") participant and has been committed to the ten principles since 2005. Its

sustainability activities also support the achievement of the United Nations' Sustainable Development Goals ("SDGs"). In particular, E.ON helps provide access to affordable, reliable, sustainable, and clean energy, supports cities and communities in becoming sustainable, and helps protect the earth's climate.

Annual Sustainability Report

E.ON has published a Sustainability Report annually since 2004. The report, which has been based on GRI standards since 2005, serves as E.ON's annual Communication on Progress to the UNGC. It describes the issues that are material to E.ON's stakeholders and to E.ON as a company as well as how these issues are addressed. It also reports on topics not included in this Combined Non-Financial Report for reasons of materiality and contains information about E.ON's sustainability strategy and organization.

Sustainability Ratings and Rankings

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. They also help E.ON identify its strengths and weaknesses and further improve its performance. Numerous sustainability ratings and rankings have for years given E.ON high marks. The Sustainability Channel on www.eon.com presents the most relevant and the most recent results.

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 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 social safeguard standards (Article 18) and
- comply with technical screening criteria defined by the Commission.

Only the first two environmental objectives were to be applied for determining a substantial contribution for the 2021 financial year. 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. Environmental objectives 3 to 6 will be considered for the first time from the 2022 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 is required to disclose the proportion of investments, revenues, and operating expenses for the 2021 financial year 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 discloses its taxonomy-aligned investments, revenues, and operating expenditures of 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.

The key figures for taxonomy-eligible and -aligned economic activities were calculated with reference to the FAQ document published by the European Commission, which addresses questions of interpretation with regard to Article 8 of the EU taxonomy. A separate disclosure of data for the categories taxonomy-eligible, enabling taxonomy-eligible, and taxonomy-eligible transitional activities was not made because E.ON already reports its taxonomy-alignment.

The EU taxonomy concerns in particular the economic sectors that account for more than 90 percent of the EU's GHG emissions. Among them is the energy sector, for which there is a large number of classified activities. For a variety of economic activities, the Commission defined taxonomy criteria according to which these activities make a substantial contribution to climate change mitigation and at the same time do not significantly harm the achievement of the EU's five other environmental objectives.

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:

- Transmission and distribution of electricity
- Transmission and 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
- Cogeneration of heat/cool and power from bioenergy
- Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling the energy performance of buildings
- Installation, maintenance, and repair of renewable energy technologies
- District-heating distribution.

E.ON's taxonomy-eligible and taxonomy-aligned economic activities are conducted predominantly at the Energy Networks and Customer Solutions segments. Non-Core Business, which consists mainly of PreussenElektra and thus the operation and dismantling of nuclear power plants, is currently not covered by the EU taxonomy.

Implementation at E.ON

E.ON has substantially supported the development of the EU taxonomy and is represented by its CFO, Marc Spieker, on the Platform on Sustainable Finance, an advisory panel to the Commission.

E.ON launched a project in 2021 to implement with the taxonomy's requirements for the EU environmental objectives 1 "climate change mitigation," and 2, "climate change adaptation." E.ON first mapped its economic activities to the relevant taxonomy criteria. It then conducted interviews and workshops with the relevant contact persons and subject experts from the departments of its segments and business units and of its key Group companies. The purpose of these discussions was to analyze their economic activities and to carry out an alignment assessment to determine whether they fulfill the relevant taxonomy criteria. The results of the assessment of economic activities deemed to be taxonomy-aligned were documented in templates, and evidence was provided if a business unit's economic activities fulfill the taxonomy's TSC.

E.ON carries out the alignment assessment as follows:

- Assessment of substantial contribution: compliance with the TSC is generally tested individually for each economic activity, unless the criteria allow compliance to be assessed at the level of the entire economic activity, an operating segment, or the Group as a whole.
- Assessment of do no significant harm ("DNSH"): the DNSH criteria mainly refer to legal compliance or, in the case of the "circular economy" objective, to fundamental aspects of the economic activity. In this regard, it is typically appropriate to assess for DNSH compliance at the level of the economic activity. DNSH compliance with the EU's environmental objective 2, "climate change adaptation," is assessed at the Group level, because, in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"), E.ON assesses

physical climate risks by means of its Group-wide risk management system. Each business unit in the E.ON Group is required to comprehensively assess and record its climate risks as part of its risk reporting. This also includes the risks defined in the EU taxonomy, such as temperature changes, extreme heat and cold events, forest fire and wildfire hazards. Any risks that significantly harm climate change adaptation are identified and assessed in the risk management process.

- Assessment of minimum safeguards: E.ON adopted a Group-wide approach to ensuring compliance with the minimum safeguards.

The assessment included in 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
- 4.14 Transmission and distribution networks for renewable and low-carbon gases
- 4.15 District heating/cooling distribution
- 4.20 Cogeneration of heat/cool and power from bioenergy
- 4.23 Production of heat/cool from renewable non-fossil gaseous and liquid fuels
- 4.24 Production of heat/cool from bioenergy
- 5.1 Construction, extension, and operation of water collection, treatment, and supply systems
- 5.3 Construction, extension, and operation of wastewater collection and treatment systems

- 5.4 Renewal of waste water collection and treatment
- 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
- 7.6 Installation, maintenance, and repair of renewable energy technologies
- 8.2 Data-driven solutions for GHG emissions reductions

For the year 2021 E.ON did not identify any economic activities that make a substantial 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 construction of eMobility infrastructure and the installation of devices such as solar panels, smart meters, and electric-vehicle charging stations in buildings.

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 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. There are different sets of criteria depending on a plant's energy source. Some E.ON plants meet these criteria. Plants fueled solely by natural gas are not classified as taxonomy-aligned.

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.

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. Furthermore, in accordance with TCFD recommendations, E.ON's risk management addresses climate-related risks and opportunities. Discussions with relevant departments verify this basic approach to identifying any significant potential to harm climate change adaptation.

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."

There are general criteria for environmental objective 4, "the transition to circular economy," such as long durability, easy disassembly, and reparability. Most of the 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.

Compliance with the EU's environmental objective 6, "the protection and restoration of biodiversity and ecosystems," is assessed on the basis of the environmental impact assessments and comparable assessments that were necessary for an asset to obtain construction and operating permits, if such a requirement existed.

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 acknowledges the United Nations' ("UN") International Bill of Human Rights and the International Labour Organization's ("ILO") 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. The standards for human rights, working conditions, environmental protection, and compliant business practices E.ON requires its suppliers to meet are defined in the Supplier Code of Conduct. E.ON conducts periodic risk assessments which have identified potential threats. E.ON promotes compliance with its standards and minimize potential threats by means of numerous measures and processes. The focus of these activities for our own business is principally on occupational safety and fair work conditions, which are described in the Non-Financial Report under Aspect 2: Employee matters and Aspect 4: Human rights, and on ensuring a responsible supply chain with no human rights violations. In 2021 E.ON focused in particular on implementing a due-diligence process and enhancing its risk assessments, as described in the Non-Financial Report under Aspect 4: Human rights.

EU Taxonomy Key Figures

E.ON's reporting applies the indicators defined in Article 8 of the EU taxonomy: taxonomy-eligible and taxonomy-aligned investments, revenues, and operating expenditures.

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

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 were calculated on a gross basis; that is, without taking into account revaluations or depreciation and amortization or impairment. 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 (ii)
- 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 on page 201 of the Annual Report.

Of E.ON's taxonomy-eligible investments, property, plant, and equipment accounted for €3,420 million, intangible assets for €230 million, and right-of-use assets for €180.0 million. €3,335 million of property, plant, and equipment, €205 million of intangible assets, and €187 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 on page 70 of the Combined Group Management Report:

Reconciliation to Cash-effective Investments

	€ million
EU taxonomy: total investments (excluding Non-Core Business)	5,243
/ Right-of-use assets	-413
/ Non-cash-effective investments	-220
+ Cash-effective financial investments	275
/ Investment subsidies	-123
Cash-effective investments	4,762

Revenue corresponds to net sales (excluding electricity and energy taxes) shown in the Consolidated Statements of Income on page 165 of the Annual Report.

The denominator for operating expenditures is prescribed by the taxonomy. Environmentally sustainable operating expenditures are defined as direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. At E.ON, this consists mainly of expenditures for maintenance and repairs performed by contractors which are recorded in cost of materials and other operating expenses.

Investments

Eighty percent of core-business investments in the 2021 financial year were within the scope of the EU taxonomy (taxonomy-eligible). For the Group as a whole, 73 percent were taxonomy-eligible (27 percent were not taxonomy-eligible), of which 97 percent are taxonomy-aligned activities.

EU Taxonomy Investments

Q1–Q4 2021 € in millions	2021			2020			2019		
	Investment	Eligible	Not eligible	Investment	Eligible	Not eligible	Investment	Eligible	Not eligible
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	0	9	98	107	9	9	100	
E.ON Group from core business	3,727	113	3,840	971	4,811	80	77	97	
Non-Core Business	0	0	0	432	432	0	0	–	
E.ON Group	3,727	113	3,840	1,403	5,243	73	71	97	

¹Based on EU taxonomy regulations (includes non-cash items, excluding financial investments)

The Energy Networks segment made a significant contribution. About 89 percent of its investments were taxonomy-eligible, of these, nearly all were taxonomy-aligned. At roughly €2.7 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. This trend is supported by the digitalization of E.ON's networks through the expansion of fiber-optics and broadband technology (€0.3 billion). Investments of €0.4 billion in E.ON's gas networks were likewise taxonomy-aligned. In Germany in particular, these investments served to build and expand the infrastructure for hydrogen or enable the blending of hydrogen into E.ON's existing gas networks.

The Customer Solutions segment's energy infrastructure business (€0.3 billion) was its main contributor to the EU taxonomy. The expansion of its assets for district heating distribution and for biofuel-fired cogeneration of 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.

Distributed wind, solar, and geothermal power generating facilities and E.ON's run-of-river power plants made an additional contribution.

Most investments recorded under Corporate Functions were not covered by the taxonomy. Non-Core Business, which consists mainly of PreussenElektra and thus the operation and dismantling of nuclear power plants, is also currently not covered by the taxonomy.

Operating Expenses

E.ON recorded operating expenses pursuant to the EU taxonomy of about €1.1 billion in the 2021 financial year. Of these expenses, €676 million (61 percent) were in the scope of the taxonomy and €435 million did not meet the criteria (39 percent). Of the taxonomy-eligible activities, 98 per cent were taxonomy-aligned.

EU Taxonomy Operating Expenses

Business Unit	2021			2020			2019		
	Operating Expenses	Operating Expenses	Operating Expenses	Operating Expenses	Operating Expenses	Operating Expenses	Operating Expenses	Operating Expenses	Operating Expenses
Energy Networks	630	0	630	199	829	76	76	100	
Customer Solutions	31	15	46	100	146	32	21	67	
Corporate Functions/Other	0	0	0	39	39	0	0	-	
E.ON Group from core business	661	15	676	338	1,014	67	65	98	
Non-Core Business	0	0	0	97	97	0	0	-	
E.ON Group	661	15	676	435	1,111	67	65	98	

Similar to investments, most aligned expenses (€606 million) resulted from maintenance activities in connection with electricity networks. Smaller amounts were attributable to gas distribution networks (mainly the prevention of methane gas leaks) and the business with distributed electricity and/or heat generation plants.

Revenues

The Customer Solutions segment generated the lion's share of E.ON's external revenues in the 2021 financial year. However, revenues from the sale of electricity and gas to end-customers are not covered by the taxonomy. As expected, therefore, only 18 percent of external revenues were taxonomy-eligible (82 percent were outside the scope of the taxonomy). About 9 percent of Customer Solutions' revenues were taxonomy-eligible; 67 percent of Energy Networks' were.

EU Taxonomy Revenues

Q1-Q4 2021 € in millions	2021			2020			2019		
	Revenue	Eligible	Percentage	Revenue	Eligible	Percentage	Revenue	Eligible	Percentage
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	0	0	0	8,364	8,364	0	0	-	
E.ON Group from core business	13,614	188	13,802	63,249	77,051	18	18	98	
Non-Core Business	0	0	0	307	307	0	0	-	
E.ON Group	13,614	188	13,802	63,556	77,358	18	18	98	

Almost all taxonomy-eligible revenues were taxonomy-aligned, of which the lion's share—€12.9 billion—was attributable to fees for the transmission of electricity in E.ON's distribution networks. E.ON reports €8.5 billion as external revenues in the Energy Networks segment. In the Customer Solutions segment, €4.4 billion came from revenues in connection with network fees if they were attributable to E.ON's own electricity distribution network. Another €0.5 billion were taxonomy-aligned revenues 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 warm-water-production facilities.

Aspect 1: Environmental Matters

Climate Protection

Climate change and the environmental damage caused by it are serious and affect nature and humans. The use of fossil fuels is accompanied by greenhouse gas ("GHG") emissions. Renewable and low-carbon power generation and the efficient use of energy therefore play key roles in reducing emissions and limiting global warming. This applies to the heat and mobility sectors as well. The transition to a low-carbon economy will require the concerted efforts of everyone who makes or consumes energy. It poses challenges for E.ON's competitiveness, but also creates opportunities to grow the business. Many countries, communities, and companies have already embraced climate-friendly energy production and energy efficiency to achieve their carbon-reduction targets. E.ON's strategic focus on energy-efficient customer solutions and reliable smart grids is fully in line with these global trends.

GHG emissions can be reduced not only by low-carbon generation technologies but also by energy efficiency, conservation, and recovery. E.ON has a broad portfolio of such solutions that it markets to residential, industrial, commercial, and public-sector customers. The Company continually adjusts this portfolio to better meet customers' needs, respond to market changes, and utilize emerging technologies. Offerings include easy-to-use apps that help residential customers better understand their energy consumption and reduce it. E.ON also designs and installs individually tailored embedded generation solutions that provide industrial and commercial customers with their own supply of low-carbon electricity, heating, and

cooling. E.ON's portfolio also includes integrated solutions for cities, municipalities, and real-estate companies that encompass elements like efficient heating and cooling, low-carbon generation, and smart energy management. In addition, E.ON offers eMobility solutions such as electric-vehicle charging systems for homes and businesses as well as public charging infrastructure for cities that help make transport less dependent on fossil fuels and thus less carbon-intensive.

The Chief Operating Officer—Commercial, who is a member of the E.ON Management Board, has overall responsibility for E.ON's customer-oriented businesses that comprises the Customer Solutions segment, including solutions that enable customers to create social, environmental, and financial value. E.ON Energy Infrastructure Solutions ("EIS") and Business-to-Customer ("B2C") operate through a number of E.ON entities, with the regional units having responsibility for a variety of topics—such as product development, asset operations, and sustainability management—for their respective market (these include Western, Central, and Eastern Europe; the United Kingdom; and Scandinavia).

Distribution networks like E.ON's are the backbone of the energy transition. They facilitate low-carbon power generation and the deployment of innovative, efficient energy solutions. Wind farms, solar arrays, battery-storage systems, and other climate-friendly technologies are connected to E.ON's distribution grids. Going forward, smart grids will serve as the platform for the innovative technologies and business models that are essential to the energy transition's success.

The activities of E.ON's core businesses—which include operating networks that transmit increasingly clean energy, expanding eMobility charging infrastructure, and providing smart, low-carbon solutions for homes—reflect key emerging energy trends and help reduce carbon emissions, which has a positive impact on the earth's climate. But E.ON also wants to shrink its own carbon footprint. E.ON measures the annual carbon emissions from its distributed power and heat generation and from its business activities that are not directly related to power generation. It discloses these figures in its sustainability reporting. E.ON factors in both upstream and downstream emissions. It calculates emissions using the globally recognized WRI/WBCSD Greenhouse Gas Protocol Corporate Accounting and Reporting Standard ("GHG Protocol"). The GHG Protocol defines three scopes for GHG accounting and reporting. This improves transparency and provides guidance for different types of climate policies and business goals.

To calculate emissions when primary data are unavailable or of insufficient quality, the GHG Protocol recommends the use of secondary data, such as industry-average data or government statistics. Since spinning off its large-scale fossil-fueled power generation business in 2016, E.ON has procured its power mainly from wholesale markets where the source of generation is often not traceable or information about the source is not reliable. E.ON therefore uses the official national emission factors of the countries in which it purchases power sold to end-customers.

CO₂e Emissions

	2019	2020	2021
Scope 1: Direct emissions from E.ON's own business operations ^{1, 2}	3.71	3.92 ³	3.98 ⁴
Scope 2: Indirect emissions associated with E.ON's electricity and heat consumption (location-based) ^{5, 6}	3.90	4.49	4.82
Scope 2: Indirect emissions associated with E.ON's electricity and heat consumption (market-based) ^{7, 8}	5.73	6.09	—
Scope 3: Indirect emissions from all other business operations ^{9, 10}	100.38	107.96 ¹¹	120.27
Total (location-based)	107.99	116.37	129.08
Total (market-based)	109.82	117.88	—

¹The external global warming potential ("GWP") sources used are the Department for Business, Energy & Industrial Strategy ("BEIS", formerly DEFRA), Naturvårdsverket, the GHG Protocol, the Överenskommen Värmevarmvarmskommittén 2021, and the IPCC AR5 report.

²From 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 E.ON's ability to manage its emissions and move progress toward its targets more transparent.

³Prior year figures were adjusted. Electricity and heat generation was adjusted mainly due to the addition of missing data on natural gas used for energy generation at E.ON Energy Projects GmbH in the prior year. The figure for internal fuels was adjusted mainly due to double counting of natural gas consumption in buildings and/or operations at Energy Networks in Romania.

⁴Prior year figures were adjusted due to corrections of biogenic emissions.

⁵The external GWP source used is the International Energy Agency ("IEA").

⁶Excludes E.ON's consumption of district heating due to the immateriality of the quantity compared with the other Scope 2 categories.

⁷The external GWP sources used are the IEA and the Association of Issuing Bodies ("AIB").

⁸First-time reporting of market-based Scope 2 emissions in 2020.

⁹The external GWP sources used include the IEA, the IPCC AR5 report, Department for BEIS (formerly DEFRA), Naturvårdsverket, the GHG Protocol, and the Överenskommen Värmevarmvarmskommittén 2021. Furthermore, primary data from external travel service providers were used for the calculation.

¹⁰Scope 3 emissions from purchased power and the combustion of natural gas sold to end-users (energy sold to E.ON's residential and B2B customers), according to the GHG Scope 3 protocol. The emissions from network losses from energy sold to sales partners and the wholesale market are accounted for under E.ON's Scope 1 and Scope 2 emissions accordingly.

¹¹Prior year figures were adjusted. Electricity and heat generation was adjusted mainly due to the addition of missing data on natural gas used for energy generation at E.ON Energy Projects GmbH in the prior year.

E.ON's direct and indirect CO₂e emissions totaled 109.82 million metric tons in 2021, of which 3 percent were direct Scope 1 emissions, and 97 percent were indirect Scope 2 and 3 emissions. Scope 1 emissions decreased by 5 percent year on year, indirect emissions by about 7 percent.

Climate Targets

In 2020 the E.ON Management Board set new climate targets. By reducing its GHG emissions, E.ON intends to become climate-neutral by 2040. E.ON plans to reduce its Scope 1 and 2 emissions by 75 percent by 2030 and by 100 percent by 2040 (both relative to 2019). E.ON aims to reduce its Scope 3 emissions by 50 percent by

2030 and by 100 percent by 2050 (both relative to 2019). To meet these targets, E.ON has defined measures to reduce emissions in all three scopes of the GHG Protocol. E.ON intends to reduce its direct emissions (Scope 1) by updating and optimizing its gas networks and heat generation business and its indirect emissions (Scope 2) by conserving energy and by reducing network losses in its power network business. E.ON's Scope 3 emissions, which occur primarily during the generation of the power the Company purchases and resells and during the use of the gas it sells, account for most of E.ON's carbon footprint. E.ON's main objective for them is to increase the proportion of green energy it provides to its customers. Information about the progress E.ON makes toward its climate

targets is presented first to the Sustainability Council, which met three times in 2021. The Chief Sustainability Officer, who chairs the council, reports to the E.ON Management Board on a regular basis. In addition, E.ON's 2021 Annual Shareholders Meeting approved a new compensation system for the Management Board. Under the system, one quarter of 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—including reducing Scope 1 and 2 carbon emissions—into how E.ON runs its business.

E.ON monitors progress toward its climate 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 the action E.ON is taking is effective and where E.ON stands with regard to its targets. E.ON therefore assesses the trend every three years. The first assessment was at year-end 2019. The trend (in absolute terms and with regard to E.ON's carbon intensity target) indicated that so far the reduction rate is in line with the forecasts. E.ON refined this process in 2021 by adopting a carbon management approach (see below) that takes effect in 2022 and consists of annual checks by its units to ensure that E.ON is on track to achieve its ambitions.

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 KPIs. E.ON subsequently used the manual's climate-related KPIs to develop a Group-wide carbon management plan. Its purpose is to apportion progress toward these targets to E.ON's business units, factoring in the units' individual characteristics, their strategic ambitions, and the climate policies of the country or countries where

they operate. The plan reflects E.ON's general management approach: Corporate Functions sets the Group's strategic course and its governance framework, while the units have broad operational decision-making authority. The carbon management plan took effect in the first quarter of 2022.

In 2021 E.ON joined Science Based Target initiative's ("SBTi") "Business Ambition for 1.5°C" and committed to set science-based emissions-reduction targets that are consistent with limiting global warming to 1.5°C above pre-industrial levels. E.ON also joined the "Race to Zero," a global campaign to accelerate progress toward a decarbonized economy.

TCFD Reporting

E.ON is committed to operating sustainably and has in place the necessary governance structure to do so. This includes making steady progress toward its climate targets, effectively managing its climate-related risks, seizing climate-related opportunities that fit with its corporate strategy, and reporting transparently on all these matters. The recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") provide important guidance for E.ON's reporting. Established in 2015, the TCFD aims to develop consistent, comparable, and accurate climate-related financial risk disclosures that companies can use to provide information to investors, lenders, insurers, and other stakeholders. E.ON became an official TCFD supporter in 2019, which marks the start of its TCFD reporting below. Going forward, the Company will continue to expand its TCFD reporting. One consequence of TCFD reporting is

that E.ON has developed a qualitative scenario analysis to assess how its businesses might be affected under different climate scenarios.

• Governance

The importance of climate change for E.ON is reflected in the Company's governance. The Management Board has overall responsibility for E.ON's sustainability strategy, including its climate targets. The Supervisory Board is regularly informed about E.ON's sustainability performance by its Audit and Risk Committee, by its Innovation, and Sustainability Committee and by the Management Board.

• Strategy

E.ON's business operations promote sustainability: its current climate agenda includes emission-reduction targets for 2030, 2040, and 2050. In late November 2021 E.ON announced an updated strategy whose foremost objective is to develop E.ON into the leading platform for a zero-carbon Europe. The strategy sets three clear priorities on which E.ON will focus its human and financial resources in the years ahead: growth, sustainability, and digitalization. E.ON also announced that it will invest €27 billion in the energy transition through 2026.

• Risk Management

E.ON regularly monitors and assesses its sustainability, climate, and other non-financial risks and opportunities and their potential impact in the short, medium, and long term. In 2020 E.ON integrated climate-related risks into its ERM system. In 2021 human rights risks in the supply chain, employee matters, social matters, and anti-corruption were integrated as well.

• Metrics and Targets

E.ON's current climate metrics consist mainly of the emission figures for its carbon footprint categories (Scope 1, 2, and 3) and the measurement of progress toward its climate targets (see above). For all GHG categories relevant for E.ON, E.ON monitors progress toward these targets on an annual basis. The aforementioned carbon management plan apportions E.ON's emission-reduction targets to its business units, while giving them the operational decision-making authority on how to achieve them.

More detailed information on E.ON's TCFD reporting can be found in the "Climate protection" chapter of the 2021 Sustainability Report and in a supplementary document "On course for net zero: supporting paper for E.ON's decarbonization strategy and climate-related disclosures 2021," which is available on E.ON's corporate website. Furthermore, additional information is published in E.ON's CDP climate disclosure. CDP is one of the largest international associations of investors that independently assess the transparency and detail of companies' climate reporting.

Aspect 2: Employee Matters

Occupational Health and Safety

E.ON is making continuous progress toward establishing a caring culture. This encompasses ensuring employees' safety in the workplace, promoting their health, and also supporting their mental well-being. Some employees perform potentially risky tasks, such as working on power grids, gas pipelines, and other industrial facilities. Strict safety standards are therefore of particular importance to E.ON. First and foremost, accidents endanger employees' health. But accidents may also damage property, cause work stoppages,

and harm E.ON's reputation. In 2021, amid the Covid-19 pandemic, all three aspects—safety, health, and well-being—had an even greater significance. The pandemic posed challenges which E.ON met in keeping with its caring culture.

E.ON's approach to health and safety ("H&S") is proactive and preventive, and the Company is committed to zero harm. Consequently, the overriding objective is to prevent accidents from ever happening. By signing the Düsseldorf Statement on the Seoul Declaration on Safety and Health at Work and the Luxembourg Declaration on Workplace Health Promotion in 2009, E.ON pledged to promote a culture of prevention.

Environmental management and occupational health and safety are combined in a single HSE organization. The E.ON Management Board and the management of E.ON's organizational units are responsible for HSE performance. They set strategic objectives and adopt policies to promote continual improvement. They are supported and advised by the HSE department at Corporate Functions, employee representatives, and the HSE Council. The council is composed of senior executives and employee representatives from different business areas and countries where E.ON operates. It meets at least three times a year and is chaired by the E.ON Management Board member responsible for HSE. The units have HSE councils and expert teams as well. They define specifications and design plans to ensure that their unit meets the Group's standards, carries out HSE plans according to local needs and requirements, and supports E.ON's HSE strategy ("Roadmap 2021–23").

To live up to E.ON's commitment to employees' H&S, its HSE management clearly defines processes and sets minimum standards (see "HSE Management" below). These apply not only to E.ON employees but also to contractor employees who do work on E.ON's behalf. All operating units (except for very small ones and

those with insignificant risks and potential impact) are required 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. An annual management review is an important part of this management system. The reviews are conducted by the Corporate Audit department, other in-house auditors, and independent auditors; the latter verify and certify E.ON's integrated HSE management systems. To decide whether an audit of a unit is necessary, E.ON analyzes its accidents from the previous year as well as current risk assessments.

In addition to audits, performance indicators for lost time, accidents, and dangerous situations also help E.ON investigate accident causes and conduct comprehensive risk analyses. The performance indicators for lost time, accidents, and dangerous situations are carefully reviewed. The purpose is to understand the causes of accidents, take action to prevent them, and conduct risk analyses. If safety data indicate that a unit may not be meeting E.ON's standards, Group HSE provides advice and support in order to improve the unit's performance. In addition, Group Audit may conduct an HSE audit of the unit.

The findings of the incident investigations and HSE audits completed in 2021 show that the HSE management systems are largely effective. Any deficiencies identified were rectified without delay. However, the audits found that there was a general need to continually reinforce employees' and contractors' awareness of their HSE responsibility to look after themselves and their colleagues and to speak up immediately if they perceive a potential safety risk. These isolated unsafe practices suggest that safety awareness is not fully adequate in all teams. Consequently, work remains to ensure all the HSE management system's requirements are communicated to, and complied with in the field by E.ON and contractor employees.

On balance, the Company has seen a steady improvement in recent years, although in 2021 E.ON's H&S KPIs were down slightly. E.ON views audits—and the findings and recommendations they yield—as opportunities to foster continuous improvement.

HSE incidents are reported via PRISMA (Platform for Reporting on Incident and Sustainability Management and Audits), E.ON's Group-wide online incident management system, in five categories of incidents. They range from 0 (low) to 4 (major). Almost all E.ON units use PRISMA; all former innogy units have been using it since the beginning of 2021. Pursuant to the Group HSE Standard on Incident Management, units must use PRISMA to report category 4 incidents to the HSE at Corporate Functions within 24 hours; the units also forward the information to the E.ON Management Board immediately. In addition, the Management Board is informed about category 3 and 4 incidents, developments relating to incidents, and related measures and programs by means of monthly reports from Group HSE and periodic consultations with the Senior Vice President for Sustainability & HSE. E.ON systematically investigates and analyzes incidents depending on their severity and/or potential to result in an actual incident and uses the findings to take preventive action.

In 2020 E.ON developed and adopted a standard for HSE risk management. It defines the minimum requirements for monitoring, identifying, analyzing, evaluating, and addressing HSE risks and opportunities. Its purpose is to ensure shared understanding and to establish an overarching framework for managing HSE risks, including sustainability risks. It was published Group-wide in December 2020 and took effect on January 1, 2021. Group HSE helped implement the new standard by conducting workshops for their HSE managers and providing them with templates, tools, and examples of best practice.

In several countries where E.ON operates, employees who have questions or concerns about their physical or mental health can contact a free, independent, and strictly confidential health advisory service (employee assistance program). In Germany, this service is a central component of the Group Works Health Agreement, which was concluded between management and the Group Works Council in 2015.

The Covid-19 pandemic was a source of uncertainty for employees. The HSE department supported them by communicating its availability and openness to discuss issues of concern. Furthermore, all line managers were provided with information materials, which included comprehensive recommendations, guidelines, and FAQs on, for example, the H&S plans for individual facilities. Information was distributed by email, the corporate intranet, and online Board Chats. The aim of all measures was to ensure a safe and caring workplace and to avoid infections.

HSE has always been a top priority for the E.ON Management Board. In 2020 the Management Board therefore decided to set personal H&S targets for the top 100 managers. Furthermore, the HSE Council endorsed E.ON's HSE strategy ("Roadmap 2021–23"), which contains underlying H&S and other targets for its operating units and their respective board members. The targets for top managers and units are individual. Their purpose is to further reduce the frequency of serious incidents and fatalities ("SIF"), with the ultimate aim of reaching zero harm in the near future. The changes took effect on

January 1, 2021. They make it even more explicit that E.ON's HSE performance is integral to its long-term success. At a mid-year review, the units provided valuable feedback on the progress of the strategy's implementation. This will result in some fine-tuning in 2022, particularly a greater emphasis on health management, environmental issues and digitalization.

Total recordable injury frequency ("TRIF") is E.ON's main KPI for occupational H&S. It measures the number of recordable work-related injuries and illnesses per million hours of work.

Employee TRIF



¹TRIF measures the number of reported fatalities and occupational injuries and illnesses per million hours of work. It 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.
²Includes injury from October 1 to December 31, 2019.

Employee TRIF of 2.7 in 2021 was higher than the 2020 figure (2.4).

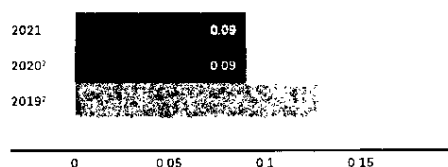
Employee LTIF



¹Lost time injury frequency measures work-related accidents resulting in lost time per million hours of work.
²Includes injury from 1 October to 31 December 2019.

Lost-time injury frequency ("LTIF") measures work-related accidents resulting in lost time per million hours of work. Employee LTIF of 2.1 worsened compared to the previous year (2020: 1.5).

Employee SIF



¹Serious incidents and fatalities measures accidents and incidents that have caused serious or fatal injuries and that surpass a predefined seventy threshold per million hours of work.
²Data are not audited.

SIF measures accidents and incidents that have caused serious or fatal injuries and that surpass a predefined severity threshold per million hours of work. Employee SIF was at the previous year's level of 0.09

Regrettably, two contractors and one E.ON employee died in workplace accidents in 2021. One contractor employee and one E.ON employee received a fatal electric shock. The second contractor employee sustained fatal injuries in a fall. Each fatal accident is thoroughly investigated so that E.ON understands the exact course of events that led to it. Identifying root causes enables E.ON 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 decision to extend the evaluation of HSE maturity to all E.ON distribution system operators along with adjustments to the Roadmap 2021–2023 to place more emphasis on risk and contractor management.

E.ON employees' health rate was 96.5 percent in 2021 (prior year: 96.3 percent). It reflects the number of days actually worked in relation to the number agreed on.

Working Conditions and Employee Development

The mission of the Human Resources ("HR") function is to enable E.ON to maximize its competitive advantages in the energy market and to support E.ON's vision: "Improving people's lives by connecting everyone to good energy." This is done by attracting the right people and putting them in the right roles at the right time; by identifying, developing, and retaining talented employees whom E.ON

considers to be its future leaders; and by helping all people to realize their potential and be fit for a future that will be increasingly digital. Furthermore, E.ON must perform all these tasks amid a continually evolving business environment, rapid technological change, and the Covid-19 pandemic. Ongoing integration processes in the wake of E.ON's transformation remained another important priority in 2021.

The Group people strategy ("GPS") provides the compass to guide the HR-related aspects of E.ON's transformation and long-term success amid a rapidly changing world. E.ON's new GPS, called GPS@E.ON, has been in place since 2020. It sets four people priorities for the entire Group: Future of Work, Diversity & Inclusion, Sustainability, and Leadership. GPS@E.ON sets the direction and provides the compass for Group-wide people activities, all of which need to contribute to the people priorities and their key ambitions. It is brought to life by Group-wide and unit-level people activities, especially existing strategic initiatives. This process is flexible and modular to reflect differences between business units.

However, some frameworks apply to all business units Group-wide. For example, E.ON's Group-wide competency model, Grow@E.ON, defines the tangible behaviors E.ON commits to. It describes how employees and managers want to behave with each other and with customers, providing employees with guidance for their daily work and with a clear path for individual development and growth. Grow@E.ON, which is integral to GPS@E.ON, is a key enabler of professional development. Grow@E.ON is integrated into all HR and people processes. It defines the kind of people E.ON wants to attract, recruit, and retain; how E.ON develops employees and

provides them feedback; how E.ON identifies talent and places them in the right positions; and how E.ON rewards and values performance to ensure that E.ON always has the people to propel the Company's success. Grow@E.ON consists of a variety of career paths and opportunities. This makes E.ON an attractive employer for people seeking specialist or generalist careers and positions E.ON well for the continually changing world of work and its emphasis on agility, tomorrow's skills, greater individualism, and diversity. Grow@E.ON was updated in 2020 and is reviewed on a regular basis. All leaders and employees are informed about, and trained in line with, Grow@E.ON.

A shared corporate culture is crucial for the success of the new E.ON. The foundation has already been laid and E.ON continues to actively shape this process instead of simply letting it happen. E.ON's shared corporate culture is based on five corporate values that guide employees' actions as well as their 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 2018 E.ON decentralized most of its HR activities to bring them closer to the business. One important function of Group HR/ Executive HR, which remains a part of Corporate Functions, is the HR management of E.ON's top 100 leaders. This includes executive development, placement, succession planning, and talent pipeline management. Nevertheless, talent identification, development, and succession planning for executive and non-executive management positions have a central Group-wide framework consisting of shared criteria for talent potential as well as common mechanisms, such as

talent boards. The units and the operations in each country may adjust and enrich the framework to ensure that it addresses their specific needs and challenges. Furthermore, the units use standardized E.ON eLearning modules to onboard new employees and provide them with training on essential topics like health and safety. These and other virtual learning tools as well as courses and training programs are offered by the People Development team in Group HR. Self-directed eLearning is an effective, flexible, and intuitive way of delivering learning to employees.

The Senior Vice President for HR is regularly asked to report at E.ON Management Board meetings about people matters. The Management Board discusses the current status of the talent pool on a regular basis. Twice a year the Management Board receives an overview of the entire talent pool, including lower levels of management. In 2021 E.ON refined its approach to global talent management, which includes annual management reviews and periodic talent board meetings at the business-unit and corporate level. At these meetings HR staff exchange views on talented employees and their development needs.

To ensure E.ON's people have a consistent framework within the Company's decentralized management approach, in 2017 the HR team and the E.ON Management Board developed and approved people commitments, which establish twelve principles that articulate E.ON's values with respect to its people. These principles are binding for the entire E.ON Group and are endorsed by the Works Council of E.ON SE. Units apply these principles in a way that reflects their particular legal, cultural, and business environment. The people commitments encompass a number of policies and guidelines. Examples include agreements on remote working and flexible work arrangements, such as home offices, sabbaticals, part-time work, and special holidays.

E.ON has in place a wide range of measures to make working at E.ON attractive and to develop its employees. For example, E.ON's international transfer policy governs the temporary foreign deployment of its employees. E.ON also offers vocational training in numerous careers as well as work-study programs. One example is the E.ON training initiative, which helps school-leavers get a start on their careers through internships that prepare them for an apprenticeship as well as school projects and other programs. E.ON Graduate Programs ("EGP") recruit highly qualified university graduates for an 18- to 24-month program during which they receive a broad overview of E.ON's business through three to six deployments in different E.ON units and departments. E.ON offers the EGP in a number of countries where it operates. E.ON offers a job starter and a work-study program in Germany and plans to relaunch the EGP there in 2022.

E.ON has conducted an annual employee survey since 2014 to find out how its employees feel about their job, their supervisor, the work atmosphere in their unit, and other topics. These surveys, or Pulse Checks, include questions about E.ON's corporate values and current issues, such as, in the past two years, the Covid-19 pandemic. E.ON decided to delay the 2021 survey until mid-January 2022 in order to include a section on the growth strategy E.ON announced in late November 2021. The feedback on this section will help E.ON evaluate how well employees were informed about the new strategy, how well they understand it, and how motivated and enabled they feel to put it into action. The survey's results will be disclosed in E.ON's reporting for 2022. Employee Net Promoter Score ("eNPS") has been an important aspect of these surveys since 2017. It measures employees' willingness to recommend E.ON as an employer. Since then, eNPS has improved continually. Since 2020 the survey also includes a series of questions on what E.ON calls its caring

culture, including where E.ON could still improve its safety culture as well as its support for employees' health and well-being in general. E.ON analyzes survey feedback carefully to identify areas where it may need to do better.

In addition, two times each year E.ON conducts an internal service satisfaction survey called Voice.ON and calculates internal NPS ("iNPS") for those corporate support functions that are assumed to have a direct impact on employees' satisfaction and engagement (Corporate Audit, Cyber Security, Digital Technology, Excellence.ON, Finance, Human Resources, Legal & Compliance, and Supply Chain). A randomly selected, representative group of employees is asked to assess these functions' performance. The functions use the feedback to finetune their processes and design measures to improve their performance. iNPS has risen steadily. Support functions with a strong iNPS have improved even further, while functions whose iNPS was formerly negative are now at zero or above. iNPS has increased by 15 points on average over the last three years, and most support functions' score surpasses +40.

E.ON has Group-wide standards for hiring executives. They are designed to improve how E.ON fills executive positions, make hiring more transparent, and ensure equal opportunity. Their main component is a biweekly placement conference at which talent leaders from around the organization discuss vacancies directly below the top executive level and potential candidates. E.ON's mechanisms ensure that executives are engaged in ongoing professional development, that E.ON has a transparent view of its current talent situation and the needs for the future, and that leaders across the E.ON Group have development opportunities. Since feedback is essential for empowering people to perform at their best, E.ON also provides employees with periodic performance and career-development reviews.

E.ON believes that an attractive compensation package including appealing and up-to-date fringe benefits is essential for rewarding its employees. The compensation plans of nearly all employees contain an element that reflects E.ON's performance. This element is typically based on the same key performance indicators that are also used in the E.ON Management Board's compensation system.

E.ON wants to retain people (and their expertise) and enable them to grow professionally. One of the objectives is therefore to develop E.ON's employees so that management positions can be filled in-house. The biweekly placement conference for executive roles has a shared platform to systematically track how many candidates participated in the application process and who ultimately got the job. The platform also allows E.ON to monitor whether selected candidates are from its development pool and reflect its diversity targets. In addition, the aforementioned talent boards focus not only on talent identification and succession but also, in recent years, on diversity issues, such as increasing the proportion of women and employees from minority groups in E.ON's leadership pipeline. E.ON enhanced its commitment to these issues in 2020 by making diversity a priority in its new Group people strategy. In 2021 E.ON continued gathering data in order to assess its talent management's effectiveness.

Diversity and Inclusion

Diversity is one of the dimensions of E.ON's sustainability strategy and an essential element of E.ON's vision and values. E.ON wants to ensure equal opportunity for all employees. Diversity fosters creativity and innovation, and E.ON therefore takes 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—and has been an active member since 2020. Further initiatives are described below.

In line with E.ON's mostly decentralized approach to HR, business units address diversity in their particular cultural context. This gives them the opportunity to address challenges and develop programs that reflect the country or regions where they operate. Diversity is managed by Group HR/Executive HR together with a network of HR professionals that meets, both in person and using virtual presence technology, 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. It is the units' responsibility to design action plans to meet their targets.

The Diversity and Inclusion Declaration, signed by the E.ON Management Board and E.ON SE Works Council in 2016, aims to create a diverse and inclusive work environment that empowers all employees to realize their potential. In April 2018 the E.ON Management Board, the E.ON SE Works Council, and the Group representation

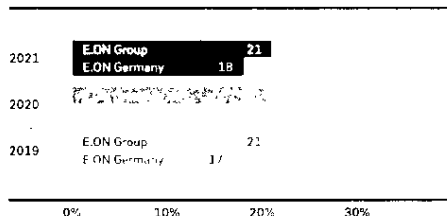
for severely disabled persons signed the Shared Understanding of Implementing Inclusion at E.ON, creating a strong foundation for integrating people with disabilities into the organization.

E.ON promotes diversity and inclusion 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 which aims to increase visibility and influence of women at E.ON, and the LGBT+ & Friends network which promotes equality, diversity, and an inclusive work environment. In 2021 members of the Management Board began personally sponsoring a diversity network, and E.ON provided financial support. In addition, E.ON is part of multiple external initiatives, such as the Initiative Women into Leadership ("IWIL"), the European Round Table ("ERT"), and Catalyst, a global non-profit organization focusing on empowering and accelerating women in business.

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. Pursuant to the law, in 2017 E.ON set new targets for the next five-year period, which ends on June 30, 2022. E.ON's targets are for women to occupy 30 percent of the positions in the first level of management below the E.ON Management Board and 35 percent of the positions in the second level. At year-end 2021, the proportion of women in first and second

levels of management below the Management Board was 28.0 percent and 30.4 percent, respectively. In addition, in December 2016 the E.ON Supervisory Board resolved that by year-end 2021 women will make up 20 percent of the E.ON Management Board. This target has been met. In 2021 E.ON set a voluntary Group-wide target that goes beyond statutory requirements. The target is to increase, by 2031, the proportion of women in executive positions in all business units in all countries so that it reflects the overall proportion of women in the workforce, which at year-end 2021 was 32 percent. Progress toward the target will be monitored by Group HR twice a year and reported to the E.ON Management Board. E.ON discloses the figures at year-end for E.ON companies in Germany and for the E.ON Group as whole.

Proportion of female executives



*Core workforce, including board members and managing directors

E.ON aims to provide equal pay to women and men for comparable jobs at all group companies. Due to the decentralized management approach, data are not collected and the pay gap for the Group as a whole is not assessed. The United Kingdom is an exception due to legal requirements.

In 2020 E.ON designed a process to help foster a diversity culture at E.ON. It started by identifying the diversity dimensions that it would like to address. E.ON has so far focused on gender, age, ethnicity, and disability. E.ON now wants to broaden the focus to include sexual orientation and parental status, for which meaningful KPIs will be selected, set and aligned with the people strategy. Each business unit will have specific targets and will develop and implement initiatives to meet them. E.ON intends to monitor progress on a regular basis and to analyze and report the results.

Aspect 3: Social Matters

Security of Supply

One of E.ON's main goals as an energy company and distribution grid operator is to ensure that its customers have a secure supply of electricity. A reliable electricity supply is essential for industrialized countries to be able to maintain their infrastructure 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 power outage 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 of the challenges in energy supply is that, increasingly, electricity comes from distributed sources. As a result, electricity is fed into the network at many different points. Moreover, renewables feed-in fluctuates because it depends on the weather and other factors beyond E.ON's control.

Part of E.ON's corporate strategy is to adapt its distribution grids to the emerging distributed energy world. They form a crucial link between electricity producers and consumers. E.ON's distribution grids must function properly and be equipped to meet the challenges of the new energy world for E.ON to continue to ensure a reliable electricity supply in the future. For this purpose, E.ON continually upgrades its existing infrastructure with smart-grid technology. This enables E.ON to better manage energy generation, distribution, and storage.

E.ON's distribution system operators ("DSOs") are responsible for the safe and reliable operation of its distribution networks. Their network control centers oversee network operations. E.ON's DSOs are also responsible for resolving unforeseen outages in their network territory. In case of widespread outages, E.ON's business resilience management system stipulates responsibilities and processes in accordance with the instructions contained in the Incident and Crisis Management Policy. The Chief Operating Officer-Networks ("COO-N") oversees the Energy Networks segment. Under his leadership, three departments (Energy Network Europe, Energy Networks Germany and Energy Networks Technology & Innovation) at Corporate Functions actively manage Energy Networks' regional units. This includes strategic development, capital allocation, asset management, and so forth.

E.ON has in place investment and maintenance plans to maintain and expand its grids to ensure that all of its network customers are connected and have a reliable energy supply. E.ON will invest a total of €22 billion in its energy networks through 2026. E.ON's DSOs are responsible for implementing these plans, which encompass

one or more years. Their investment budgets are approved centrally. Final approval comes from the E.ON Management Board at the end of the annual medium-term planning and budgeting process. A portion of the investment budgets goes toward making E.ON's grids smarter. This is accomplished by equipping them with sensors and command-and-control technology, automating them, and augmenting them with a digital layer. The increasing use of smart-grid technologies makes it possible to avoid or delay costly investments in conventional networks by, for example, using this technology to maximize the capacity of existing overhead lines. Investment decisions always focus on efficiency as well as security of supply. E.ON chooses the solutions that make the most technical and economic sense. This is because grid investments affect the grid fees included in the electricity price paid by customers.

In 2021 E.ON adopted a strategy for deploying more smart technology in its low- and medium-voltage grids, primarily in Germany but also in all the other countries in Europe where E.ON operates. E.ON's smart-tech deployment targets vary by country but generally far exceed those set by the respective regulatory scheme. E.ON will monitor progress using KPIs on a regular basis.

E.ON's DSOs record all planned and unscheduled outages at their distribution networks. They use these data to calculate the system average interruption duration index ("SAIDI"), which measures the average outage duration per customer per year. E.ON discloses the SAIDI of its fully consolidated DSOs by country. The figure for Germany, for example, is the average of E.ON's DSOs there. E.ON's SAIDI in Germany is calculated according to the method prescribed by the German Federal Network Agency (known by its German acronym, "BNetzA"). This calculation is based on outages that are

also verified by the BNetzA. This figure can therefore be deemed official. All the countries in which E.ON operates grids now have quality regulations. The respective regulatory agency reviews and validates grid operators' outage reports. The SAIDI figures for a particular country therefore reflect the methodology stipulated by its regulatory agency.

By the end of the data-collection period, no regulatory agency had completed the process of validating 2021 outages. Because this report is supposed to contain final continuity of supply figures that

have been officially audited (by the BNetzA in Germany and the relevant regulatory agencies elsewhere), it publishes below figures for the previous year, which have been approved by the agencies.

Although SAIDI is not used for management control purposes, it provides important information on the reliability of E.ON's networks. At regular intervals, the DSOs inform the E.ON Management Board member responsible for network operations about their security of supply. All E.ON DSOs include their SAIDI in their quarterly performance report to the E.ON Management Board.

SAIDI Power

	2021			2020			2019		
	Germany ¹	Sweden	Hungary ²	Czech Republic ³	Romania	Slovakia ^{3, 4}	Poland ⁵		
	7	15	22	7	16	22	8	17	25
	26	91	116	25	121	146	22	100	122
	117	58	175	117	61	178	128	59	187
	134	47	182	145	47	192	154	50	205
	297	259	556	288	358	646	339	465	804
	70	58	128	143	65	208	176	79	255
	7	38	45	9	44	53	11	56	68

¹Figures are for the respective previous year: 2021 for 2020, 2020 for 2019 and so forth. Totals may deviate due to rounding.

²Unscheduled figures do not include force majeure events.

³Unscheduled figures do not include force majeure events and vandalism.

⁴DSO in which E.ON has a 49-percent stake.

E.ON improved SAIDI figures for 2021 (based on data from 2020) in all countries. In the past three years, supply reliability has improved in all E.ON networks. Those in Germany have the best continuity of supply in the Company.

Customer Orientation

Customers of all types—households and businesses, cities and government entities—have embarked on a journey to a digital and decarbonized future in which they not only consume, but also increasingly make and store their own clean energy. These customers are extremely knowledgeable and discerning. They expect E.ON to not only 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 their trust and loyalty is essential for E.ON to sustainably grow its business. Loyal customers tend to stay longer, to purchase additional products and services, and to recommend E.ON to their family and friends.

E.ON puts customers at the center of everything it does. This pledge is a corporate value and is embedded in E.ON's customer experience principles, brand model, and Grow@E.ON, its Group-wide competency framework. E.ON's objective is to continually enhance customer loyalty and to become a customer-led business and the energy-solutions leader in its markets.

E.ON measures customer loyalty and trust 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 E.ON identify

which issues are currently of particular importance to its customers and thus adapt its activities to current customer needs. There are three types of NPS:

- Strategic NPS compares E.ON's performance with competitors' and is based on the feedback of customers regardless of whether they have had an interaction with E.ON.
- Journey NPS measures the loyalty of customers who have completed a journey with E.ON, such as transferring their energy service to their new residence when they move.
- Touchpoint NPS is based on the feedback of customers who have had a specific interaction with E.ON, like talking to a call center agent.

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

A methodology adopted in 2017 enables E.ON to measure strategic NPS consistently across all its markets. This, in turn, makes it possible for E.ON to identify and resolve cross-market customer issues and also to target areas where it could provide useful innovations for its customers. The methodology's automated reporting eliminates the errors of manual data entry, thereby improving data quality and auditability.

E.ON defines Group-wide targets for strategic NPS and journey NPS annually and uses both at the segment and unit level for management purposes. Strategic NPS is highly significant for management purposes because of the information collected about competitors.

Beginning in September 2020, the E.ON Management Board receives a monthly NPS report. In addition, the Chief Operating Officer—Commercial and the regional units' CEOs discuss NPS and customer issues at market reviews, which are conducted on a regular basis. The variable compensation of senior managers has two components: a company factor and a factor reflecting a manager's individual performance. Since 2020, strategic NPS and journey NPS account for 20 percent of the company factor. In 2021, NPS target achievement was factored into the E.ON Management Board's compensation for the first time. Each regional unit has a set of game-changing initiatives in place to systematically improve its customer experience. They are sponsored by the unit's CEO and board, who are personally responsible for improving their unit's NPS. The initiatives, which are defined annually and increasingly incorporate sustainability criteria, may span multiple years depending on the degree of transformation required. E.ON introduced these initiatives in 2017.

E.ON's unweighted average strategic NPS for residential customers rose at the beginning of the year and reached its highest level in February. It then fell slightly but rose again toward the end of the year. It surpassed the competitor average year round.

E.ON did not disclose strategic NPS for small and medium-sized enterprises ("SME") for 2020. E.ON does for 2021 because it was reintroduced as a KPI for E.ON's executive bonus scheme. Unweighted average strategic NPS SME decreased until mid-year and remained below the competitor average for most of the year due to a weak showing in some countries. Nevertheless, it finished 2021 on a high, surpassing the competitor average throughout November and December.

The Chief Operating Office-Commercial ("COO-C") at Corporate Functions coordinates E.ON's brand and marketing strategy with the aim of further developing and strengthening the E.ON brand. COO-C supports the energy sales and solutions businesses for all customer categories, in all markets. The members of E.ON's Customer Experience teams serve as ambassadors for customer loyalty in their respective unit. They take the lead on related projects and activities in their sales territory and share information about successful programs and service improvements on a monthly basis. E.ON has Customer Experience teams in Germany, the United Kingdom, Italy, Romania, Sweden, the Czech Republic, Hungary, Poland, and the Netherlands.

In 2021 E.ON continued with the Global Customer Leadership team consisting of senior Customer Experience leaders from across the business as well as representatives of the Customer and Market Insights team. Its purpose is to strengthen the customer's voice and propel customer centricity in all E.ON markets. The team met five times during the year to review performance, identify areas for cross-regional collaboration, and define a common customer narrative for the whole business.

The coronavirus pandemic also made 2021 a challenging year. The regional units continued to manage the situation flexibly and responsibly. They used digital services to improve customer access and assistance, despite the closing of customer centers necessitated by government lockdown policies. Video chats, for instance, enabled customers to accomplish tasks without having to go to a company shop.

The Customer Immersion program brings senior managers and employees into direct contact with residential and business customers. Its purpose is to bring the customers' voice inside E.ON and to enhance employees' customer orientation. The program's interactions between employees and customers took place digitally owing to restrictions resulting from the Covid-19 pandemic.

Aspect 4: Human Rights

Human Rights and Supplier Management

E.ON is committed to respecting human rights in all its business processes. Failure to respect people's fundamental rights and needs has serious consequences for those affected and may damage the Company's reputation. Compliance with social standards also plays an important role in the business relationships with enterprise partners.

CEO Leonhard Birnbaum is also the Chief Sustainability Officer and Chief Human Rights Officer. Staff in the Sustainability and Legal Affairs departments deal with human rights issues, such as changes in legislation. Furthermore, the Group Supply Chain function collaborates with the Sustainability department to address ESG aspects along the supply chain. They inform the Chief Human Rights Officer about current developments and incidents as well as upcoming activities and decisions. Depending on the issue, the Chief Human Rights Officer may also consult the Sustainability Council or the E.ON Management Board.

To prevent human rights violations, E.ON adheres to external standards and defines its own principles and policies. The E.ON Code of Conduct (see "Aspect 5: Anti-Corruption") 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 acknowledges the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization ("ILO") of the United Nations and its fundamental conventions and makes reference to E.ON's own policies, such as the Supplier Code of Conduct. The standards E.ON is guided by include the Universal Declaration of Human Rights of the United Nations, the principles of the UN Global Compact ("UNGC"), and the European Convention for the Protection of Human Rights. E.ON has been a UNGC participant since 2005. E.ON has issued a Slavery and Human Trafficking Statement annually since 2017. It describes the steps the Company takes to prevent and combat human rights violations along the supply chain. The statement is published annually in the Sustainability Channel on E.ON's corporate website as well as on the E.ON UK website.

The standards for human rights, working conditions, environmental protection, and compliant business practices E.ON requires its suppliers to meet are defined in the Supplier Code of Conduct, which was updated in 2020 and applies to all suppliers. The updated version contains a more detailed description of corporate social responsibility ("CSR") requirements and information about how to contact E.ON's whistle-blower hotline. The supplier onboarding process consists, among other things, of self-registration, formal agreement to adhere to E.ON's 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 Supplier Code of Conduct and to endorse the UNGC's principles. In addition, the

Supply Chain Function Policy and Supply Chain Handbook define Group-wide principles, processes, and responsibilities for non-fuel procurement, excluding the exceptional cases covered under the exception list (such as commodity, financial and real estate transactions, insurance, and taxes) and units to which the policies do not apply.

Onboarding assessments help E.ON do business exclusively with suppliers committed to its standards. At the end of 2018 E.ON put in place a revised and fully digital supplier onboarding solution that is integrated into the Company's enterprise resource planning system. In 2019 E.ON focused on monitoring existing and new suppliers to ensure that they comply with its minimum requirements. In October 2020 units of the former innogy started with the adoption of this supplier onboarding process. The implementation phase proceeded throughout 2021. Every non-fuel supplier whose individual transaction volume exceeds €25,000 or whose health, safety, and environment risk is medium or high must complete an online onboarding process. In some cases, E.ON may take additional steps during the supplier onboarding process, such as conducting a supplier audit to assess, among other issues, whether the supplier complies with E.ON's standards for human rights. As of year-end 2021, the suppliers involved in 99.5 percent of the non-fuel purchase orders and call-off contracts at the units had completed the onboarding process. Effective the start of 2021, most former innogy units used this process; effective the start of 2022, all of those with significant procurement expenditures do. In addition, E.ON evaluates the performance of its key non-fuel suppliers annually using five KPIs: quality, commercial, delivery, processes and innovation, and CSR; the latter includes the protection of human rights. The results are

discussed with each supplier during a performance review meeting. The outcome of the meeting may trigger specific actions for the supplier to improve its performance in one or more of the KPIs if it wants to continue doing business with E.ON. The number of reviews in 2021 was higher than in 2020. In 2021 E.ON placed greater emphasis on monitoring suppliers' completion of the actions demanded after the review.

In the first half of 2021 the Supply Chain function developed a sustainability roadmap for the short to long term. The roadmap, which will be implemented in 2022, is aligned with E.ON's ESG targets and has four elements: environment, diversity, health and safety, and governance. Two action areas were chosen for the remainder of 2021 and 2022: putting in place an annual human rights due-diligence process for high-risk suppliers and acquiring the capability to conduct ongoing risk assessments of these suppliers so that E.ON can swiftly identify and mitigate emerging risks.

E.ON implemented a human rights due-diligence process in mid-2021. It consists of a human rights risk matrix that the Company developed together with outside human rights 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 findings of eight human rights studies, such as the International Trade Union Confederation ("ITUC") Global Rights Index and the United Nations Development Programme ("UNDP") Human Development Report. The matrix covers the categories that account for more than 80 percent of E.ON's annual spend. In 2021 a total of 304 new and existing suppliers completed the human rights

due-diligence process. 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. Although many high-risk suppliers have successfully completed the human rights due-diligence process, E.ON acknowledges that the complexity of international supply chains represents an underlying challenge for transparency. The Company therefore also engages in industry initiatives to develop industry-specific standards for improving transparency in supply chains.

In the third quarter of 2021 E.ON began testing a tool that gives it the aforementioned capability of conducting ongoing supplier risk assessment in five categories of risk: financial, market, sustainability, compliance, and performance. The test encompassed 32 suppliers that together account for 9 percent of annual spend. E.ON intends to adopt this tool Group-wide in 2022, thereby substantially enhancing its ability to manage risks, including human rights and other sustainability risks.

E.ON is committed to procuring fuels responsibly and sustainably. Suppliers of solid biomass must, like non-fuel suppliers, contractually agree to comply with the E.ON Supplier Code of Conduct. In addition, the E.ON Biomass Purchasing Amendment defines the Company's policies and procedures, which include risk assessments, supplier audits, and provisions for joint ventures. The amendment is part of all contracts with biomass suppliers. They must pledge to respect human rights, safeguard the general living conditions of persons affected by biomass production, and protect biodiversity and the environment.

The nuclear power plants operated by E.ON's subsidiary Preussen-Elektra will stop producing electricity by year-end 2022. They all have sufficient fuel to operate until this date. PreussenElektra stopped procuring uranium in 2020.

E.ON's goal is to avoid human rights abuses, environmental damage, and corporate malfeasance by identifying associated risks along its value chain from a holistic point of view. Periodic risk assessments enable E.ON to identify violations or suspected violations. Suppliers with identified violations or suspected violations are listed in a new KPI ("Suppliers under investigation/observation") that was added to Supply Chain's quarterly reporting in 2020. In such cases, the Supply Chain Compliance Officer and the respective Supply Chain Director are notified, and a process (including close monitoring of the specific actions E.ON requires the supplier to take) is set in motion without delay to improve the situation. If it does not, E.ON terminates its business dealings with the supplier. In 2021 no business dealings were terminated.

E.ON's employees can report potential violations of human rights through internal reporting channels or a Group-wide IT-based external whistle-blower hotline. In December 2019 E.ON extended the hotline service and published the hotline number online. Not only E.ON employees, but also business partners, their employees, and other third parties can contact this hotline confidentially. The hotline can process calls in the languages of all countries in which E.ON operates. At E.ON, Group Compliance is responsible for maintaining the hotline. It forwards the information to the relevant department or unit. Depending on the nature and severity of the potential violation, Group Compliance may report it immediately

to the E.ON Management Board, notify law enforcement, initiate its own investigation, or take other appropriate action. In 2021 two possible human rights violations were reported through the whistle-blower hotline. The investigation found that in both cases the allegations were not linked to E.ON or its suppliers and in fact were made against companies with which E.ON has no business relationship.

Aspect 5: Anti-Corruption

Compliance and Anti-Corruption

E.ON is committed to combating corruption in all its manifestations and supports national and international efforts directed against it. E.ON rejects it as a member of the UN Global Compact as well. Corruption leads to decisions being made for the wrong reasons. It can thus impede progress and innovation, distort competition, and do long-term damage to companies. Employees, managers, and board members guilty of corruption may be subject to fines and criminal prosecution. If violations occur, E.ON deals with them transparently and, if necessary, takes disciplinary action.

The E.ON Management Board has the ultimate responsibility for ensuring compliance with applicable laws and for monitoring compliance risks. The E.ON Group has an effective compliance management system ("CMS"). The CMS sets uniform Group-wide minimum standards for certain compliance issues, such as anti-corruption. Pursuant to a Group-wide policy, the Chief Compliance Officer ("CCO"), the Group Compliance team, and the business units' Compliance Officers are responsible for refining and optimizing the CMS on a continual basis.

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 status of the CMS's effectiveness and current developments and incidents. In the event of serious incidents, the Management Board and the Supervisory Board's Audit and Risk Committee are informed immediately. The same applies to important new laws. Potential violations are investigated centrally by Group Audit and Group Compliance.

The effectiveness of E.ON's CMS is the main indicator of the Company's compliance performance. All compliance mechanisms —such as policies, processes, controls, and so forth—are guided and assessed by this criterion. In addition to the E.ON Management Board and the Audit and Risk Committee, Group Audit monitors the CMS's effectiveness. Group Audit is an independent entity and is E.ON's third line of defense for monitoring the CMS. The criteria E.ON uses for monitoring effectiveness are the seriousness and credibility of the compliance efforts as reflected by, for example, the resources E.ON devotes to compliance, its quality, as well as control and monitoring. The Management Board and the Audit and Risk Committee are convinced that the CMS was again effective in 2021. Their assessment was based in part on audits as well as surveys and interviews of employees and stakeholders.

E.ON's Code of Conduct focuses on the guiding principle, "Doing the right thing." Every employee in the E.ON Group is obliged to act in accordance with the Code of Conduct's rules and regulations. The Code is therefore part of the employees' duties under their employment contract. It is supplemented by several People Guidelines that lay down specific rules ("Doing things right"). As a compulsory

reference, the Code helps employees make the right decisions in various professional situations and remain true to E.ON's values. In the preface, the E.ON Management Board calls on all employees to act in a correct manner in order to protect themselves and the Company. The introduction explains why a Code of Conduct is needed. The main body of the Code contains comprehensible guidance on all issues that are of particular concern to E.ON. These include human rights, anti-corruption, fair competition, and compliant relationships with business partners. The Code also contains an integrity check. By answering just a few questions, employees can find out whether their assessments are in compliance with E.ON's principles and values. The Code clearly states E.ON's prohibition against company donations to political parties, political candidates, managers of political offices, and representatives of public agencies.

Managers and employees of business partners may—within pre-defined limits—be invited to events and restaurants and/or receive gifts. The Anti-Corruption People Guideline contains a decision-making scheme that uses the familiar green, amber, and red of traffic lights to indicate when accepting or granting such offers or gifts is permissible, potentially problematic, or forbidden. Gratuities above a certain threshold, which varies by country and national regulations, must receive Compliance Officer approval. Particularly strict requirements apply to invitations and gifts from public, elected, and government officials and their representatives.

To determine in which functions the risk for some compliance violations is particularly high, E.ON conducts compliance risk assessments ("CRAs") on an ongoing basis. Based on their findings, preventive measures are taken.

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 a Group-wide, IT-based whistle-blower hotline. 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 compliance standards in its supply chain as well. E.ON conducts compliance checks to determine whether potential suppliers act in accordance with the Company's values and principles. Also, E.ON subjects potential suppliers to a prequalification, which involves checking their identity and integrity to ensure that they meet E.ON's compliance standards. It includes searching media reports for references to a supplier in connection with compliance issues like corruption and checking 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 Know Your Counterpart ("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 verify counterparties' integrity and avoid legal, regulatory, and reputational risks related to compliance issues.

In 2021 E.ON continued to make new eLearning courses available to employees Group-wide. Since 2010 all employees have been required to complete a Code of Conduct eLearning module on a regular basis. New material was added to the module in 2021, including a statement from the new Chief Executive Officer emphasizing the Code's importance. Employees in units without Internet access receive this training in an offline format.

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 line managers receive integrity training that underscores their function as role models in E.ON's compliance culture.

Consolidated Financial Statements



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Consolidated Statement of Income

2017	2016	2015
Sales including electricity and energy taxes	80,062	63,605
Electricity and energy taxes	-2,704	-2,661
Sales	(6)	77,358
Changes in inventories (finished goods and work in progress)	22	42
Own work capitalized	(7)	761
Other operating income	(8)	47,383
Cost of materials	(9)	-78,096
Personnel costs	(12)	-5,837
Depreciation, amortization and impairment charges	(15)	-3,922
Other operating expenses	(8)	-31,665
Thereof: Impairments of Financial Assets		-319
Income from companies accounted for under the equity method		505
Income from continuing operations before financial results and income taxes	5,509	2,883
Financial results	(10)	-386
Income/Loss from equity investments		167
Income from other securities, interest and similar income		1,037
Interest and similar expenses		-1,590
Income taxes	(11)	-818
Income from continuing operations	5,305	1,310
Income/Loss from discontinued operations, net	(5)	-
Net income	5,305	1,270
Attributable to shareholders of E.ON SE	4,691	1,017
Attributable to non-controlling interests	614	253
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted¹	(14)	
from continuing operations	1.80	0.41
from discontinued operations	-	-0.02
from net income	1.80	0.39
Weighted-average number of shares outstanding (in millions)	2,608	2,607

¹Based on weighted-average number of shares outstanding

Consolidated Statement of Recognized Income and Expenses

C in millions	2015	2014
Net income	5,305	1,270
Remeasurements of defined benefit plans	2,604	-1,093
Remeasurements of defined benefit plans of companies accounted for under the equity method	5	-19
Income taxes	-83	217
Items that will not be reclassified subsequently to the income statement	2,526	-895
Cash flow hedges	648	-358
Unrealized changes—hedging reserve	655	-464
Unrealized changes—reserve for hedging costs	43	-42
Reclassification adjustments recognized in income	-50	148
Fair value measurement of financial instruments	-47	50
Unrealized changes	-45	52
Reclassification adjustments recognized in income	-2	-2
Currency-translation adjustments	93	-214
Unrealized changes—hedging reserve/other	72	-300
Unrealized changes—reserve for hedging costs	6	-1
Reclassification adjustments recognized in income	15	87
Companies accounted for under the equity method	-201	-342
Unrealized changes	-184	-342
Reclassification adjustments recognized in income	-17	-
Income taxes	11	19
Items that might be reclassified subsequently to the income statement	504	-845
Total income and expenses recognized directly in equity (other comprehensive income)	3,030	-1,740
Total recognized income and expenses (total comprehensive income)	8,335	-470
Attributable to shareholders of E.ON SE	7,544	-579
Continuing operations	7,544	-497
Discontinued operations	-	-82
Attributable to non-controlling interests	791	109

→ Consolidated Statement of Income → Consolidated Statement of Recognized Income and Expenses
→ Consolidated Statement of Cash Flows → Consolidated Statement of Changes in Equity → Notes

Consolidated Balance Sheet—Assets

		2021	2020
Goodwill ¹	(15)	17,408	17,827
Intangible assets	(15)	3,553	3,855
Right-of-use assets	(33)	2,424	2,543
Property, plant and equipment	(15)	36,923	36,923
Companies accounted for under the equity method	(16)	4,383	4,383
Other financial assets	(18)	3,770	3,770
Equity investments		1,683	1,683
Non-current securities		1,687	1,687
Financial receivables and other financial assets	(18)	577	577
Operating receivables and other operating assets	(18)	3,244	3,244
Deferred tax assets	(11)	2,283	2,283
Income tax assets	(11)	34	34
Non-current assets		75,484	75,484
Inventories	(17)	1,131	1,131
Financial receivables and other financial assets	(18)	445	445
Trade receivables and other operating assets	(18)	11,525	11,525
Income tax assets	(11)	1,003	1,003
Liquid funds	(19)	4,795	4,795
Securities and fixed-term deposits		1,111	1,111
Restricted cash and cash equivalents		1,016	1,016
Cash and cash equivalents		2,668	2,668
Assets held for sale	(5)	1,002	1,002
Current assets		19,901	19,901
Total assets		95,385	95,385

¹Includes the preliminary differential amount from the VSEH purchase-price allocation in 2020 (see Note 5)

Consolidated Balance Sheet—Equity and Liabilities

		2021	2020
Capital stock	(20)	2,641	2,641
Additional paid-in capital	(21)	13,353	13,368
Retained earnings	(22)	1,228	-5,257
Accumulated Other Comprehensive Income	(23)	-4,075	-4,701
Treasury shares	(20)	-1,094	-1,126
Equity attributable to shareholders of E.ON SE		12,053	4,925
Non-controlling interests (before reclassification)		6,823	5,696
Reclassification related to IAS 32		-787	-1,566
Non-controlling interests	(24)	6,036	4,130
Equity		17,889	9,055
Financial liabilities	(27)	28,131	29,423
Operating liabilities	(27)	10,818	7,599
Income tax liabilities	(11)	312	362
Provisions for pensions and similar obligations	(25)	6,082	8,088
Miscellaneous provisions	(26)	13,367	13,296
Deferred tax liabilities	(11)	2,649	2,993
Non-current liabilities		61,761	61,761
Financial liabilities	(27)	6,530	3,418
Trade payables and other operating liabilities	(27)	20,955	16,215
Income tax liabilities	(11)	543	847
Miscellaneous provisions	(26)	11,782	3,904
Liabilities associated with assets held for sale	(5)	701	185
Current liabilities		40,511	24,569
Total equity and liabilities		119,759	95,385

Consolidated Statement of Cash Flows

€ in millions		
Net income	5,305	1,270
Income/Loss from discontinued operations, net	-	40
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	3,922	4,166
Changes in provisions	8,318	169
Changes in deferred taxes	318	495
Other non-cash income and expenses	-1,187	-229
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	-140	-328
Changes in operating assets and liabilities and in income taxes	-12,467	-296
Inventories	83	104
Trade receivables	-2,839	240
Other operating receivables and income tax assets	-20,525	423
Trade payables	1,258	-508
Other operating liabilities and income taxes	9,576	-555
Cash provided by (used for) operating activities of continuing operations	4,069	5,287
Cash provided by (used for) operating activities of discontinued operations	-	26
Cash provided by (used for) operating activities (operating cash flow)	4,069	5,313
Proceeds from disposal of intangible assets and property, plant and equipment	270	234
Proceeds from disposal of Equity investments	751	2,586
Purchases of investments in intangible assets and property, plant and equipment	-4,487	-4,362
Purchases of investments in Equity investments	-275	191
Proceeds from disposal of securities (>3 months) and of financial receivables and fixed-term deposits	901	2,036
Purchases of securities (>3 months) and of financial receivables and fixed-term deposits	-2,744	-2,047

¹Cash and cash equivalents of continuing operations at the beginning of the period of the prior year also include €4 mill on attributable to the sales operations in Hungary that were reclassified as a disposal group until the divestment in the third quarter and €4 million attributable to the sales operations of the heating electricity business in Germany which was divested in the second quarter.

²Cash and cash equivalents of continuing operations at the end of the period also include €8 million attributable to VSEH group that was reclassified as a disposal group in the fourth quarter of 2021.

€ in millions		
Changes in restricted cash and cash equivalents	285	-515
Cash provided by (used for) investing activities of continuing operations	-5,399	-1,877
Cash provided by (used for) investing activities of discontinued operations	-	13
Cash provided by (used for) investing activities	-5,399	-1,864
Payments received/made from changes in capital	493	-2,393
Cash dividends paid to shareholders of E.ON SE	-1,225	-1,199
Cash dividends paid to non-controlling interests	-324	-364
Proceeds from financial liabilities	4,980	6,640
Repayments of financial liabilities	-1,661	-5,308
Cash provided by (used for) financing activities of continuing operations	2,263	-2,624
Cash provided by (used for) financing activities of discontinued operations	-	-
Cash provided by (used for) financing activities	2,263	-2,624
Net increase/decrease in cash and cash equivalents	933	825
Effect of foreign exchange rates on cash and cash equivalents	42	-74
Cash and cash equivalents at the beginning of the year ¹	2,667	1,902
Cash and cash equivalents of discontinued operations at the beginning of the period	-	14
Cash and cash equivalents at the end of the period²	3,642	2,667
Less: Cash and cash equivalents of discontinued operations at the end of the period	-	-
Cash and cash equivalents of continuing operations at the end of the period	3,642	2,667

Consolidated Statement of Changes in Equity

C in millions	C in millions													
	Equity	Capital	Reserves	Retained Earnings	Other Comprehensive Income	Other Comprehensive Income	Other Comprehensive Income	Other Comprehensive Income	Other Comprehensive Income	Other Comprehensive Income	Other Comprehensive Income	Other Comprehensive Income	Other Comprehensive Income	Other Comprehensive Income
Balance as of January 1, 2020	2,641	13,364	-1,927	-2,465	11	33	-1,418	-18	-1,126	9,099	5,632	-1,483	4,149	13,248
Change in scope of consolidation			7	1			1			9	238		238	247
Capital increase														
Dividends			-1,199							-1,199	-380		-380	-1,579
Share additions/reductions			-2,405							-2,405	97		97	-2,308
Net additions/disposals from reclassification related to IAS 32												-83	-83	-83
Total comprehensive income			267	-505	-1	34	-332	-42		-579	109		109	-470
Net income/loss			1,017							1,017	253		253	1,270
Other Comprehensive Income			-750	-505	-1	34	-332	-42		-1,596	-144		-144	-1,740
Remeasurements of defined benefit plans														
Changes in accumulated other comprehensive income			-750							-750	-145		-145	-895
Balance as of December 31, 2020	2,641	13,364	-5,257	-2,969	10	67	-1,749	-60	-1,126	4,925	5,896	-1,566	4,130	9,065

Consolidated Statement of Changes in Equity

C in millions	2021										2020			
	Cap	Ret	Res	Acc	Acc	Acc	Acc	Acc	Acc	Acc	Ret	Res	Acc	Acc
Balance as of January 1, 2021	2,641	13,368	-5,257	-2,969	10	67	-1,749	-60	-1,126	4,925	5,896	-1,566	4,130	9,055
Change in scope of consolidation			700	10		1	-12			899	81		81	780
Treasury shares repurchased/sold		-15							32	17				17
Dividends			-1,225							-1,225	-339		-339	-1,564
Share additions/reductions			-5	98						93	394		394	487
Net additions/disposals from reclassification related to IAS 32											779		779	779
Total comprehensive income			7,015	-211	6	-34	725	43		7,544	791		791	8,335
Net income/loss			4,691							4,691	614		614	5,305
Other comprehensive income			2,324	-211	6	-34	725	43		2,853	177		177	3,030
Remeasurements of defined benefit plans														
Changes in accumulated other comprehensive income			2,324							2,324	202		202	2,526
				-211	6	-34	725	43		529	-25		-25	504
Balance as of December 31, 2021	2,641	13,353	1,228	-3,072	16	34	-1,036	-17	-1,084	12,053	6,623	-787	5,836	17,889

(1) Summary of Significant Accounting Policies

Basis of Presentation

The Consolidated Financial Statements of E.ON SE, Brüsseler Platz 1, 45131 Essen, Germany, registered in the Commercial Register of Essen District Court under number HRB 28196, have been prepared in accordance with Section 315e (1) of the German Commercial Code ("HGB") and with those International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee interpretations ("IFRIC") that were adopted by the European Commission for use in the EU as of the end of the fiscal year, and whose application was mandatory as of December 31, 2021. On March 7, 2022, the Board of Management of E.ON SE approved the Consolidated Financial Statements as of December 31, 2021, for publication.

Principles

The Consolidated Financial Statements of the E.ON Group ("E.ON" or the "Group") are generally prepared at cost, with the exception of financial assets that are measured at fair value through OCI (FVOCI) and of financial assets and liabilities (including derivative financial instruments) that are recognized in income and measured at fair value through profit or loss (FVPL).

The Consolidated Financial Statements were prepared in euros. Unless otherwise stated, all amounts are shown in millions of euros (€ million). For accounting reasons, rounding differences may occur.

These financial statements cover the fiscal year from January 1 to December 31, 2021. In accordance with IAS 1, "Presentation of Financial Statements," ("IAS 1") the Consolidated Balance Sheets have been prepared using a classified balance sheet structure. Assets that will be realized within twelve months of the reporting date, as well as liabilities that are due to be settled within one year of the reporting date are generally classified as current. The Consolidated Statements of Income are classified using the nature of expense method, which is also applied for internal purposes.

Scope of Consolidation

The Consolidated Financial Statements incorporate the financial statements of E.ON SE and entities controlled by E.ON ("subsidiaries"). Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to influence those returns. Control is generally deemed established when a majority of the voting rights is held. An entity is a structured entity if control is based on contractual arrangements or other legal relationships and is not reflected in a majority of voting rights.

The results of the subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Income from the date of acquisition or until the date of their disposal, respectively.

If the issue of shares in subsidiaries or associates to third parties leads to a reduction in E.ON's ownership interest in these investees ("dilution"), and consequently to a loss of control, joint control or significant influence, gains and losses from these dilutive transactions are included in the income statement under other operating income or expenses.

Where necessary, adjustments are made to the subsidiaries' financial statements to bring their accounting policies into line with those of the Group. Intercompany receivables, liabilities and results are eliminated in the consolidation process.

Associated Companies

An associate is an investee over whose financial and operating policy decisions E.ON has significant influence and that is not controlled by E.ON or jointly controlled with E.ON. Significant influence is presumed if E.ON directly or indirectly holds at least 20 percent, but not more than 50 percent, of an entity's voting rights.

Interests in associated companies are accounted for using the equity method.

Interests in associated companies accounted for using the equity method are reported on the balance sheet at cost, adjusted for changes in the Group's share of the net assets after the date of acquisition and for any impairment charges. Losses that might potentially exceed the Group's interest in an associated company when attributable long-term loans are taken into consideration are generally not recognized. Any difference between the cost of the investment and the pro rata remeasured value of its net assets is recognized in the Consolidated Financial Statements as part of the carrying amount.

Unrealized gains and losses arising from transactions with associated companies accounted for using the equity method are eliminated within the consolidation process on a pro rata basis if they are material.

Companies accounted for using the equity method are tested for impairment by comparing the carrying amount with its recoverable amount. If the carrying amount exceeds the recoverable amount, the carrying amount is adjusted for this difference. If the reasons for previously recognized impairment losses no longer exist, such impairment losses are reversed accordingly.

Joint Ventures

Joint ventures are also accounted for using the equity method. Unrealized gains and losses arising from transactions with joint-venture companies are eliminated within the consolidation process on a pro rata basis if they are material.

Joint Operations

A joint operation exists when E.ON and other investors directly control an operation, but unlike a joint venture, they do not have a claim to the changes in net assets from the operation. Instead, they have direct rights to individual assets or direct obligations with respect to individual liabilities in connection with the operation. E.ON recognizes assets and liabilities as well as revenues and expenses in a joint operation pro rata according to the rights and obligations attributable to E.ON.

Business Combinations

Business combinations are accounted for using the purchase method, under which the purchase price is offset against the proportional share in the acquired company's net assets. The fair values are determined using published exchange or market prices at the time of acquisition in the case of marketable securities or commodities, for example, and in the case of land, buildings and major technical equipment, generally using independent expert reports that have been prepared by third parties. If exchange or market prices are unavailable for consideration, fair values are derived from market prices for comparable assets or comparable transactions. If these values are not directly observable, fair value is determined using appropriate valuation methods. In such cases, E.ON determines fair value using the discounted cash flow method by discounting estimated future cash flows by a weighted-average cost of capital.

Non-controlling interests can be measured either at cost (partial goodwill method) or at fair value (full goodwill method). The choice of method can be made on a case-by-case basis. The partial goodwill method is generally used within the E.ON Group.

Intangible assets must be recognized separately if they are clearly separable or if their recognition arises from a contractual or other legal right. Provisions for restructuring measures may not be recorded in a purchase price allocation. If the purchase price paid exceeds the proportional share in the net assets at the time of acquisition, the positive difference is recognized as goodwill. No

goodwill is recognized for positive differences attributable to non-controlling interests. A negative difference is recognized in net income.

Foreign Currency Translation

The Company's transactions denominated in foreign currency are translated at the current exchange rate at the date of the transaction. At each balance sheet date monetary foreign currency items are adjusted to the exchange rate on the reporting date; any gains and losses resulting from fluctuations in the relevant currencies are recognized in net income and reported as other operating income and other operating expenses, respectively. Gains and losses from the translation of non-derivative financial instruments used in hedges of net investments in foreign operations are recognized in equity as a component of other comprehensive income. The ineffective portion of the hedging instrument is immediately recognized in net income.

The functional currency as well as the reporting currency of E.ON SE is the euro. The assets and liabilities of Group companies with a functional currency other than the euro are translated using the mid-market exchange rates applicable on the balance sheet date. The income statements of foreign Group companies with a functional currency other than the euro are translated using annual average exchange rates. Differences arising from the application of both rates are recognized directly in equity.

The following table depicts the movements in exchange rates for the periods indicated for major currencies of countries outside the European Monetary Union:

Currency rate

British pound	GBP	0.84	0.90	0.86	0.89
Danish krone	DKK	7.44	7.44	7.44	7.46
Norwegian krone	NOK	9.99	10.47	10.16	10.72
Polish zloty	PLN	4.60	4.66	4.57	4.44
Romanian leu	RON	4.95	4.87	4.92	4.84
Swedish krona	SEK	10.25	10.03	10.15	10.48
Czech crown	CZK	24.86	26.24	25.64	26.46
Turkish lira	TRY	15.23	9.11	10.51	8.05
Hungarian forint	HUF	369.19	363.89	358.52	351.25
U.S. dollar	USD	1.13	1.23	1.18	1.14

Recognition of Income

a) Revenues

Revenues are generated primarily from the sale of electricity and gas to retail customers, industrial and commercial customers and wholesale markets. For contracts that do not provide for defined purchase quantities, the performance obligation consists in particular in the provision and availability of energy on demand at any time. Revenues earned from the distribution of electricity and gas and from deliveries of steam and heat are also primarily recognized under revenues. E.ON makes the electricity and gas distribution network available to its customers.

Since the introduction of IFRS 15 with effect from January 1, 2018, revenues no longer include the fees for the promotion of Renewables because these revenues are netted with the corresponding cost of materials (net disclosure).

Revenues are generally recognized when E.ON fulfills its performance obligation by transferring a promised good or service to a customer. An asset is deemed to be transferred when the customer obtains control of the asset. The majority of the E.ON Group's revenues are recognized over time because customers use these services when they are provided. For all such revenues, progress is measured using output-based methods. Progress is generally measured on a straight-line basis with variable charges allocated to specific performance components. The methods used appropriately reflect the pattern of transfer of goods to customers or provision of services for customers. The relatively subordinate point-in-time revenue recognition occurs primarily in the "Build & Sell" segment and for so-called linear products, where a fixed amount of energy is provided to commercial customers at a specific point in time. Revenue is recognized when control is transferred to the customer, which means that no significant discretionary decisions are required. Revenues from the sale of goods and services are measured using the transaction prices allocated to these goods and services. They reflect the value of the volume supplied, including an estimated value of the volume supplied to customers between the date of the last invoice and the end of the period. Monthly advance payments for B2C customers are generally determined on the basis of historical consumption data, taking into account current temperature effects, and peak payments are settled at the end of the settlement

period. In B2B, a bottom-up approach is used to calculate individual rates. E.ON's sales transactions generally are not based on any material finance components. The average target payment period is generally between 10 and 45 days. Refunds to customers are an exception and are granted if the customer is disconnected from the power supply for an extended period of time. Cash bonuses or bonus payments to customers are recognized as refund liabilities and presented as a decrease in revenues uniformly over the term of the contract. As a rule, no warranties are granted in the Core Business. Warranties are only granted in the "Build & Sell" activities.

b) Interest Income

Interest income is recognized pro rata using the effective interest method.

c) Dividend Income

Dividend income is recognized when the right to receive the distribution payment arises.

Electricity and Energy Taxes

Electricity and energy taxes are levied on electricity and natural gas delivered to retail customers and are calculated on the basis of a fixed tax rate per kilowatt-hour ("kWh"). This rate varies between different classes of customers. Electricity and energy taxes payable are deducted from sales revenues on the face of the income statement if those taxes are levied upon delivery of energy to the retail customer.

Earnings per Share

Basic (undiluted) earnings per share is computed by dividing the consolidated net income attributable to the shareholders of the parent company by the weighted-average number of ordinary shares outstanding during the relevant period. At E.ON, the computation of diluted earnings per share is identical to that of basic earnings per share because E.ON SE has issued no potentially dilutive ordinary shares.

Goodwill and Intangible Assets

Goodwill

Goodwill is not amortized, but rather tested for impairment at the cash-generating unit level on at least an annual basis. The term cash-generating unit also always includes groups of cash-generating units and is referred to in simplified form as a cash-generating unit. Goodwill must also be tested for impairment at the level of individual cash-generating units if events or changes in circumstances indicate that the recoverable amount of a particular cash-generating unit might be impaired. Impairment tests must also be performed between these annual tests if events or changes in circumstances indicate that the carrying amount of the respective cash-generating unit might not be recoverable.

Newly created goodwill is allocated to those cash-generating units expected to benefit from the respective business combination. The cash-generating units to which goodwill is allocated are generally equivalent to the operating segments, since goodwill is reported, and considered in performance metrics for controlling, only at that level. If goodwill cannot be allocated arbitrarily to individual

cash-generating units but instead can only be allocated to groups of cash-generating units, the lowest level within the unit at which the goodwill is monitored for internal management purposes then includes several cash-generating units to which the goodwill relates but to which it cannot be allocated individually. Goodwill impairment testing is performed in euro, while the underlying goodwill is always carried in the functional currency.

In a first step, E.ON determines the recoverable amount of a cash-generating unit on the basis of the fair value (less costs to sell) using generally accepted valuation procedures. This is based on the medium-term planning data of the respective cash-generating unit. Valuation is performed using the discounted cash flow method unless market transactions or valuations prepared by third parties for comparable assets which are higher-level in the fair value hierarchy according to IFRS 13 are available. If needed, a calculation of value in use is also performed.

If the carrying amount exceeds the recoverable amount, the goodwill allocated to that cash-generating unit is adjusted in the amount of this difference.

E.ON performs the annual testing of goodwill for impairment at the cash-generating unit level in the fourth quarter of each fiscal year.

Impairment charges on the goodwill of a cash-generating unit and reported in the income statement under "Depreciation, amortization and impairment charges" may not be reversed in subsequent reporting periods.

Intangible Assets

IAS 38, "Intangible Assets," ("IAS 38") requires that intangible assets be amortized over their expected useful lives unless their lives are considered to be indefinite. Factors such as typical product life cycles and legal or similar limits on use are taken into account in the classification.

Internally generated intangible assets subject to amortization are related to software and are recognized as development costs. Intangible assets subject to amortization are generally amortized using the straight-line method over their expected useful lives. The useful lives of customer relationships and similar assets range between 2 and 50 years, and between 3 and 50 years for concessions, industrial property rights, licenses and similar rights, unless depreciation based on use reflects an appropriate level of depletion. This latter category includes software in particular. Useful lives and amortization methods are subject to annual verification. Intangible assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that such assets may be impaired.

Intangible assets not subject to amortization or intangible assets whose use has not yet started are not amortized. An impairment test is carried out at least once a year as well as whenever there are indications of impairment, either for the individual asset or at the level of the cash-generating unit. The useful life of an intangible asset with an indefinite life is tested annually to determine whether the indefinite life assumption continues to be justified.

Both assets with definite and indefinite useful lives are impaired if the recoverable amount—the higher of fair value less costs to sell and value in use—is lower than the carrying amount. If the reasons for the impairment losses previously recognized under depreciation, amortization and impairment charges no longer apply, these assets are written up to a maximum of the value that would have resulted if no impairment losses had been recognized during the preceding periods, taking into account scheduled depreciation.

See Note 15 for additional information about goodwill and intangible assets.

Research and Development Costs

Under IFRS, expenditure on research is expensed as incurred, while costs incurred during the development phase of new products, services and technologies are to be recognized as assets when the general criteria for recognition specified in IAS 38 are present. In the 2020 and 2021 fiscal years, E.ON capitalized costs for internally generated software and other technologies in this context.

Property, Plant and Equipment

Property, plant and equipment are initially measured at acquisition or production cost, including decommissioning or restoration cost that must be capitalized, and are depreciated over the expected useful lives of the components, generally using the straight-line method, unless a different method of depreciation is deemed more

suitable in certain exceptional cases. Useful lives are regularly tested for appropriateness and the underlying assumptions and estimates are updated, for example, in view of technical, economic or legal circumstances. The useful lives of the most significant asset classes of material property, plant and equipment are presented below:

Useful Lives of Property, Plant and Equipment

Buildings	5 to 60 years
Technical equipment, plant and machinery	2 to 80 years
Other equipment, fixtures, furniture and office equipment	2 to 30 years

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that an asset may be impaired. In such a case, property, plant and equipment are tested for impairment according to the principles prescribed for intangible assets in IAS 36. If the reasons for the impairment losses previously recognized under depreciation, amortization and impairment charges no longer exist, such impairment losses are reversed and recognized in income. Such reversal shall not cause the carrying amount to exceed the amount that would have resulted had no impairment taken place during the preceding periods.

Subsequent costs arising, for example, from additional or replacement capital expenditure are only recognized as part of the acquisition or production cost of the asset, or else—if relevant—recognized as a separate asset if it is probable that the Group will receive a future economic benefit and the cost can be determined reliably.

Repair and maintenance costs that do not constitute significant replacement capital expenditure are expensed as incurred.

Borrowing Costs

Borrowing costs that arise in connection with the acquisition, construction or production of a qualifying asset from the time of acquisition or from the beginning of construction or production until its entry into service are capitalized and subsequently amortized alongside the related asset. In the case of a specific financing arrangement, the respective borrowing costs incurred for that particular arrangement during the period are used. For non-specific financing arrangements, a financing rate uniform within the Group of 2.79 percent was applied for 2021 (2020: 3.11 percent). Other borrowing costs are expensed.

Government Grants

Government investment subsidies do not reduce the acquisition and production costs of the respective assets; they are instead reported on the balance sheet as deferred income. They are recognized in income on a straight-line basis over the associated asset's expected useful life.

Government grants are recognized at fair value if the Group satisfies the necessary conditions for receipt of the grant and if it is highly probable that the grant will be issued.

Government grants for costs are posted as income over the period in which the costs are incurred.

Leasing

Lease agreements are accounted for in accordance with IFRS 16, "Leases" ("IFRS 16"). A lease is an agreement that conveys the right to use an identified asset for a specified period in exchange for consideration. E.ON is party to some agreements in which it is the lessor and to others in which it is the lessee.

E.ON as Lessee

Transactions in which E.ON acts as a lessee are accounted for on the basis of the right-of-use model. The recognition exemption of IFRS 16.5 is used for low-value leases and for agreements with a lease term of less than twelve months (short-term leases). Accordingly, there is no recognition of the right-of-use asset and the lease liability. Instead, the payments are recognized on a straight-line basis as an expense. In line with internal management practice, intragroup leases are recognized as current expenses in the segment reporting.

A lease liability is recognized in the amount of the present value of the existing payment obligation. Where an arrangement provides for payments for lease components and non-lease components, the payments are not separated using the practical expedient under IFRS 16.15 (with the exception of real estate leases); the lease liability is measured taking into account the total amount of the payments. Present value is determined by discounting with an incremental borrowing rate that is equivalent in terms of risk and term if the implicit interest rate cannot be determined. The liability is subsequently measured using the effective interest method. A right-of-use asset corresponding with the lease liability is recognized in the amount of the present value of the lease payments. The initial recognition amount of the right-of-use asset is increased by the

amount of the initial direct costs, as well as expected costs for asset retirement obligations; prepayments made are included and lease incentives received are deducted from the initial recognition amount. A right-of-use asset is subsequently measured at amortized cost. Depreciation is carried out on a straight-line basis over the shorter of the lease term or the useful life of the identified asset. An impairment test is carried out in accordance with IAS 36 if events or changed circumstances indicate an impairment.

E.ON ensures its operational flexibility when concluding leasing agreements through the use of extension and termination options. In determining the lease term, E.ON considers all facts and circumstances that provide an economic incentive to exercise existing options. The lease term therefore also includes periods covered by extension options if it is assumed with reasonable certainty that they will be exercised.

E.ON as Lessor

Lease transactions in which E.ON acts as lessor are classified as operating or finance leases depending on the distribution of risks and rewards. If a lease is classified as an operating lease, E.ON recognizes the identified asset and recognizes the lease payments as other operating income on a straight-line basis over the lease term. For finance leases, the identified asset is derecognized and a receivable is recognized in the amount of the net investment value. Payments made by the lessee are treated as a reduction of the lease receivable or interest income. The income from such arrangements is recognized over the term of the lease using the effective interest method. Subleases are classified based on the right-of-use asset under the head lease.

Financial Instruments

Non-derivative Financial Instruments

Non-derivative financial instruments are measured in accordance with IFRS 9, "Financial Instruments" ("IFRS 9"). They are recognized at fair value, including transaction costs, on the settlement date when acquired, provided they are not recognized at fair value through profit and loss.

Financial assets are classified as financial assets measured at amortized cost (AmC), financial assets measured at fair value through other comprehensive income (FVOCI) and financial assets measured at fair value through profit and loss (FVPL) based on the business model and the characteristics of the cash flows.


If a financial asset is held for the purpose of collecting contractual cash flows and the cash flows of the financial asset represent exclusively interest and principal payments, then the financial asset is measured at amortized cost (AmC).

A financial asset is measured at fair value through other comprehensive income (FVOCI) if it is used both to collect contractual cash flows and for sales purposes and the cash flows of the financial asset consist exclusively of interest and principal payments.

Unrealized gains and losses from financial assets measured at fair value through other comprehensive income (FVOCI), net of related deferred taxes, are reported as a component of equity (other comprehensive income) until realized. Realized gains and losses are determined by analyzing each transaction individually.

Debt instruments that do not exclusively serve to collect contractual cash flows or to both generate contractual cash flows and sales revenue, or whose cash flows do not exclusively consist of interest and principal payments are measured at fair value through profit and loss (FVPL). For equity instruments that are not held for trading purposes, E.ON exercises the fair value option (FVPL).

Impairments of financial assets are both recognized for losses already incurred and for expected future credit defaults. The amount of the impairment loss calculated in the determination of expected credit losses is recognized on the income statement.

The expected future credit loss is calculated by multiplying the probability of default by the carrying amount of the financial asset (exposure at default) and the expected loss ratio (loss given default). For information on the treatment of impairments under IFRS 9, please see Note 32 .

Non-derivative financial liabilities (including trade payables) within the scope of IFRS 9 are measured at amortized cost, using the effective interest method. Initial measurement takes place at fair value, with transaction costs included in the measurement. In the subsequent measurement, the residual carrying amount is adjusted by the amortization and accretion of any premium or discount remaining until maturity. The premium or discount is recognized in financial results over its term.

Derivative Financial Instruments and Hedging

Derivative financial instruments and separated embedded derivatives are measured at fair value as of the trading date at initial recognition. Under IFRS 9, they are classified as at fair value through profit and loss (FVPL) as long as they are not a component of a hedge accounting relationship. Gains and losses from changes in fair value are immediately recognized in net income.

The instruments primarily used are foreign currency forwards and cross-currency interest rate swaps, as well as interest rate swaps. In commodities, the instruments used primarily include physically and financially settled forwards and options related to electricity and gas.

As part of fair value measurement in accordance with IFRS 13, the counterparty risk is also taken into account for derivative financial instruments. E.ON determines this risk based on a portfolio valuation in a bilateral approach for both own credit risk (debt value adjustment) and the credit risk of the corresponding counterparty (credit value adjustment). The counterparty risks thus determined are allocated to the individual financial instruments by applying the relative fair value method on a net basis.

E.ON has designated some of these derivatives as part of a hedging relationship. IFRS 9 sets requirements for the admissibility of hedging instruments and the underlyings, the formal designation and documentation of hedging relationships, the hedging strategy, as well as fulfilling requirements of effectiveness in order to qualify for hedge accounting. The designated hedged items and hedging instruments are subject to the same risk. This economic relationship ensures that the amounts of the hedged items and hedging

instruments are offset against each other and that the hedging relationships are therefore effective. The hedge ratio of the hedges is 1:1. Ineffectiveness arises only if the measurement parameters of the hedged item and the hedging instrument differ from one another or in the case of subsequent designation of the hedging instrument. All components of derivative gains and losses from the measurement of hedge ineffectiveness are taken into consideration during recognition.

For qualifying fair value hedges, the change in the fair value of the derivative and the change in the fair value of the hedged item that is due to the hedged risk(s) are recognized in income.

If a derivative instrument qualifies as a cash flow hedge under IFRS 9, the effective portion of the hedging instrument's change in fair value is recognized in equity (as a component of other comprehensive income) and reclassified into income in the period or periods during which the cash flows of the transaction being hedged affect income. In accordance with IFRS 9, the currency basis spread (hedging costs) will be separated from the hedging instrument and reported separately as an excluded component in accumulated other comprehensive income in the reserve for hedging costs as a component of equity.

The hedging result is reclassified into income during the period in which the cash flows of the hedged asset are recognized in income. The result is recognized immediately in income if it becomes probable that the hedged underlying transaction will no longer occur. For hedging instruments used to establish cash flow hedges, the change in fair value of the ineffective portion is recognized immediately in the income statement to the extent required.

To hedge the foreign currency risk arising from the Company's net investment in foreign operations, derivative as well as non-derivative financial instruments are used. Gains or losses due to changes in fair value and from foreign currency translation are recognized within equity, as a component of other comprehensive income, under currency translation adjustments.

E.ON currently uses hedges in the framework of cash flow hedges and hedges of a net investment.

Changes in fair value of derivative instruments that are recognized in income are presented as other operating income or expenses. Gains and losses from interest-rate derivatives are included in interest income.



Unrealized gains and losses resulting from the initial measurement of derivative financial instruments at the inception of the contract are not recognized in income. They are instead deferred and recognized in income systematically over the term of the derivative. An exception to the accrual principle applies if unrealized gains and losses from the initial measurement are verified by quoted market prices, observable prices of other current market transactions or other observable data supporting the valuation technique. In this case the gains and losses are recognized in income.

Contracts (in particular sales and procurement contracts for electricity and gas) that are entered into for purposes of receiving or delivering non-financial items in accordance with E.ON's anticipated procurement, sale or use requirements, and held as such, are classified as

own-use contracts. They are not accounted for as derivative financial instruments at fair value through profit and loss (FVPL) in accordance with IFRS 9, but as pending transactions subject to the rules of IAS 37. Contracts that provide for net settlement and resales of the quantities to be delivered at a future date generally cannot, as a rule, be classified as own-use contracts. Based on forward-looking forecasts of delivery quantities specified by customer structure and portfolio management, contracts with physical settlement upon conclusion are recognized as derivatives for which settlement cannot be ensured within the scope of ordinary delivery. This "safety buffer" is reviewed on a regular basis and adjusted if necessary.

Embedded derivatives in own-use contracts must be separated from the host contract and accounted for as derivatives in accordance with IFRS 9 if the economic characteristics and risks of these derivatives are not closely related to those of the host contract. The contract is assessed upon conclusion to determine whether a derivative is required to be separated. A reassessment must be carried out if there is a significant change in the terms of the contract or in the context of business combinations.

Agreements to buy or sell non-financial items that are classified as own-use contracts under IFRS 9 and that are required to be accounted for as derivatives (so-called "failed-own-use" contracts) must be realized or recognized in the balance sheet at the market price applicable at the time of physical settlement. In addition, any income from commodity derivatives arising from the difference between the contract price and the market price is recognized in other operating income.

IFRS 7, "Financial Instruments: Disclosures," ("IFRS 7") and IFRS 13 both require comprehensive quantitative and qualitative disclosures about the extent of risks arising from financial instruments. Additional information on financial instruments is provided in Notes 31  and 32 .

Non-derivative and derivative financial instruments are netted on the balance sheet if under IAS 32 E.ON has both an unconditional right—even in the event of the counterparty's insolvency—and the intention to settle offsetting positions simultaneously and/or on a net basis.

Inventories

Inventories are measured at the lower of acquisition or production cost and net realizable value. The cost of raw materials, finished products and goods purchased for resale is determined based on the average cost method. In addition to production materials and wages, production costs include material and production overheads based on normal capacity. The costs of general administration are not capitalized. Inventory risks resulting from excess and obsolescence are provided for using appropriate valuation allowances, whereby inventories are written down to net realizable value.

Emission Rights and Similar Certificates

Emission rights and similar certificates held under national and international emissions trading systems for the settlement of obligations are capitalized at cost at the date of acquisition and reported under current assets. Subsequent measurement is at amortized cost under IAS 38.

The obligation to submit emission rights and similar certificates to the relevant authorities is recognized as a liability as of the balance sheet date. Measurement is based on the best estimate of the future settlement amount.

Receivables, Contract Assets or Liabilities and Other Assets

A receivable is recognized under IFRS 15 when the goods or services are delivered, provided that the right to consideration is unconditional, i.e., is only related to the passage of time. However, if the right to receive the consideration is contingent upon conditions other than the passage of time, a contract asset is recognized. A contract liability under IFRS 15 is recognized when consideration has been received for an existing IFRS 15 contract and the right to receive the goods or services still exists in full or in part. The contractual liability is only reversed with an effect on revenue when E.ON has performed the corresponding service. An asset is recognized under other assets under IFRS 15 if the cost of obtaining the contract is expected to be recovered and the amortization period is longer than one year. Other assets are amortized over the estimated term of the contract depending on how the goods or services to which the costs relate are transferred to the customer. If the estimated term of the contract is less than one year, the costs are immediately recognized as an expense on the income statement. Receivables and other assets are initially measured at fair value, which generally approximates nominal value. They are subsequently measured at amortized cost, using the effective interest method. Trade receivables without a significant financial component are measured upon initial recognition at their transaction price. Valuation allowances, included in the reported net carrying amount, are provided for

identifiable individual risks. If the loss of a certain part of the receivables is probable, valuation allowances are provided to cover the expected loss. Impairments must also be recognized for expected future credit losses.

Liquid Funds

Liquid funds include current securities, checks, cash on hand and bank balances. Bank balances and securities with an original maturity of more than three months are recognized under securities and fixed-term deposits. Liquid funds with an original maturity of less than three months are considered to be cash and cash equivalents, unless they are restricted.

Restricted cash with a remaining maturity in excess of twelve months is classified as financial receivables and other financial assets.

Assets Held for Sale and Liabilities Associated with Assets Held for Sale and Discontinued Operations

Non-current assets and any corresponding liabilities held for sale and any directly attributable liabilities are recognized separately from other assets and liabilities in the balance sheet in the line items "Assets held for sale" and "Liabilities associated with assets held for sale" if they can be disposed of in their current condition and if there is sufficient probability of their disposal actually taking place. The reclassification to the separate balance sheet items is shown in the fixed asset movement schedule under Changes in scope of consolidation.

Discontinued operations are components of an entity that are either held for sale or have already been sold and can be clearly distinguished from other corporate operations, both operationally and for financial reporting purposes. Additionally, the component of the entity classified as a discontinued operation must represent a major business line or a specific geographic business segment of the Group or a subsidiary acquired exclusively for resale.

Non-current assets that are held for sale either individually or collectively as part of a disposal group, or that belong to a discontinued operation, are no longer depreciated. They are instead accounted for at the lower of the carrying amount and the fair value less any remaining costs to sell. If this value is less than the carrying amount, an impairment loss is recognized in other operating expenses.

The income and losses resulting from the measurement of components held for sale as well as the gains and losses arising from the disposal of discontinued operations, are reported separately on the face of the income statement under income/loss from discontinued operations, net, as is the income from the ordinary operating activities of these divisions. Prior-year income statement figures are adjusted accordingly. The relevant assets and liabilities are reported in a separate line on the balance sheet. The cash flows of discontinued operations are reported separately in the cash flow statement, with prior-year figures adjusted accordingly. However, there is no reclassification of prior-year balance sheet line items attributable to discontinued operations.

Equity Instruments

E.ON has entered into purchase commitments to holders of non-controlling interests in subsidiaries. By means of these agreements, the non-controlling shareholders have the right to require E.ON to purchase their shares on specified conditions. None of the contractual obligations has led to the transfer of substantially all of the risk and rewards to E.ON at the time of entering into the contract. Under the anticipated acquisition method, however, the right of tender is accounted for as if it had already been exercised. Accordingly, the minority interests are derecognized—irrespective of the probability of the option being exercised—and at the same time a liability is recognized in the amount of the present value of the repurchase amount in accordance with IAS 32, “Financial Instruments: Presentation” (IAS 32). The difference between this measurement and the carrying amount of the minority shareholders’ equity to be derecognized is recognized in equity of E.ON SE shareholders. The accretion of the liability is recognized as interest expense. If a purchase commitment expires unexercised, the liability reverts to non-controlling interests. Any remaining difference is then recognized directly in equity in retained earnings.

Where shareholders of entities own statutory, non-excludable rights of termination (as in the case of German partnerships, for example), such termination rights require the reclassification of non-controlling interests from equity into liabilities under IAS 32. The liability is recognized at the present value of the expected settlement amount irrespective of the probability of termination. Changes in the value

of the liability are reported within other operating income. Accretion of the share of the results of the non-controlling shareholders’ share in net income is recognized in Net interest income/expense.

If E.ON SE or a Group company buys treasury shares of E.ON SE, the value of the consideration paid, including directly attributable additional costs (net after income taxes), is deducted from E.ON SE’s equity until the shares are retired, distributed or resold. If such treasury shares are subsequently distributed or sold, the consideration received, net of any directly attributable additional transaction costs and associated income taxes, is recognized in equity in additional paid-in capital.

Share-Based Payment

Share-based payment plans issued in the E.ON Group are accounted for in accordance with IFRS 2, “Share-Based Payment”.

In fiscal years 2018, 2019, 2020 and 2021, virtual shares were granted to members of the Management Board of E.ON SE and certain E.ON Group executives under the new E.ON Performance Plan. See the Compensation Report for more details on the structure of the plan.

The E.ON Performance Plan represents commitments of the Company which provide for cash compensation based on the share price performance at the end of the term. The compensation expense is recognized in the income statement pro rata over the vesting period.

In 2021, employees of E.ON SE and participating subsidiaries once again had the opportunity to purchase E.ON shares at favorable conditions under the employee stock purchase program, which had been suspended from 2016 to 2020. The program includes a share-based payment settled in equity instruments (shares of E.ON SE) as consideration for services rendered or work performed. The corresponding compensation under IFRS 2 was recognized in personnel expense and the offsetting entry was made in equity.

Provisions for Pensions and Similar Obligations

Measurement of defined benefit obligations in accordance with IAS 19, “Employee Benefits,” is based on actuarial computations using the projected unit credit method, with actuarial valuations performed at year-end. The valuation encompasses both pension obligations and pension entitlements that are known on the reporting date and economic trend assumptions such as assumptions on wage and salary growth rates and pension increase rates, among others, that are made in order to reflect realistic expectations, as well as variables specific to reporting dates such as discount rates, for example.

Included in gains and losses from the remeasurements of the net defined benefit liability or asset are actuarial gains and losses that may arise especially from differences between estimated and actual variations in underlying assumptions about demographic and financial variables. Additionally included is the difference between the actual return on plan assets and the expected interest income on plan assets included in the net interest result. Remeasurements

effects are recognized in full in the period in which they occur and are not reported within the Consolidated Statements of Income, but are instead recognized within the Statements of Recognized Income and Expenses as part of equity.

The employer service cost representing the additional benefits that employees earned under the benefit plan during the fiscal year is reported under personnel costs; the net interest on the net liability or asset from defined benefit pension plans determined based on the discount rate applicable at the start of the fiscal year is reported under financial results.

Past service cost, as well as gains and losses from settlements, are fully recognized in the income statement in the period in which the underlying plan amendment, curtailment or settlement takes place. They are reported under personnel costs.

The amount reported on the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. If a net asset position arises from this calculation, the amount is limited to the present value of available refunds and the reduction in future contributions and to the benefit from prepayments of minimum funding requirements. Such an asset position is recognized as an operating receivable.

Payments for defined contribution pension plans are expensed as incurred and reported under personnel costs. Contributions to state pension plans are treated like payments for defined contribution pension plans to the extent that the obligations under these pension plans generally correspond to those under defined contribution pension plans.

Provisions for Asset Retirement Obligations and Other Miscellaneous Provisions

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets," ("IAS 37") provisions are recognized when E.ON has a legal or constructive present obligation towards third parties as a result of a past event, it is probable that E.ON will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The provision is recognized at the expected settlement amount. Long-term obligations are reported as liabilities at the present value of their expected settlement amounts if the interest rate effect (the difference between present value and repayment amount) resulting from discounting is material; future cost increases that are foreseeable and likely to occur on the balance sheet date at year-end must also be included in the measurement. Long-term obligations are generally discounted at the market interest rate applicable as of the respective balance sheet date, provided that it is not negative. The accretion amounts and the effects of changes in interest rates are generally presented as part of financial results. A reimbursement related to the provision that is virtually certain to be collected is capitalized as a separate asset. No offsetting within provisions is permitted. Advance payments remitted are deducted from the provisions.

Obligations arising from the decommissioning or dismantling of property, plant and equipment are recognized during the period of their occurrence at their discounted settlement amounts, provided that the obligation can be reliably estimated, whereby no negative discount rates are applied. The carrying amounts of the respective property, plant and equipment are increased by the same amounts.

In subsequent periods, capitalized asset retirement costs are amortized over the expected remaining useful lives of the assets, and the provision is accreted to its present value on an annual basis. Advance payments remitted are deducted from the provisions.

Changes in estimates arise in particular from deviations from original cost estimates, from changes to the maturity or the scope of the relevant obligation, and also as a result of the regular adjustment of the discount rate to current market interest rates. The adjustment of provisions for the decommissioning and restoration of property, plant and equipment for changes to estimates is generally recognized by way of a corresponding adjustment to these assets, with no effect on income. As the property, plant and equipment concerned have, however, frequently already been fully depreciated, changes to estimates are primarily recognized within the income statement.

The estimates for nuclear decommissioning provisions are derived from studies, cost estimates, legally binding civil agreements and legal information. A material element in the estimates are the real interest rates applied (the applied discount rate, less the cost increase rate). The impact on consolidated net income depends on the level of the corresponding adjustment posted to property, plant and equipment.

No provisions are established for contingent asset retirement obligations where the type, scope, timing and associated probabilities cannot be determined reliably.

If onerous contracts exist in which the unavoidable costs of meeting a contractual obligation exceed the economic benefits expected to be received under the contract, provisions are established for losses from pending transactions. Such provisions are recognized at the lower of the excess obligation upon performance under the contract and any potential penalties or compensation arising in the event of non-performance. Obligations under an open contractual relationship are determined from a customer perspective.

Provisions for open sales transactions must also be recognized if these transactions are subject to the own-use-exemption under IFRS 9 and if they are partially offset by offsetting transactions that are accounted for as derivative financial instruments and are therefore measured at current market prices. As a result, provisions are recognized under IAS 37 for transactions actually subject to the own-use option; for the purpose of which the positive market values of the procurement portfolio are included in the calculation of the imputed performance costs. The book structure adopted under IFRS 9 therefore affects the accounting treatment of the corresponding provisions.

Contingent liabilities are possible obligations toward third parties arising from past events that are not wholly within the control of the entity, or else present obligations toward third parties arising from past events in which an outflow of resources embodying economic benefits is not probable or where the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities were not recognized on the balance sheet.

A more detailed description is not provided for certain contingent liabilities and contingent receivables, particularly in connection with pending litigation, as this information could influence further proceedings.

Where necessary, provisions for restructuring costs are recognized at the present value of the future outflows of resources. Provisions are recognized once a detailed restructuring plan has been decided on by management and publicly announced or communicated to the employees or their representatives. Only those expenses that are directly attributable to the restructuring measures are used in measuring the amount of the provision. Expenses associated with the future operation are not taken into consideration.

Income Taxes

Under IAS 12, "Income Taxes," ("IAS 12") deferred taxes are recognized on temporary differences arising between the carrying amounts of assets and liabilities on the balance sheet and their tax bases (balance sheet liability method). Deferred taxes are recognized for temporary differences that will result in taxable or deductible amounts when taxable income is calculated for future periods, unless those differences are the result of the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit/loss (initial differences). Uncertain tax positions are recognized at their most likely value. IAS 12 further requires that deferred tax assets be recognized for unused tax loss carryforwards and unused tax credits. Deferred tax assets are recognized to the extent that it is probable

that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Each of the corporate entities is assessed individually with regard to the probability of a positive tax result in future years. The planning horizon is basically three to five years in this context. Any existing history of losses is incorporated in this assessment. For those tax assets to which these assumptions do not apply, the value of the deferred tax assets is reduced.

Deferred tax liabilities caused by temporary differences associated with investments in affiliated and associated companies are recognized unless the timing of the reversal of such temporary differences can be controlled within the Group and it is probable that, owing to this control, the differences will in fact not be reversed in the foreseeable future.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to be applicable for taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of changes in tax rates and tax law is generally recognized in net income. Equity is adjusted for deferred taxes that had previously been recognized directly in equity. The change is generally recognized in the period in which the material legislative process is completed.

To the extent that they are material, income taxes for transaction costs of an equity transaction are recognized directly in equity under IAS 12.

Note 11 [📄](#) shows the major temporary differences.

Consolidated Statements of Cash Flows

In accordance with IAS 7, "Cash Flow Statements," the Consolidated Statements of Cash Flows are classified in cash flows from operating, investing and financing activities.

Segment Information

In accordance with the so-called management approach required by IFRS 8, "Operating Segments," the internal reporting organization used by management for making decisions on operating matters is used to identify the Company's reportable segments. The internal performance measure used as the segment result is EBIT adjusted to exclude certain non-operating effects (see Note 35 [📄](#)). Transactions between the reportable segments are recorded at arm's length transfer prices.

Structure of the Consolidated Balance Sheets and Statements of Income

In accordance with IAS 1, "Presentation of Financial Statements," the Consolidated Balance Sheets have been prepared using a classified balance sheet structure. Assets that will be realized within twelve months of the reporting date, as well as liabilities that are due to be settled within one year of the reporting date are generally classified as current.

The Consolidated Statements of Income are classified using the nature of expense method, which is also applied for internal purposes.

Critical Accounting Estimates and Assumptions;

Critical Judgments in the Application of Accounting Policies

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that may both influence the application of accounting principles within the Group and affect the measurement and presentation of reported figures. Estimates are based on past experience and on current knowledge obtained on the transactions to be reported. Actual amounts may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis and are adjusted as necessary in the periods in which they were recognized. Estimates are particularly necessary for the measurement of the value of property, plant and equipment and of intangible assets, specifically in connection with purchase price allocations, the recognition and measurement of deferred tax assets, the accounting treatment of provisions for pensions and miscellaneous provisions, for impairment testing in accordance with IAS 36, as well as for the determination of the fair value of certain financial instruments as well as the application of IFRS 15. Estimates are also factored in when applying IFRS 16, namely in connection with the determination of lease terms and the calculation of the discount rate.

The application of accounting policies requires judgments to be made that may affect the amounts recognized in the financial statements. Judgments are relevant, for example, when assessing whether an item is to be classified in accordance with IFRS 5. Here, management assesses whether a disposal is considered highly probable. Further judgments may be necessary in assessing whether E.ON controls, jointly controls with other investors, or can significantly influence an entity. Specifically, management assesses here what the significant activities of the company are, i.e., which activities have a material

impact on the returns of the investee. The list of shareholdings (see Note 38 [📄](#)) provides information on the form of inclusion in the consolidated financial statements of certain investees whose share of voting rights indicates a different form of inclusion.

The underlying principles used for estimates in additional relevant topics are outlined in the respective sections.

In addition, estimates and judgments continue to be subject to increased uncertainty due to the currently unpredictable global impact of the Covid-19 pandemic. The actual amounts may differ from the estimates and judgments made; changes may have a material impact on the financial statements. When the estimates and judgments were updated, all available information on expected economic developments and country-specific government measures was taken into account on the reporting date. However, since the Covid-19 pandemic is continuously evolving, it is difficult to predict its duration and the extent of its impact on assets, liabilities, earnings and cash flows. A quantitative assessment of the impact of the Covid-19 pandemic in the E.ON Group based on available knowledge and best information available is presented in Note 3 [📄](#).

(2) New Standards, Interpretations and Amendments

Standards, Interpretations and Amendments Applicable for the First Time in 2021

Standard / Amendment	Description	Effective Date	Impact
Amendments to IFRS 16—Covid-19 Related Rent Concessions	The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. Initially, these amendments were to apply until June 30, 2021.	01/01/2021	No material effect
Amendment to IFRS 16—Covid-19 Related Rent Concessions beyond 30 June 2021	In light of the fact that the Covid-19 pandemic is continuing, the IASB extended the application period of the practical expedient with respect to accounting for Covid-19-related rent concessions through June 30, 2022.	04/01/2021	No material effect
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16—Interest Rate Benchmark Reform (Phase 2)	The amendments provide temporary relief to adopters regarding the financial reporting impact that will result from replacing Interbank Offered Rates (IBORs) with alternative risk-free rates (RFRs). The amendments provide for the following practical expedients: <ul style="list-style-type: none"> • Treatment of contract modifications or changes in contractual cash flows due directly to the Reform—such as fluctuations in a market interest rate – as changes in a floating rate; • Allow changes to the designation and documentation of a hedging relationship required by IBOR reform without discontinuing hedge accounting; • Temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component; • Additional IFRS 7 disclosures in connection with the IBOR Reform. 	01/01/2021	No material effect (see Note 32)
Amendments to IFRS 4—Extension of the Temporary Exemption from IFRS 9	Deferral of initial application of IFRS 9 for insurers	01/01/2021	No effect

The EU has transposed these amendments into European law. The amendments will be applied for fiscal years beginning on or after January 1, 2021. The amendments have no material impact on E.ON's Consolidated Financial Statements.

Standards, Interpretations and Amendments Issued But Not Yet Applicable

The IASB and the IFRS IC have issued the following additional standards and interpretations. E.ON does not apply these rules because their application is not yet mandatory in some cases or their endorsement by the EU is still pending in others. Currently, however, these adjustments are not expected to have a material impact on E.ON's Consolidated Financial Statements:

IASB and IFRS IC Pronouncements	Expl				
Amendments to IAS 16—Proceeds before Intended Use	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.	Yes	01/01/2022		No material effect
Amendments to IAS 37—Onerous Contracts—Cost of Fulfilling a Contract	Clarification that all costs directly attributable to a contract must be considered when determining the cost of fulfilling the contract	Yes	01/01/2022		No material effect.
Amendments to IFRS 3—Reference to the Conceptual Framework	Reference to the revised 2018 IFRS Conceptual Framework. Priority application of IAS 37 or IFRIC 21 by the acquirer to identify acquired liabilities. No recognition of contingent assets acquired allowed.	Yes	01/01/2022		No material effect.
Annual Improvements Project—Annual Improvements to IFRSs 2018–2020 Cycle	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	Yes	01/01/2022		No material effect
IFRS 17 "Insurance contracts" including Amendments to IFRS 17	The new IFRS 17 standard governs the accounting for insurance contracts and supersedes IFRS 4	Yes	01/01/2023		No material effect.
Amendment to IFRS 17—Initial Application of IFRS 17 and IFRS 9—Comparative Information	The amendment concerns the transitional provisions for the initial joint application of IFRS 17 and IFRS 9	Pending	01/01/2023		No effect.
Amendments to IAS 1—Classification of Liabilities as Current or Non-current Amendments to IAS 1—Classification of Liabilities as Current or Non-current—Deferral of Effective Date	Clarification that the classification of liabilities as current or non-current is based on the rights the entity has at the end of the reporting period.	Pending	01/01/2023 ^{1, 2}		No material effect.
Amendments to IAS 1 and IFRS Practice Statement 2—Disclosure of Accounting Policies	Clarification that an entity must disclose all material (formerly "significant") accounting policies. The main characteristic of these items is that, together with other information included in the financial statements, they can influence the decisions of primary users of the financial statements.	Pending	01/01/2023 ¹		No material effect
Amendments to IAS 8—Definition of Accounting Estimates	Clarification with regard to the distinction between changes in accounting policies (retrospective application) and changes in accounting estimates (prospective application).	Pending	01/01/2023 ¹		No material effect.
Amendments to IAS 12—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Clarification that the initial recognition exemption of IAS 12 does not apply to leases and decommissioning obligations. Deferred tax is recognized on the initial recognition of assets and liabilities arising from such transactions.	Pending	01/01/2023 ¹		No material effect.

¹If not yet endorsed by the EU the date of first-time adoption scheduled by the IASB is assumed to apply.

²In July 2021, the IASB decided to postpone the date of initial application to no earlier than January 1, 2024, as further adjustments are pending in this context.

(3) Impact of the Covid-19 Pandemic

The consequences of the Covid-19 pandemic continued to impact E.ON's businesses. However, the economic consequences of the Covid-19 pandemic, which had a negative effect on E.ON's activities in the 2020 financial year, have to a large extent dissipated in 2021, although the economic impediments that still persist vary from region to region and from segment to segment.

E.ON received no materially significant public support measures such as loans, tax relief or compensatory mechanisms. In addition, there were no material effects on the employment situation in the E.ON Group.

Overall, the Covid-19 pandemic did not generate a triggering event for the E.ON Group to test goodwill and non-current assets for impairment.

(4) Scope of Consolidation

The number of consolidated companies changed as follows in 2021:

Scope of Consolidation			
	Domestic	Foreign	
Consolidated companies as of January 1, 2020	174	203	377
Additions	10	12	22
Disposals/Mergers	13	24	37
Consolidated companies as of December 31, 2020	171	191	362
Additions	4	4	8
Disposals/Mergers	9	39	48
Consolidated companies as of December 31, 2021	166	156	322

In 2021, a total of 52 domestic and 11 foreign associated companies were consolidated under the equity method (2020: 54 domestic companies and 13 foreign companies). One domestic company reported as joint operations was presented pro rata on the consolidated financial statements (2020: one domestic company).

(5) Acquisitions, Disposals and Discontinued Operations

Significant Transactions in 2021

Disposal of innogy eMobility Solutions GmbH
E.ON completed the sale of 100 percent of the shares in innogy eMobility Solutions GmbH (ieMS), a fully consolidated subsidiary, to Compleo Charging Solutions AG, with its registered office in Dortmund, on December 31, 2021. ieMS and its subsidiaries are active in the field of electromobility in Europe, in particular charging stations. The company, which was allocated to the Customer Solutions Other segment in the E.ON Group, was classified as a disposal group under IFRS 5 from the third quarter of 2021. In this connection, a write-down to the lower fair value less costs to sell of €20 million was recognized in the third quarter. The company was deconsolidated as of December 31, 2021; the loss on deconsolidation totaled €28 million. Compleo Charging Solutions AG is a listed company and a full-service provider of charging technology in Europe.

Consortium Agreement with RheinEnergie
On June 29, 2021, Westenergie AG, a fully consolidated subsidiary of the E.ON Group, entered into a new consortium agreement with RheinEnergie AG. This agreement will enable E.ON to exert significant influence on the further development of the energy supply in one of Germany's fastest-growing economic regions and to benefit from growth and synergies in the Rhineland. According to current

plans, Westenergie and RheinEnergie will merge shareholdings in individual municipal utilities into rhenag Rheinische Energie Aktiengesellschaft (rhenag), a subsidiary that is also fully consolidated in the E.ON Group. rhenag continues to be fully consolidated by Westenergie. Westenergie and RheinEnergie have also agreed to continue to optimize their operational cooperation with regard to plant management, leases and service agreements. The implementation of the steps planned in the consortium agreement are subject to the approval of the antitrust authorities and the Cologne district government. This transaction is expected to close in the mid-2022. Within the framework of the cooperative arrangement, Westenergie will transfer an additional 20 percent of the shares of Stadtwerke Duisburg, which is included in the consolidated financial statements as an associated company, to RheinEnergie, which will increase its share in RheinEnergie from 20 to 24.9 percent. The shareholding in Stadtwerke Duisburg is allocated to the Energy Networks Germany segment; since Q2 2021, the investment has been reported as an asset held for sale under IFRS 5 in the amount of €154 million. There was no effect on net income as a result of the reclassification.

Pro Rata Disposal of Stromnetzgesellschaft Essen GmbH & Co. KG Westnetz GmbH sold 50 percent of the limited partnership interests in the newly established Stromnetzgesellschaft Essen GmbH & Co. KG to Essener Versorgungs- und Verkehrsgesellschaft mbH (EVV), with effect from January 1, 2022. Technical equipment will be transferred to this company, also with effect from January 1, 2022. After completion of the transaction, this equipment will be leased back from E.ON, so that E.ON will continue to operate the network. In Q3 2021, the criteria of IFRS 5 for reporting the assets to be contributed as held for sale were met for the first time. As a result, the corresponding property, plant and equipment in the amount of

€136 million included in the Energy Networks Germany segment has since been reported separately under "Assets held for sale" in the balance sheet. No impairment loss was recognized from the comparison of the carrying amount with its fair value less costs to sell. More information on the future network cooperation model is provided in Note 33.

Planned Reorganization of the Businesses of the Slovakian Units ZSE and VSEH E.ON is in negotiations with the Slovak state on the continued combining of the businesses of Západoslovenská energetika a.s. ("ZSE") and Východoslovenská energetika Holding a.s. ("VSEH"). E.ON has a 49-percent stake in each of the two companies and the Slovakian state has a 51-percent stake. VSEH, in which E.ON has control, is fully consolidated and is allocated to the Energy Networks East-Central Europe/Turkey and Customer Solutions Other segments. The transaction is expected to be successfully concluded within the next twelve months. As a result of the realization of the planned transaction, the business activities of VSEH, which had previously been fully consolidated, would in future be accounted for in the Consolidated Financial Statements using the equity method. Accordingly, VSEH is presented as a disposal group in accordance with IFRS 5 as of December 31, 2021. The assets classified as held for sale (before minority interest deduction) amount to €1,054 million, of which €883 million are non-current assets, €162 million current assets and €9 million in deferred tax assets. Goodwill of €508 million was also allocated. The corresponding liabilities (before minority interest deduction) amount to €648 million, of which €276 million in financial liabilities, €218 million in operating liabilities, €40 million in provisions and €114 million in deferred tax liabilities. An impairment of €298 million was recognized as a consequence of the

classification as a disposal group (see also Note 15). This impairment is due to the fact that the fair value less costs of disposal was below the carrying amount basis. The impairment loss was allocated first to the carrying amount of the goodwill allocated to the disposal group. The determination of the fair value less costs of disposal was based on the discounted cash flow method (level 3 of the measurement hierarchy according to IFRS 13). The significant non-observable inputs used in the fair value measurement are generally consistent with those used in the impairment tests. For more detailed qualitative and quantitative information on these parameters, please refer to Note 15.

Disposal of the Belgian Distribution Business

Dutch utility Essent NV and Belgian energy company Luminus signed an agreement in February 2021 to sell Essent's Belgian distribution business. Essent currently supplies more than 500,000 electricity and gas customers in Belgium. Essent is a wholly owned subsidiary in the E.ON Group, Luminus is a 68.6 percent subsidiary of EdF S.A., and the remaining shares are held by municipalities and local authorities. The Belgian distribution business in the E.ON Group, which was allocated to the Customer Solutions Netherlands/Belgium segment, was then reported as a disposal group under IFRS 5 in the first quarter of 2021 and an impairment loss of €7 million was recognized on the lower fair value less costs to sell. After the transaction was completed on May 3, 2021, the Belgian distribution business was deconsolidated in Q2 2021: the gain on deconsolidation amounted to €12 million.

Disposal of the Dutch B2B Distribution Business

Dutch utilities Essent NV and Eneco NV signed an agreement in July 2021 to sell Essent's Dutch B2B distribution business. Essent currently supplies electricity and gas to nearly 5,000 B2B customers in the Netherlands. Essent is a wholly owned subsidiary in the E.ON Group, and Eneco is a wholly owned subsidiary of a consortium of Mitsubishi Corporation and Chubu Electric Power. After the transaction was completed on October 1, 2021, the Dutch B2B distribution business, which was allocated to the Customer Solutions Netherlands/Belgium segment, was deconsolidated in Q4 2021; the gain on deconsolidation amounted to €13 million.

Reorganization of the Hungary Business

At the beginning of October 2019, E.ON acquired the 27-percent stake held by EnBW in ELMŰ Nyrt. ("ELMŰ") and ÉMÁSZ Nyrt. ("ÉMÁSZ"). A framework agreement was subsequently signed between E.ON, MVM Magyar Villamos Művek Zrt. (a shareholder of ELMŰ and ÉMÁSZ) ("MVM") and Opus Global Nyrt. ("Opus"). Under this agreement, E.ON will be able to create a balanced and optimized portfolio in Hungary, which will also facilitate the rapid integration of innogy's Hungary activities.

The agreement was fully implemented on December 16, 2021, after approval by the competent authorities. After the sales by E.ON, MVM holds 100 percent of the ÉMÁSZ distribution network operator ÉMÁSZ Hálózati Kft. ("ÉMÁSZ DSO") and a 25-percent stake in E.ON Hungária (including the acquired innogy holding companies

ELMŰ and ÉMÁSZ). In addition, Opus acquired E.ON's E.ON Tiszántúli Áramhálózati Zrt. ("E.ON ETI"). Both the ÉMÁSZ distribution network operator and E.ON ETI were reported as a disposal group in accordance with IFRS 5 as of December 31, 2020; both companies belonged to the Energy Networks Hungary operating segment. After the transactions were completed on August 31, 2021, both the ÉMÁSZ distribution system operator and the business at E.ON ETI were deconsolidated in Q3 2021. Until that date, a net gain of almost €6 million (E.ON ETI) and an expense of €10 million (ÉMÁSZ DSO) were recognized in the 2021 fiscal year as a result of the comparison of the fair value less costs of disposal with the carrying amount. E.ON ETI disposed of fixed assets of €318 million, current assets of €33 million and deferred tax assets of €10 million. Disposed liabilities amounted to €154 million, of which €131 million were operating liabilities. The loss on deconsolidation amounted to €15 million. At the ÉMÁSZ distribution system operator, disposed fixed assets amounted to €308 million and current assets to €46 million, with deferred tax assets of €7 million. Disposed liabilities amounted to €117 million, of which €94 million were operating liabilities. The loss on deconsolidation amounted to €10 million.

Disposal of the Universal Service Provider Business in Hungary
To further optimize its portfolio in Hungary, on February 23, 2022, E.ON Hungária Zrt. signed an agreement with MVM Zrt. to sell 100 percent of the shares in E.ON Áramszolgáltató Kft. ("EAS") EAS holds a regional universal service provider license and supplies electricity to customers in certain regions in Hungary on this basis.

As of December 31, 2021, the transaction is expected to be successfully concluded within the next twelve months. As a result, EAS and the universal service provider business respectively, which are allocated to the Customer Solutions Other segment in the E.ON Group, are reported as a disposal group in accordance with IFRS 5 as of December 31, 2021. In total, assets totaling €63 million, primarily receivables, and liabilities totaling €53 million, primarily operating liabilities and provisions, were reclassified to the disposal group. The other comprehensive income relating to the disposal group to be realized upon actual subsequent disposal totaled €10 million as at December 31, 2021.

Disposal of the Swedish Biogas Business

E.ON Energiösnings AB concluded an agreement with the subsidiary St1 Sverige AB of the energy company St1 Nordic Oy for the sale of 100 percent of the shares in E.ON Biofor Sverige AB. E.ON Biofor Sverige employs 35 biogas experts and is geographically located in the urban areas of southern Sweden and Stockholm. The shareholding in E.ON Biofor Sverige AB was allocated to the Customer Solutions Other segment. The transaction was completed upon satisfaction of customary closing conditions and regulatory approval on June 30, 2021. The parties agreed not to disclose the purchase price. The gain on deconsolidation amounted to €28 million.

Deconsolidation results are generally allocated to other operating income/expense.

Significant Transactions in 2020

Some of the material transactions presented for 2021 originated in 2020 as described above. In addition to these transactions, especially the following material business combinations, disposals and discontinued operations took place in 2020

Finalization of Accounting for the innogy Acquisition

Accounting for the innogy acquisition was finalized in the third quarter of 2020.

Changes in the measurement of assets and liabilities acquired as part of the innogy merger due to new knowledge acquired up to September 17, 2020, and thus within the one-year measurement period, were made retroactively to the acquisition date. Corresponding adjustments for the 2019 financial year or the reporting date of December 31, 2019, in the balance sheet, income statement, statement of recognized income and expenses, and statement of changes in equity also required adjustments to the disclosures affected by this in the Notes to the Consolidated Financial Statements. In addition, the innogy integration also involved a standardization of processes for collecting data relevant to the Notes to the Consolidated Financial Statements and of procedures for allocating data to the Notes to the Consolidated Financial Statements; the knowledge gained in the process was taken into account by making appropriate adjustments to the disclosures for the 2019

fiscal year. Unless otherwise noted in individual cases, the adjustments to disclosures for the 2019 fiscal year marked in the Notes to the Consolidated Financial Statements result from the matters described above in connection with the innogy integration.

In March 2018, E.ON had concluded an agreement with RWE to acquire the network and sales business of innogy. Within this framework, the 76.8-percent stake in innogy SE held by RWE was transferred from RWE to E.ON following approval by the antitrust authorities. The entire Renewables and Gas Storage business of innogy as well as the 37.9-percent stake that innogy holds in Austrian energy supplier KELAG will remain within the RWE Group. The acquisition was concluded through a comprehensive transfer of business activities following the approval of the EU Commission and the competent antitrust authorities on September 18, 2019. The approval was granted subject to the conditions of the EU Commission, including the sale of various business activities of E.ON and innogy. All conditions were fulfilled in the course of 2020 (please refer to the section below entitled "Conditions Imposed by the EU Commission Arising from the innogy Takeover Fulfilled").

As consideration for innogy's network and sales business, RWE was granted a 16.7-percent shareholding in E.ON SE by way of a 20-percent capital increase against contribution in kind from existing authorized capital. RWE has notified E.ON that it has since reduced its stake to 15 percent. E.ON had also transferred to RWE most of

its Renewables business and the minority interests held by E.ON subsidiary PreussenElektra in the Lippe-Ems GmbH and Gundremmingen GmbH nuclear power plants operated by RWE. E.ON and RWE had also agreed on a compensatory payment of €1.5 billion from RWE to E.ON. This payment was offset against E.ON's payment obligations and indemnification assets with respect to RWE as part of a shortened payment procedure.

On March 12, 2018, E.ON had made an offer to the remaining shareholders of innogy SE to acquire all registered no-par-value shares of innogy SE in a voluntary public takeover offer. Subsequently, a further 9.41 percent of innogy shares were tendered for a total consideration of €37.59 per share (including an agreed dividend and share price adjustment).

The purchase-price allocation was finalized in the third quarter of 2020, which is within the adjustment period of up to twelve months from the completion of the first-time consolidation granted under IFRS 3.45

The largest change in terms of amount resulted from the fact that the loan receivable from RWE to innogy SE in the amount of €0.7 billion, which was acquired by E.ON, is no longer reported separately as in the 2019 Annual Report, but instead is presented as part of net assets. This is reflected in the sharp decline in current financial liabilities. The value of financial liabilities was also reduced by the fact

that a larger portion than originally assumed was attributable to innogy's renewables business. The change in rights of use is the result of the retrospective adjustment to the underlying interest rate for selected leases. This is accompanied by corresponding adjustments, in particular to depreciation and amortization and interest expense. Recent information on the remaining useful lives of acquired network assets has led to adjustments in the carrying amounts of property, plant and equipment. The reduction in trade accounts receivable is mainly due to receivables in the U.K. and is mainly related to an increase in expected credit losses.

The difference in the consideration transferred is due to subsequent purchase-price adjustments. The goodwill results primarily from the strategic reorientation of the customer business and the energy networks as well as from the expected synergies from the integration of innogy SE into the Group.

By the acquisition date, E.ON had also acquired an additional 3.79 percent of innogy shares on the market. The extraordinary general shareholders meeting of innogy SE in Essen on March 4, 2020, finally approved the exclusion of the minority shareholders of innogy SE. With the entry in the commercial register on June 2, 2020, the merger of innogy SE into E.ON Verwaltungs SE (subsequently renamed innogy SE) became effective. The fixed cash settlement was paid out shortly afterwards. A court-appointed expert auditor

has confirmed in accordance with the requirements of German stock corporation law that the fixed cash compensation of €42.82 per share is appropriate.

Conditions Imposed by the EU Commission Arising from the innogy Takeover Fulfilled

As part of the acquisition of innogy, the EU Commission has, among other things, imposed conditions requiring the disposal of certain E.ON and innogy businesses in Eastern Europe. To fulfill these conditions, E.ON and the MVM Group signed an agreement on July 10, 2020, to sell innogy Česká republika a.s. and thereby the entire Czech electricity and gas business of innogy in the retail segment. E.ON had already reported these activities of innogy in the Czech Republic as discontinued operations under IFRS 5 as of September 30, 2019. No additional impairment loss was recognized from the comparison of the carrying amounts of these discontinued operations and the fair values less costs to sell as of the balance sheet date. The transaction was approved by the European Commission at the end of October and subsequently completed on October 30, 2020. The parties have agreed not to disclose the purchase price.

In fiscal year 2020, E.ON generated revenues of €57 million (2019: €19 million), no interest income (2019: €5 million), interest expenses of €7 million (2019: €8 million), and other income/ expenses of €41 million (2019: -€2 million), with the fully consolidated companies to be transferred.

The disposed assets and liabilities related to intangible assets (€306 million), rights of use (€9 million), property, plant and equipment (€123 million), other assets (€512 million), provisions (€1 million) and liabilities (€273 million). The deconsolidation gains also include the recognition in income of the negative currency translation effects previously reported in other comprehensive income (-€41.8 million).

An additional condition imposed by the EU Commission included the sale of the German heating electricity business of E.ON Energie Deutschland. The contract portfolio disposed of includes all special contracts with customers for the supply of heating electricity and all special contracts for the supply of household electricity if household electricity is also purchased at the same point of consumption and from the same contract partner for heating electricity with separate metering. In anticipation of the disposal, the contract portfolio was spun off into two newly founded companies, E.ON Heizstrom Nord GmbH ("EHN") and E.ON Heizstrom Süd GmbH ("EHS"). Because of the obligation to dispose of these activities, E.ON has already reported its heating electricity business as a disposal group pursuant to IFRS 5 with effect from September 30, 2019. The sale of EHN and EHS was completed on April 28, 2020.

In addition, on September 23, 2020, E.ON sold its subsidiary E.ON Energiakereskedelmi Kft. ("EKER")—which is responsible for E.ON's non-regulated commercial electricity retail business in Hungary—to Audax Renovables. The parties have agreed not to disclose the purchase price. Because of the obligation to dispose of these activities, E.ON has already reported the business of EKER as a disposal group pursuant to IFRS 5 with effect from September 30, 2019. With the completion of these transactions, E.ON has fully complied with the antitrust requirements in connection with the innogy acquisition. E.ON had previously withdrawn from operating individual charging stations for electric vehicles on German motorways.

Acquisition of Shares in VSE Holding

E.ON completed the acquisition of 49 percent of the shares in Východoslovenská energetika Holding s.a. (VSEH), based in Košice, Slovakia, from RWE on August 21, 2020. VSEH consists of various business segments, of which the electricity distribution segment accounts for the largest share. With this transaction, E.ON broadened its business portfolio in the areas of energy networks and customer solutions in Slovakia. E.ON has a controlling influence within the meaning of IFRS 10 due to its extensive decision-making powers over the business activities of VSEH, so that VSEH and its subsidiaries were fully consolidated in the E.ON consolidated financial statements and a business combination was recognized in accordance with IFRS 3.

The consideration transferred for the acquisition of shares amounted to €739 million. The purchase price to be paid to RWE was not recognized directly in income, but was offset against a receivable still outstanding with RWE from the completed acquisition of the innogy shares. The purchase price to be paid included a compensation

payment for the waiver of pre-emptive rights of the Slovak state. The transaction therefore had no material impact on cash flows from investing activities in 2020. Transaction costs of €2 million incurred for this purpose were recognized in the income statement under other operating expenses in 2020. The costs were mainly incurred for consulting services. Compared to the status of the acquired assets and liabilities at fair value at acquisition and the difference as of December 31, 2020, as presented in the 2020 Annual Report, there have been no significant changes. The purchase-price allocation is now final after the end of the twelve-month adjustment period.

Nord Stream 1

E.ON Beteiligungen GmbH held all of the shares of PEG Infrastruktur AG (PEGI) and thereby the indirect interest in Nord Stream AG (15.5 percent). Nord Stream AG, a project company founded in 2005, owns and operates two pipelines, each 1,224 kilometers long, that transport natural gas from Russia to Germany. Under an agreement dated December 18, 2019, E.ON Beteiligungen GmbH sold and transferred all of the shares of PEGI, and consequently the indirect interest in Nord Stream AG, to E.ON Pension Trust e.V. (EPT), with effect on and for account of the trust assets of MEON Pensions GmbH & Co. KG (MEON). EPT acts as trustee under the Contractual Trust Arrangement (CTA), with MEON as trustor, which has bundled the benefit obligations and the plan assets of companies of the E.ON Group and is responsible for fulfillment of the acquired benefit obligations and the investment of the plan assets transferred for this purpose. There are additional CTA trust agreements with EPT as trustee with companies of the E.ON Group as trustors. Based on the assets, as of the end of 2019 MEON, with a volume of €2.9 billion, is the largest trustor within the framework

of the CTA with EPT. The shares were transferred to PEGI with effect from the close of December 31, 2019. The deconsolidation gain in fiscal 2019 amounted to €0.4 billion. The purchase price payment of €1.1 billion was made on January 15, 2020.

Disposal of Real Estate Assets

E.ON NA Capital, Inc. and E.ON RE Investments LLC, fully consolidated companies in the E.ON Group, transferred real estate assets totaling about US\$288 million to other entities in 2020, of which US\$265 million was transferred to the trust assets of E.ON Pension Trust, which is not fully consolidated. The purchase-price payments were primarily made in 2020.

(6) Revenues

At €77.4 billion, revenues in 2021 were roughly €16.4 billion higher than in the previous year, primarily due to the cooler weather and the economic consequences of the Covid-19 pandemic, which had a negative impact on E.ON's activities in the previous year.

The increase in revenues is primarily attributable to higher prices for energy on the commodity markets. This resulted on the one hand in higher selling prices on the sales markets. On the other hand, in the case of sales volumes purchased on a forward basis, which are initially to be accounted for as derivatives under IFRS 9, the corresponding revenues are to be measured at market prices at the time of physical delivery (so-called failed own use adjustments). Expenses from the realization of commodity derivatives are recognized in other operating income.

Revenues recognized in the current reporting period arising from performance obligations that have been fully or partially settled in prior reporting periods amounted to €0.4 billion (2020: €0.4 billion). The total amount of benefit obligations already contracted but still outstanding (excluding expected contract renewals and expected new contracts) was €28.1 billion as of December 31, 2021 (December 31, 2020: €29.4 billion). The majority of these benefit obligations are expected to be met within the next three years. Revenue in the E.ON Group is recognized primarily on an over-time basis. Revenue recognized under non-IFRS 15 accounting standards totaled €673 million in fiscal 2021.

Revenues are broken down into intragroup and external revenues in the segment information (Note 35 [a](#)). They are also broken down into key regions and technologies. The overview also shows the effect of revenues on operating cash flow before interest and taxes.

(7) Own Work Capitalized

Own work capitalized amounted to €761 million in 2021 (2020: €680 million) and resulted primarily from capitalized work performed in connection with ongoing and completed IT projects and network assets.

(8) Other Operating Income and Expenses

The table below provides details of other operating income for the periods indicated:

Other Operating Income

	2021	2020
Income from exchange rate differences	478	1,064
Gain on derivative financial instruments (including currency derivatives)	44,737	5,906
Gain on disposal of non-current assets and securities	360	469
Gain on the reversal of provisions	155	52
Miscellaneous	1,653	1,416
Total	47,383	8,907

Other operating income increased by €38,476 million to €47,383 million (2020: €8,907 million).

Income and expenses from derivative financial instruments (including currency derivatives) relate to fair value measurement under IFRS 9.

Income from derivative financial instruments increased year-on-year by €38,831 million to €44,737 million, mainly due to sharp rises in energy prices on the commodity markets.

Commodity derivatives generated income in the amount of €43,909 million. These are partly offset by material expenses for procurement transactions realized at market price. In addition, this resulted in significantly higher provisions, additions to which are recognized under materials expense (see Note 26 [a](#)). In addition, income from derivative financial instruments (including currency derivatives) includes realized income from currency derivatives of €339 million (2020: €1,679 million). Conversely, income from currency translation effects decreased by €586 million to €478 million. Corresponding items from derivative financial instruments (including currency derivatives) are included in other operating expenses.

The gain on the disposal of property, plant and equipment and securities consisted primarily of gains on the disposal of Rampion Renewables Limited in the amount of €64 million. In 2020 there were gains on the disposal of the Heizstrom Nord and Heizstrom Süd companies in the amount of €160 million. Gains were realized on the sale of securities in the amount of €41 million (2020: €23 million).

Miscellaneous other operating income included effects from the refund of prior purchases of residual electricity volumes amounting to around €0.5 billion. Recognition of own-use contracts as liabilities in the amount of €99 million in the framework of the innogy purchase-price allocation (2020: €297 million). In addition, income from transactions other than ordinary business activities in the amount of €221 million (2020: €200 million), income from contract penalties €70 million (2020: €64 million), and rental and lease interest in the amount of €58 million (2020: €63 million) were presented here.

The effects of foreign currency translation within other operating income amounted to €849 million (2020: €874 million)

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

Other Operating Expenses

Loss from exchange rate differences	885	641
Loss on derivative financial instruments (including exchange rate changes)	26,486	5,787
Taxes other than income taxes	42	100
Loss on disposal of non-current assets and securities	209	133
Write-down of current assets	319	317
Miscellaneous	3,724	3,941
Total	31,665	10,919

Other operating expenses of €31,665 million were €20,746 million higher than in the previous year (€10,919 million). The increase is due to the €20,699 million rise in expenses from derivative financial instruments (including currency derivatives) to €26,486 million. Similar to the development in income from derivative financial instruments, this was mainly due to a sharp rise in energy prices on the commodity markets.

Expenses from commodity derivatives in the amount of €25,990 million were partly offset by revenues for sales transactions realized at market price.

In addition, expenses from derivative financial instruments (including currency derivatives) includes realized expenses from currency derivatives of €51 million (2020: €1,917 million).

Expenses from exchange rate differences in the amount of €885 million increased by €244 million compared with the previous year (€641 million).

Miscellaneous other operating expenses includes effects from the recognition of own-use contracts capitalized in connection with innogy's purchase-price allocation amounting to €163 million (2020: €563 million). Also included are consulting and audit fees in the amount of €139 million (2020: €287 million), advertising and marketing expenses in the amount of €196 million (2020: €174 million), rents and leases in the amount of €53 million (2020: €44 million), and third-party services and pass-through charges in the amount of €971 million (2020: €722 million). Additionally reported under this item are IT expenses in the amount of €444 million (2020: €396 million), office expenses in the amount of €117 million (2020: €125 million), insurance premiums in the amount of €61 million (2020: €57 million), travel expenses in the amount of €40 million (2020: €50 million), contributions and fees in the amount of €67 million (2020: €99 million), and repair expenses in the amount of €86 million (2020: €83 million).

Foreign currency translation effects within other operating expenses amounted to €1,161 million (2020: €874 million).

(9) Cost of Materials

The principal components of expenses for raw materials and supplies and for purchased goods are the purchase of gas and electricity. Fuel supply is also included in this line item. Expenses for purchased services consist primarily of network usage charges and maintenance costs.

Cost of Materials

Expenses for raw materials and supplies and for purchased goods	63,001	31,599
Expenses for purchased services	15,095	15,548
Total	78,096	47,147

Cost of materials of €78,096 million was significantly higher than the prior-year level of €47,147 million. This increase was mainly due to higher energy prices on the commodity markets. These factors have generated higher direct procurement costs and also have led to adjustments of the corresponding expenses to the current market price at the time of realization in the case of forward procurement contracts that are to be accounted for as derivative financial instruments in accordance with IFRS (so-called failed own use contracts). Accordingly, income from the realization of commodity derivatives are recognized in other operating income.

In addition, the recognition of provisions for pending transactions was included in the materials expense. These provisions were primarily recognized for contracted sales transactions that are not subject to IFRS 9 (so-called own use contracts), but which are economically part of a portfolio that is partly offset by procurement transactions to be accounted for as derivative financial instruments. The market value measurement of procurement transactions correspondingly results in other operating income (see also Note 8 (2)).

(10) Financial Results

The following table provides details of financial results for the periods indicated:

Financial Results

	2021	2020
Income/Loss from companies in which equity investments are held	186	102
Fair value through P&L	133	68
Other	53	34
Impairment charges/reversals on other financial assets	-19	-84
Income/Loss from equity investments	167	18
Income/Loss from securities, interest and similar income	1,037	670
Amortized cost	42	35
Fair value through P&L	772	296
Fair value through OCI	14	24
Other interest income	209	375
Interest and similar expenses	-1,590	-1,390
Amortized cost	-743	-658
Fair value through P&L	-546	-320
Other interest expenses	-301	-412
Net interest income/loss	-553	-720
Financial results	-386	-702

The improvement in financial results relative to the previous year is based in part on an increase in income from investments and in part on an improvement in net interest income, which was positively affected by lower interest expenses from debt financing, among

other factors. Valuation effects from securities recognized at fair value generated significant income in the reporting period, whereas an expense was recorded in the previous year. In contrast, the positive contribution to earnings from the difference between the nominal interest rate and the effective interest rate of the innogy bonds, which was adjusted due to the purchase price allocation, was €267 million, which is lower than in the previous year.

Other interest income consists primarily of income from previous periods, which was significantly lower in 2021. Other interest expenses include the accretion of provisions for asset retirement obligations in the amount of €0 million (2020: €3 million). Also contained in this item is the net interest cost from provisions for pensions in the amount of €63 million (2020: €95 million) and financial lease liabilities in the amount of €160 million (2020: €154 million).

Interest expenses also include €38 million of negative earnings effects (2020: €58 million) from non-controlling interests in subsidiaries that have already been fully consolidated and interests in fully consolidated partnerships, which are to be recognized as liabilities in accordance with IAS 32, and with legal structures that give their shareholders a statutory right of withdrawal combined with an entitlement to a settlement payment.

Interest expense was reduced by capitalized interest on debt totaling €7 million (2020: €8 million).

(11) Income Taxes

The following table provides details of income taxes, including deferred taxes, for the periods indicated:

Income Taxes

	2021	2020
Domestic income taxes	260	137
Foreign income taxes	240	239
Current taxes	500	376
Domestic	90	524
Foreign	228	-29
Deferred taxes	318	495
Total income taxes	818	871

The tax expense in 2021 amounted to €818 million (2020: €871 million). In 2021, the tax rate was 13 percent (2020: 40 percent). In the reporting period, the use of tax losses, market valuations of commodities with no tax effect and taxes for previous years led to a reduction in the tax rate. The reason for the high tax rate in the previous year was essentially a one-off effect from the valuation of deferred tax assets, which was partially offset by taxes for previous years.

Of the amount reported as current taxes, €170 million in tax income is attributable to previous years (2020: €276 million in tax income).

Deferred taxes resulted from changes in temporary differences affecting net income, which totaled €249 million (2020: €223 million), loss carryforwards of €70 million (2020: €270 million) and tax credits amounting to -€1 million (2020: €2 million). There were also offsetting changes recognized directly in equity and effects from additions and disposals for deferred taxes from discontinued operations totaling -€100 million (2020: €175 million).

Income tax assets and liabilities consist primarily of income taxes for the respective current year and for prior-year periods that have not yet been definitively examined by the tax authorities. These items can be found in the balance sheet.

As of December 31, 2021, €23 million (2020: €13 million) in deferred tax liabilities were recognized for the differences between net assets and the tax bases of subsidiaries and associated companies (outside basis differences). Accordingly, deferred tax liabilities were not recognized for temporary differences of €1,718 million (2020: €936 million) at subsidiaries and associated companies, as E.ON is able to control the timing of their reversal and the temporary difference will not reverse in the foreseeable future.

Income taxes relating to discontinued operations (see also Note 5 **B**) are reported in the income statement under "Income from discontinued operations." In fiscal year 2021 they amounted to tax expense of €0 million (2020: tax expense of €19 million).

The base income tax rate of 31 percent (2020: 31 percent) applicable in Germany is composed of corporate income tax (15 percent), trade tax (15 percent) and the solidarity surcharge (1 percent). The

income tax rate of 31 percent corresponds to the tax rate applicable to E.ON SE for 2021. The differences from the effective tax rate are reconciled as follows:

Reconciliation to Effective Income Taxes/Tax Rate

	2021	2020	2019	2018
Income/Loss from continuing operations before taxes	6,123	100.0	2,181	100.0
Expected income taxes	1,898	31.0	676	31.0
Foreign tax rate differentials	-148	-2.4	-203	-9.3
Changes in tax rate/tax law	48	0.8	-147	-6.7
Tax effects on tax-free income	-408	-6.7	-287	-13.1
Tax effects of non-deductible expenses and permanent differences	399	6.5	-103	-4.7
Tax effects on income from companies accounted for under the equity method	-21	-0.4	127	5.8
Tax effects of changes in value and non-recognition of deferred taxes	-767	-12.5	1,119	51.3
Tax effects of other taxes on income	83	1.4	-50	-2.3
Tax effects of income taxes related to other periods	-246	-4.0	-276	-12.7
Other	-19	-0.3	15	0.7
Effective income taxes/tax rate	818	13.4	871	40.0

Deferred tax assets and liabilities as of December 31, 2021, and December 31, 2020, break down as shown in the following table:

Deferred Tax Assets and Liabilities

	December 31, 2021		December 31, 2020	
	€ million	€ million	€ million	€ million
Intangible assets	404	717	399	703
Right-of-use assets	7	622	5	723
Property, plant and equipment	453	3,729	348	3,956
Financial assets	150	142	209	131
Inventories	87	–	34	–
Receivables (including derivative financial instruments)	1,134	7,548	406	1,649
Provisions for pensions and similar obligations	2,895	45	3,109	39
Miscellaneous provisions	4,446	91	2,042	25
Liabilities (including derivative financial instruments)	6,315	2,085	2,968	465
Loss carryforwards	482	–	538	–
Tax credits	1	–	–	–
Other	842	846	809	691
Subtotal	17,216	15,825	10,867	8,382
Changes in value	-2,389	–	-3,195	–
Deferred taxes (gross)	14,827	15,825	7,672	8,382
Netting	-13,176	-13,176	-5,389	-5,389
Deferred taxes (net)	1,651	2,649	2,283	2,993
Current	478	519	287	676

Of the deferred taxes reported, a total of -€730 million was charged directly to equity (2020: -€797 million charge). In addition, €48 million in current taxes (2020: €49 million) was also recognized directly in equity.

Income taxes recognized in other comprehensive income for the years 2021 and 2020 break down as follows:

Income Taxes on Components of Other Comprehensive Income

	2021	2020	2019	2018	2017	2016
Cash flow hedges	648	7	655	-358	38	-320
Securities (IFRS 9)	-47	3	-44	50	-11	39
Currency translation adjustments	93	-	93	-214	-	-214
Remeasurements of defined benefit plans	2,604	-83	2,521	-1,093	217	-876
Companies accounted for under the equity method	-196	1	-195	-361	-8	-369
Total	3,102	-72	3,030	-1,976	236	-1,740

The VSEH Group will be presented as a disposal group in accordance with IFRS 5 as of December 31, 2021. Assets and liabilities held for sale include deferred tax assets of €9 million and deferred tax liabilities of €114 million. In connection with the acquisition of the Slovakian VSEH Group, deferred tax assets of €10 million and deferred tax liabilities of €138 million resulted from the final purchase-price allocation as of December 31, 2020.

The final purchase-price allocation to the acquisition of innogy SE resulted in deferred tax assets of €1,313 million and deferred tax liabilities of €1,358 million as of December 31, 2020.

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

Tax Loss Carryforwards

	2021	2020
Domestic tax loss carryforwards	1,102	1,456
thereof corporate tax	75	79
thereof trade tax	1,027	1,377
Foreign tax loss carryforwards	9,322	10,259
thereof corporate tax	8,684	9,753
thereof local income tax	638	506
Total	10,424	11,715

Of the tax loss carryforwards, a significant portion relates to previous years.

Deferred taxes were not recognized, or no longer recognized, on a total of €7,978 million (2020: €8,433 million) in foreign tax loss carryforwards; of this amount, €562 million (2020: €499 million) relates to temporary foreign loss carryforwards. Deferred tax assets were not recognized, or no longer recognized, on non-expiring domestic corporate tax loss carryforwards of €54 million (2020: €70 million) or on domestic trade tax loss carryforwards of €1,002 million (2020: €1,353 million). Current tax expense was reduced by €79 million due to the use of previously unrecognized tax losses. The change in previously unrecognized tax losses and temporary differences reduced deferred tax expense by €446 million. Deferred tax expense was also reduced by changes in the value of deferred tax assets amounting to €242 million.

The tax interest carryforwards at the end of the year break down as follows:

Tax Interest Carryforwards

	2021	2020
Interest carryforwards domestic	1,053	991
Interest carryforwards foreign	258	182
Total	1,311	1,173

In Germany, deferred tax assets of €1,053 million (2020: €991 million) were not (or no longer) recognized on non-expiring interest carryforwards. In total, deferred tax assets of €214 million (2020: €182 million) were not recognized, or were no longer recognized, on non-expiring foreign interest carryforwards.

Deferred tax assets were not recognized, or are no longer recognized, in the amount of €12,357 million (2020: €16,750 million) for temporary differences which are recognized in income and equity.

As of December 31, 2021, E.ON reported deferred tax assets for companies (primarily in the Netherlands and in the UK) that incurred losses in the current or the prior-year period which exceed the deferred tax liabilities by €497 million (prior year: €387 million). The basis for recognizing deferred tax assets is an estimate by management based on the development of temporary reversal effects and concrete tax structuring measures of the extent to which it is probable that the respective companies will achieve taxable earnings in the future against which the as yet unused tax losses, tax credits and deductible temporary differences can be offset.

Income tax items are regularly assessed, in particular against the backdrop of numerous changes in tax laws, tax regulations, legal decisions and ongoing tax audits. E.ON is responding to this circumstance, in particular through the application of IFRIC 23, by continuously identifying and assessing the tax environment and the resulting effects. The most current information is then incorporated into the estimate parameters necessary for measuring the tax provisions. Related potential interest rate effects are also assessed and measured accordingly. They are presented in separate items.

(12) Personnel-Related Information

Personnel Costs

The following table provides details of personnel costs for the periods indicated:

Personnel Costs		
	2021	2020
Wages and salaries	4,545	4,635
Social security contributions	717	696
Pension costs and other employee benefits	575	535
Pension costs	547	518
Total	5,837	5,866

Personnel costs of €5,837 million were €29 million lower than the prior-year figure of €5,866 million. The change is primarily attributable to the lower headcount and to decreased restructuring measures. This was partly offset by salary adjustments and higher expenses for pensions.

Share-Based Payment

The expenses for share-based payment in 2021 (the E.ON Share Matching Plan, the multiyear bonus and the E.ON Performance Plan) amounted to €61.3 million (2020: €21.7 million)

Employee Stock Purchase Program

The voluntary employee stock purchase program was reintroduced in 2021 after having been suspended since 2016, giving employees in the German Group companies the opportunity once again to purchase E.ON shares at favorable conditions. The favorable pricing conditions granted within the framework of the employee stock purchase program (IFRS 2, "Share-based Payment") resulted in personnel expense of €9 million; the offsetting entry was made in equity.

Long-term Variable Compensation

Members of the Management Board of E.ON SE and certain executives of the E.ON Group receive share-based payment as part of their voluntary long-term variable compensation. The purpose of such compensation is to reward their contribution to E.ON's growth and to further the long-term success of the Company. This variable compensation component, comprising a long-term incentive effect along with a certain element of risk, provides for a sensible linking of the interests of shareholders and management.

The following discussion includes reports on the E.ON Performance Plan introduced in 2017

E.ON Performance Plan (EPP)

In 2017, 2018, 2019, 2020 and 2021, E.ON granted the members of the Management Board of E.ON SE and certain executives of the E.ON Group virtual shares under the E.ON Performance Plan. The vesting period of each tranche is four years. Vesting periods start on January 1 of each year.

The beneficiary will receive virtual shares in the amount of the agreed target. The conversion into virtual shares will be based on the fair market value on the date when the shares are granted. The number of virtual shares allocated may change during the four-year vesting period, depending on the total shareholder return ("TSR") of E.ON stock compared with the TSR of the companies in a peer group ("relative TSR").

The TSR is the return on E.ON stock, which takes into account the stock price plus the assumption of reinvested dividends, adjusted for changes in capital. The peer group used for relative TSR will be the other companies in E.ON's peer index, the STOXX® Europe 600 Utilities.

During a tranche's vesting period, E.ON's TSR performance is measured once a year in comparison with the companies in the peer group and set for that year. E.ON's TSR performance in a given year determines the final number of one fourth of the virtual shares granted at the beginning of the vesting period. If target attainment in a year is below the threshold defined by the Supervisory Board upon allocation, the number of virtual shares is reduced by one fourth. If E.ON's performance is at the upper cap or above, the fourth of the virtual shares allocated for the year in question will increase, but to a maximum of 150 percent.

The resulting number of virtual shares at the end of the vesting period is multiplied by the average price of E.ON stock in the final 60 days of the vesting period. This amount is increased by the dividends distributed on E.ON stock during the vesting period and then paid out. The sum of the payouts is capped at 200 percent of the agreed target.

The virtual shares are canceled if the employment relationship of the beneficiary ends before the end of the term for reasons within the control of the beneficiary. If the employment relationship of the beneficiary is terminated before retirement, through the end of a limited term or for operational reasons before the end of the term, the virtual shares do not expire but are settled at maturity.

If the employment relationship ends before maturity due to death or permanent invalidity, the virtual shares are settled before maturity. The same shall apply in the case of a change in control related to E.ON SE and also if the allocating company leaves the E.ON Group before maturity.

The following are the base parameters of the tranches of the E.ON Performance Plan active in 2021:

The provision for the second, third, fourth and fifth tranche of the E.ON Performance Plan as of the balance sheet date is €89.1 million (2020: €47.5 million). The expense for the second, third, fourth and fifth tranches amounted to €61.3 million in the 2021 fiscal year (2020: €20.8 million).

Employees

In 2021, E.ON employed an average personnel of 71,630 (2020: 75,212). Part-time employees were taken into account on a pro rata basis when this figure was calculated. In addition, an average of 2,115 apprentices were employed in the reporting year in Germany (2020: 2,208).

The breakdown by segment is shown in the following table:

Core Workforce		
	2021	2020
Energy Networks	38,722	38,093
Customer Solutions	27,217	30,946
Corporate Functions & Other	3,915	4,359
Employees, core business	69,854	73,398
Non-Core Business	1,776	1,814
Total employees, E.ON Group	71,630	75,212

¹ Excluding apprentices, work study students or interns
² Full Time Equivalents

E.ON Performance Plan Virtual Shares

	2021	2020	2019	2018
Date of issuance	Jan. 1, 2021	Jan. 1, 2020	Jan. 1, 2019	Jan. 1, 2018
Term	4 years	4 years	4 years	4 years
Target value at issuance	€7.65	€7.88	€6.68	€6.41

(13) Other Information

German Corporate Governance Code

On December 14, 2021, the Management Board and the Supervisory Board of E.ON SE made a declaration of compliance pursuant to Section 161 of the German Stock Corporation Act ("AktG"). The declaration has been made permanently and publicly accessible to stockholders on the Company's Web site (www.eon.com).

Fees and Services of the Independent Auditor

For fiscal year 2021, the auditor was changed from PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft (PwC) to KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG).

During 2021, the following fees were recorded as expenses for the services provided by the independent auditor of the Consolidated Financial Statements, KPMG and by companies in the international KPMG network, and for the services provided in 2020 by PwC and by companies in the international PwC network:

Independent Auditor Fees

	2021	2020
Financial statement audits	29	32
Domestic	21	23
Other attestation services	4	7
Domestic	4	6
Tax advisory services	1	1
Domestic	1	1
Other services	0	2
Domestic	0	2
Total	34	42
Domestic	26	32

The auditor fees relate to the audit of the Consolidated Financial Statements and the legally mandated financial statements of E.ON SE and its affiliates. They also include fees for auditing reviews of the IFRS interim financial statements and other audit services directly required by the audit of the Consolidated Financial Statements.

The fees for other attestation services include all attestation services that are not auditing services and are not used in connection with the audit of the Consolidated Financial Statements. These costs are for the legally required attestation services (e.g., as a result of the Renewable Energy Act [EEG], the Act on Combined Heat and Power Generation [KWKG] and in connection with new IT systems) and for other voluntary attestation services. In the previous year, special audit services were included in the context of the transfer of E.ON's renewable energy business to RWE.

The fees for tax consulting services mainly relate to services in the area of tax compliance.

Fees for other services in the prior year consist primarily of services in connection with the transfer of E.ON's renewable energy business to RWE.

List of Shareholdings

The list of shareholdings pursuant to Section 313 (2) HGB is an integral part of these Notes to the Financial Statements and is presented in Note 38.

(14) Earnings per Share

The computation of basic and diluted earnings per share for the periods indicated is shown below:

Earnings per Share

	2021	2020
Income/Loss from continuing operations	5,305	1,310
Less: Non-controlling interests	-614	-250
Income/Loss from continuing operations attributable to shareholders of E.ON SE	4,691	1,060
Income/Loss from discontinued operations, net	-	-40
Less: Non-controlling interests	-	-3
Income/Loss from discontinued operations, net attributable to shareholders of E.ON SE	0	-43
Net income/loss attributable to shareholders of E.ON SE	4,691	1,017
Earnings per share attributable to shareholders of E.ON SE		
from continuing operations	1.80	0.41
from discontinued operations	0.00	-0.02
from net income/loss	1.80	0.39
Weighted-average number of shares outstanding (in millions)	2,608	2,607

The computation of diluted earnings per share is identical to that of basic earnings per share because E.ON SE has issued no potentially dilutive ordinary shares.

(15) Goodwill, Intangible Assets, Right-of-use Assets and Property, Plant and Equipment

The changes in goodwill and intangible assets, in right-of-use assets, and in property, plant and equipment, are presented in the tables on the following pages:

Goodwill, Intangible Assets, Right-of-use Assets and Property, Plant and Equipment

C in millions

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Goodwill	19,611	133	-552	-	-	-	19,192	-1,784	-	-	-	-	-	-	-	-	-1,784	17,408
Customer relationships and similar items	2,286	12	-154	1	-102	109	2,152	-945	-12	38	-270	102	-108	-33	-	-	-1,228	924
Concessions, commercial property rights, licenses, and similar rights	3,211	-12	-112	662	-788	128	3,089	-1,328	3	41	-453	613	-5	-71	-	-	-1,200	1,889
Development expenditures	888	26	1	96	-197	88	902	-673	-19	-	-126	197	7	-3	-	-	-517	385
Advance payments	334	2	-	249	-27	-192	366	-18	-1	-	-1	20	-	-11	-	-	-11	355
Intangible assets	6,719	28	-265	1,008	-1,114	133	6,509	-2,864	-29	79	-850	932	-106	-118	-	-	-2,956	3,553
Land and buildings	779	9	-9	114	-62	-1	830	-204	-3	3	-110	30	-	-1	-	-	-285	545
Networks	2,102	-	-	222	-126	-1	2,197	-274	1	25	-213	2	1	-	-	-	-458	1,739
Storage, e-charging and production capacities	17	-	-	-	-	-	17	-2	-	-	-2	-	-	-	-	-	-4	13
Technical equipment and machine	30	-	-	5	-1	-	34	-6	-	-	-4	1	-	-	-	-	-9	25
Fleet, office and business equipment	178	4	-3	72	-49	-	202	-77	-3	-	-53	33	-	-	-	-	-100	102
Right-of-use assets	3,106	13	-12	413	-238	-2	3,280	-583	-5	28	-382	66	1	-1	-	-	-856	2,424
Real estate and leasehold rights	1,152	-1	57	16	-23	2	1,203	-58	-1	-17	-4	2	-	-1	-	-	-79	1,124
Buildings	3,980	13	51	67	1	372	4,484	-1,817	-6	-1	-151	8	-3	-4	-	-	-1,974	2,510
Technical equipment, plant and machinery	58,485	92	-1,190	2,071	-2,738	813	57,533	-28,034	-52	166	-2,171	2,541	75	-30	19	-	-27,486	30,047
Other equipment, fixtures, furniture and office equipment	1,483	11	-164	130	-132	72	1,400	-783	-7	25	-164	122	-35	-3	-	-	-845	555
Advance payments and construction in progress	2,569	4	-39	1,520	-5	-1,332	2,717	-54	-1	-	-	1	-	-40	1	-	-93	2,624
Property, plant and equipment	67,669	119	-1,285	3,804	-2,897	-73	67,337	-30,746	-67	173	-2,490	2,674	37	-78	20	-	-30,477	36,960

¹ Also include reclassification to assets held for sale/disposal groups

Changes in Goodwill and in Other Reversals and Impairment Charges By Segment from January 1, 2021

	Energy Networks Germany		Energy Networks Austria		Energy Networks Czech Republic		Energy Networks Hungary		Energy Networks Poland		Energy Networks Slovakia	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net carrying amount of goodwill as of January 1, 2021	7,879	92	760	6,718	1,823	78	477	0	0	0	0	17,827
Changes resulting from acquisitions and disposals	–	–	-76	–	–	–	-5	–	–	–	–	-81
Impairment charges	–	–	–	–	–	–	–	–	–	–	–	–
Other changes ¹	-31	-2	-432	–	127	-5	5	–	–	–	–	-338
Net carrying amount of goodwill as of December 31, 2021	7,848	90	252	6,718	1,950	73	477	0	0	0	0	17,408
Growth rate (in %) ^{2, 3}	0.5	–	–	0.5	0.5	–	–	–	–	–	–	–
Cost of capital (in %) ^{2, 3}	3.1	–	–	4.9	4.8	–	–	–	–	–	–	–
Other non-current assets⁴												
Impairment	-18	–	-75	-1	-46	-2	-12	-31	–	-12	–	-197
Reversals	1	–	19	–	–	–	–	–	–	–	–	20

¹Other changes include effects from intergroup restructuring, transfers, exchange rate differences and reclassifications to assets held for sale

²Presented here are the growth rates and cost of capital for selected cash-generating units whose respective goodwill is material when compared with the carrying amount of all goodwill

³Energy Networks Germany was valued with a detailed planning period of 3 years and on the basis of the regulatory asset base

⁴Other non-current assets consist of intangible assets, right-of-use assets and of property, plant and equipment

Goodwill, Intangible Assets, Right-of-use Assets and Property, Plant and Equipment

C in millions

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Goodwill	19,271	-153	493	-	-	-	18,811	-1,790	6	-	-	-	-	-	-	-1,784	17,827
Customer relationships and similar items	2,218	-20	89	8	-10	1	2,286	-625	9	10	-279	10	-	-70	-	-945	1,341
Concessions, commercial property rights, licenses, and similar rights	2,742	-60	36	510	-132	115	3,211	-866	14	5	-521	106	-7	-59	-	-1,328	1,883
Development expenditures	720	-13	14	72	-57	152	888	-357	8	-	-134	52	-47	-95	-	-573	315
Advance payments	379	-8	1	199	-15	-222	334	-73	2	-3	3	7	53	-7	-	-18	316
Intangible assets	6,059	-101	140	789	-214	46	6,719	-1,921	33	12	-831	175	-1	-231	-	-2,864	3,855
Land and buildings	727	-11	4	102	-43	-	779	-100	1	-3	-109	8	-	-1	-	-204	575
Networks	1,880	1	6	260	-14	-11	2,102	-71	-1	-10	-207	4	11	-	-	-274	1,828
Storage, e-charging and production capacities	10	-	7	-	-	-	17	-2	1	-	-1	-	-	-	-	-2	15
Technical equipment and machine	37	-	-1	1	-7	-	30	-3	-	-	-4	1	-	-	-	-6	24
Fleet, office and business equipment	168	-9	3	52	-36	-	178	-44	2	-2	-53	20	1	-1	-	-77	101
Right-of-use assets	2,802	-19	19	415	-100	-11	3,106	-220	3	-15	-374	33	12	-2	-	-563	2,543
Real estate and leasehold rights	1,111	1	11	17	-17	29	1,152	-54	-1	-	-2	4	-5	-	-	-58	1,094
Buildings	3,839	-57	-9	100	-22	129	3,980	-1,727	18	10	-121	5	2	-4	-	-1,817	2,163
Technical equipment, plant and machinery	55,774	-212	240	2,117	-625	1,191	58,485	-26,324	99	99	-2,112	345	9	-154	4	-28,034	30,451
Other equipment, fixtures, furniture and office equipment	1,234	-12	99	134	-56	84	1,483	-680	7	-9	-146	49	-2	-2	-	-783	700
Advance payments and construction in progress	2,625	-3	38	1,381	-7	-1,465	2,569	-48	-	-	-	2	1	-11	2	-54	2,515
Property, plant and equipment	64,583	-283	379	3,749	-727	-32	67,669	-28,833	123	100	-2,381	405	5	-171	6	-30,746	36,923

¹Also include reclassification to assets held for sale/disposal groups

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2020

	Energy Networks Germany			Energy Networks International			Energy Solutions			Total	
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019
Net carrying amount of goodwill as of January 1, 2020	7,879	88	56	6,718	1,926	6	808	0	0	0	17,481
Changes resulting from acquisitions and disposals	–	–	804	–	–	72	–311	–	–	–	565
Impairment charges	–	–	–	–	–	–	–	–	–	–	–
Other changes ¹	–	4	–100	–	–103	–	–20	–	–	–	–218
Net carrying amount of goodwill as of December 31, 2020	7,879	92	760	6,718	1,823	78	477	0	0	0	17,827
Growth rate (in %) ^{2, 3}	0.5	–	–	0.5	0.5	–	–	–	–	–	–
Cost of capital (in %) ^{2, 3}	3.0	–	–	4.7	5.3	–	–	–	–	–	–
Other non-current assets ⁴											
Impairment	–12	–	–139	–53	–112	–59	–5	–	–	–24	–404
Reversals	–	–	2	1	–	–	2	–	–	1	6

¹Other changes include effects from intragroup restructuring, transfers, exchange rate differences and reclassifications to assets held for sale.

²Presented here are the growth rates and cost of capital for selected cash-generating units whose respective goodwill is material when compared with the carrying amount of all goodwill.

³Energy Networks Germany was valued with a detailed planning period of 3 years and on the basis of the regulatory asset base.

⁴Other non-current assets consist of intangible assets, right of use assets and of property, plant and equipment.

Goodwill and Intangible Assets

The changes in goodwill within the segments, as well as the allocation of impairments and their reversals to each reportable segment, are presented in the tables on pages 201 through 204.

Impairments

To perform the impairment tests, E.ON first determines the fair values less costs to sell of its cash-generating units. Because there were no binding sales transactions or market prices for the respective cash-generating units in 2021, fair values were calculated based on discounted cash flow methods.

Valuations are based on the medium-term corporate planning authorized by the Management Board. The calculations for impairment-testing purposes are generally based on the three planning years of the medium-term plan plus two additional detailed planning years. Deviations from this are made in certain justified exceptional cases. The cash flow assumptions extending beyond the detailed planning period are determined using sustainable, currency-specific growth rates based on the analysis of past years and predictions for the future. In 2021, the sustainable, currency-specific inflation rate used for the euro area was 0.5 percent (2020: 0.5 percent) unless a lower growth rate was justified for that cash-generating unit. The discount rates after taxes used for discounting cash flows in the

annual impairment test are calculated using market data for each cash-generating unit, and as of the valuation date, ranged between 3.1 and 8.5 percent after taxes (2020: between 3.0 and 7.2 percent).

The principal assumptions underlying the determination by management of recoverable amount are the respective forecasts for E.ON's investment activity, changes in the regulatory framework, as well as for rates of growth and the cost of capital, of revenue and EBITDA margin (in the Customer Solutions business) and Regulatory Asset Base and regulatory return (in the Energy Networks business). The assumptions used in these forecasts regarding the development of commodity market prices, future electricity and

gas prices in the wholesale and retail markets are based on external market data from reputable suppliers as well as internal assessments and also appropriately take into account climate-related impacts on market conditions and macroeconomic linkages as well as the sustainability targets anchored in the Group strategy, such as the reduction of Scope 3 emissions by 100 percent by 2050. For example, impacts of climate targets on CO₂ prices and changing weather conditions (temperature, wind, etc.) are included. The assumed development of all of the key influencing factors mentioned corresponds to the expectations set out in the forecast report.

The above discussion applies accordingly to the testing for impairment of intangible assets and of property, plant and equipment and investments subject to the application of the equity method (IAS 28), and of groups of these assets. If the goodwill of a cash-generating unit is combined with assets or groups of assets for impairment testing, the assets must be tested first.

Goodwill

As in the previous year, the goodwill impairment testing performed in 2021 resulted in the recognition of no impairment charges under IAS 36. However, an impairment loss was recognized on the goodwill of the Slovakian operations after they were classified as held for sale under IFRS 5 (see Note 5 for more information). This required impairment amounted to approximately €298 million. It is due to the fact that the fair value less the costs of disposal is below the carrying amount of the disposal group. An impairment loss in such a case will always be allocated first to the carrying amount of any goodwill allocated to the disposal group. Likewise, after the classification under IFRS 5 as held for sale, smaller amounts of goodwill in Belgium (€5 million, Essent's distribution business) and in Hungary (€3 million, at the Hungarian companies ÉMASZ DSO and E.ON ETI) were written down (see also Note 5).

The tested goodwill of all cash-generating units whose respective goodwill as of the balance sheet date is material in relation to the total carrying amount of all goodwill shows a surplus of recoverable amounts over the respective carrying amounts and, therefore, based on current assessment of the economic situation, only a significant change in the material valuation parameters that is not considered realistic would necessitate the recognition of goodwill impairment.

Intangible Assets

In 2021, approximately €118 million of impairments were recognized on intangible assets. Intangible assets in the Energy Networks Romania segment were written down by €59 million. Earnings expectations were lowered against the backdrop of current regulatory developments and sharply rising electricity purchase prices. This affected electricity assets at DSO Delgaz Grid, whose new carrying amount after impairment is now €396 million and which will be depreciated on a straight-line basis over the remaining fixed term of the concession through 2054. The Customer Solutions UK segment accounted for around €35 million of this, mostly for contractual intangible assets in connection with an electricity and gas supply contract, which was fully written down due to the changing market conditions, especially towards the end of the year. The impairment loss in the Corporate Functions division amounted to just over €11 million. This item was used to capitalize IT project costs in the past that can now no longer be used in the future, and it was also written down to zero.

Reversals of impairments on intangible assets only in the amount of €0.1 million were recognized in the reporting year.

In 2021, the Company recorded an amortization expense of €850 million (2020: €931 million)

The closing balance of intangible assets not subject to amortization amounted to €307 million as of December 31, 2021 (2020: €301 million). These assets are mainly attributable to the Energy Networks Germany segment and are largely attributable to easements/rights of way for which the contractual basis does not provide for a time limitation.

€59 million in research and development costs as defined by IAS 38 were expensed in the reporting year (2020: €62 million).

Rights of Use

In 2021, the Company recorded an amortization expense of €382 million (2020: €374 million). Impairment charges on rights of use amounted to €1 million (2020: €2 million)

Property, Plant and Equipment

Impairments on property, plant and equipment in 2021 amounted to just over €78 million. Of this amount, around €28 million was incurred in the non-core business at PreussenElektra. This related to assets under construction at the Grohnde joint nuclear power plant and the Brokdorf nuclear power plant. These items of property, plant and equipment were fully depreciated when the plants were decommissioned on December 31, 2021. Just under €18 million in impairment losses were recognized on property, plant and equipment in the Energy Networks Germany segment. The largest individual item was the full write-off of capitalized project costs in connection with the introduction of smart metering systems in the electricity and gas sectors. Due to the repeated rescheduling of the rollout and changes in the general conditions, these project costs were written down to zero. Around €15 million of this related to the Hungarian

network business of ÉMÁSZ Hálózati Kft., which was classified as held for sale under IFRS 5. The write-downs were necessary because the (expected) selling price was below the carrying amount. As a result, the non-current assets of the unit were reduced proportionately on the basis of the relative carrying amounts. After completion of the transaction on August 31, 2021, the ÉMÁSZ distribution system operator was deconsolidated in the third quarter of 2021 (see also Note 5 **B**). Impairment losses in the Customer Solutions UK segment (just under €11 million) were attributable to a large number of items, none of which was material.

Reversals of impairments on property, plant and equipment totaled around €20 million in the reporting year, of which €19 million related to the Energy Networks Hungary segment. The reversals resulted from the ongoing IFRS 5 valuation of E.ON Tiszántúli Áramhálózati Zrt. during the year. After the sale was completed on August 31, 2021, E.ON ETI was deconsolidated in the third quarter of 2021.

Depreciation amounted to €2,490 million in 2021 (2020: €2,381 million).

Borrowing costs in the amount of €7 million were capitalized in 2021 (2020: €26 million) as part of the historical cost of property, plant and equipment.

(16) Companies Accounted for under the Equity Method and Other Financial Assets

The following table shows the structure of the companies accounted for under the equity method and the other financial assets as of the dates indicated:

Companies Accounted for under the Equity Method and Other Financial Assets

	2021	2020	2019	2018	2017	2016
Companies accounted for under the equity method	4,083	2,618	1,465	4,383	2,651	1,732
Equity investments	2,147	754	230	1,883	698	181
Non-current securities	1,699	—	—	1,887	—	—
Total	7,929	3,372	1,695	8,153	3,349	1,913

¹The associates and joint ventures presented as equity investments are associated companies and joint ventures accounted for at cost on materiality grounds.

Companies accounted for under the equity method consist solely of associates and joint ventures.

The €299 million decrease in the carrying amounts of companies measured at equity compared with December 31, 2020, was mainly due to negative exchange rate effects in Turkey.

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

In 2021, impairment charges on companies accounted for under the equity method totaled €10 million (2020: €27 million) and reversals of €2 million (2020: €0 million).

Impairments on other financial assets amounted to €29 million (2020: €92 million). Write-ups totaled €10 million (2020: €0 million). The carrying amount of other financial assets with impairment losses was €3 million as of the end of the fiscal year (2020: €13 million), the carrying amount of the other financial assets written up amounts to €17 million (2020: €0 million).

Shares in Companies Accounted for under the Equity Method

The carrying amounts of the immaterial associates accounted for under the equity method totaled €1,398 million (2020: €1,575 million), and those of the joint ventures totaled €646 million (2020: €946 million).

Investment income generated from companies accounted for under the equity method amounted to €405 million in 2021 (2020: €428 million).

The following table provides an overview of material items in the aggregated consolidated statements of comprehensive income of the immaterial associates and joint ventures accounted for using the equity method:

Summarized Financial Information for Individually Non-material Associates and Joint Ventures Accounted for under the Equity Method

	2021	2020	2019	2018	2017	2016
Proportional share of net income from continuing operations	154	126	86	169	240	295
Proportional share of other comprehensive income	-1	-3	2	-6	1	-9
Proportional share of total comprehensive income	153	123	88	163	241	286

The following tables summarize significant line items of the aggregated statements of comprehensive income of the associates and joint ventures that are accounted for under the equity method. The material associates in the E.ON Group are RheinEnergie AG, Dortmunder Energie- und Wasserversorgung GmbH and GASAG Berliner Gaswerke AG. Rampion Renewables Ltd., which was included in the prior year, was sold to RWE at the beginning of the current fiscal year.

Material Associates – Balance Sheet Data as of December 31

	2020	2019	2018	2017	2016	2015	2014
Non-current assets ¹	3,082	3,369	–	–	1,529	1,438	2,057
Current assets	719	453	–	–	135	143	319
Current liabilities (including provisions)	555	524	–	–	221	134	491
Non-current liabilities (including provisions)	1,487	1,437	–	–	986	1,041	1,103
Equity	1,759	1,861	–	–	457	406	674
Non-controlling interests	–	–	–	–	–	–	4
Ownership interest (in %)	20.00	20.00	–	39.93	39.90	39.90	36.85
Proportional share of equity	352	372	–	–	182	162	248
Consolidation adjustments	166	166	–	–	55	55	107
Carrying amount of equity investment	518	539	–	–	237	217	321

¹Undisclosed accruals/provisions from acquisitions are recognized in assets.


²As of December 31, 2020, the investment is reported as an asset held for sale.

Material Associates – Earnings Data

	2020	2019	2018	2017	2016	2015	2014
Sales	2,471	2,479	–	–	854	885	1,357
Net income/loss from continuing operations	20	-10	–	37	28	14	87
Non-controlling interests in the net income/loss from continuing operations	–	–	–	–	–	–	1
Net income from discontinued operations	–	–	–	–	–	–	1
Dividend paid out to E.ON	30	25	–	34	11	12	13
Other comprehensive income	9	-7	–	-61	13	-17	238
Total comprehensive income	29	-17	–	-24	41	-3	326
Ownership interest (in %)	20.00	20.00	–	39.93	39.90	39.90	36.85
Proportional share of total comprehensive income after taxes	6	-3	–	-10	16	-1	120
Proportional share of net income after taxes	4	-2	–	15	11	6	32
Consolidation adjustments	7	-4	–	–	16	3	1
Equity-method earnings	11	-6	–	15	27	9	14

The Group adjustments shown in the tables mainly relate to good-will determined as part of initial recognition, temporary differences, changes in ownership interests, exchange-rate effects and effects from the elimination of intragroup profits.

Presented in the tables at the side are significant line items of the aggregated balance sheets and of the aggregated income statements of the joint ventures accounted for under the equity method, Enerjisa Enerji A.Ş., Enerjisa Üretim Santralleri A.Ş. and Zăpadoslóvenská energetika a.s.

The material associates and the material joint ventures are active in diverse areas of the gas and electricity industries. Disclosures of company names, registered offices and equity interests as required by IFRS 12 for material joint arrangements and associates can be found in the list of shareholdings pursuant to Section 313 (2) HGB (see Note 38 )

As of December 31, 2021, the investment in Enerjisa Enerji A.Ş. is marketable. The pro rata market value amounted to €399 million as of December 31, 2021 (2020: €649 million). The carrying amount is €253 million as of December 31, 2021. The free float in the company totals 20 percent, with E.ON and Hacı Ömer Sabancı Holding A.Ş. holding half of the remaining shares; from E.ON's perspective, Enerjisa Enerji A.Ş. is therefore a joint venture.

Of investments in associates, the shareholdings in companies with a carrying amount of €129 million (2020: €137 million) are restricted because it was pledged as collateral for financing as of the balance sheet date.

There are no further material restrictions apart from those contained in standard legal and contractual provisions.

Material Joint Ventures – Balance Sheet Data as of December 31

	2021	2020	2021	2020	2021	2020
Non-current assets	1,174	1,090	1,199	1,977	803	1,359
Current assets	255	256	865	752	420	368
Current liabilities (including provisions)	336	309	935	909	341	339
Non-current liabilities (including provisions)	819	810	510	1,013	403	537
Cash and cash equivalents	11	83	27	65	230	174
Current financial liabilities	10	10	424	301	168	187
Non-current financial liabilities	649	649	318	815	384	525
Equity	274	227	620	807	480	851
Ownership interest (in %)	49.00	49.00	40.00	40.00	50.00	50.00
Proportional share of equity	134	111	248	323	240	426
Consolidation adjustments	176	180	5	8	15	29
Carrying amount of equity investment	310	261	253	331	255	455

Material Joint Ventures – Earnings Data

	2021	2020	2021	2020	2021	2020
C in millions						
Sales	1,341	1,211	2,000	2,387	1,062	1,025
Net income/loss from continuing operations	129	130	140	108	75	45
Write-downs	-69	-69	-42	-59	-73	-115
Interest income/expense	-17	-18	-83	-127	-21	-29
Income taxes	-32	-24	-56	-36	8	-5
Dividend paid out to E.ON	44	36	47	39	32	-
Other comprehensive income	-	-1	-274	-296	-436	-372
Total comprehensive income	129	129	-134	-188	-361	-327
Ownership interest (in %)	49.00	49.00	40.00	40.00	50.00	50.00
Proportional share of total comprehensive income after taxes	63	63	-54	-75	-181	-164
Proportional share of net income after taxes	63	63	56	43	38	22
Consolidation adjustments	-	-	20	8	16	8
Equity-method earnings	63	63	76	51	54	30

(17) Inventories

The following table provides a breakdown of inventories as of the dates indicated:

Inventories

	2021	2020
Raw materials and supplies	500	584
Goods purchased for resale	227	140
Work in progress and finished products	324	397
Total	1,051	1,131

The cost of raw materials, finished products and goods purchased for resale is primarily determined based on the average cost method.

Write-downs totaled €70 million in 2021 (2020: €37 million)
Reversals of write-downs amounted to €10 million in 2021 (2020: €12 million).

The change in inventories compared to December 31, 2020, is attributable to special depreciation charges due to the decommissioning of power plants at PreussenElektra.

No inventories have been pledged as collateral.

(18) Receivables and Other Assets

The following table lists receivables and other assets by remaining time to maturity as of the dates indicated:

Receivables and Other Assets

	2021	2020	2019	2018
Receivables from finance leases ¹	44	217	44	245
Other financial receivables and financial assets	1,548	761	401	377
Financial receivables and other financial assets	1,592	978	445	622
Trade receivables	9,947	-	7,714	-
Receivables from derivative financial instruments	14,749	8,610	955	2,322
Contract assets	28	4	26	5
Other assets	90	333	67	350
Other operating assets	3,297	863	2,763	567
Trade receivables and other operating assets	28,111	9,810	11,525	3,244
Total	29,703	10,788	11,970	3,866

¹See also Note 33

As of the reporting date, other financial assets include receivables from interests in jointly owned power plants of €138 million (2020: €69 million).

Receivables from derivative financial instruments amounted to €23,359 million at the balance sheet date (2020: €3,277 million)
The increase is primarily due to sharp increases in energy prices on the commodity markets.

Receivables within the scope of IFRS 15 mainly comprise trade receivables. Impairment losses on receivables within the scope of IFRS 15 totaled €0.3 billion in 2021 (2020: €0.3 billion)

The following table presents the changes in other assets under IFRS 15:

Other Assets		
	2021	2020
Amortization and impairment	290	62
Balance as of December 31	423	417

The following table shows the opening and closing balances of contractual assets within the meaning of IFRS 15:

Contract Assets		
	2021	2020
Balance as of January 1	31	24
Balance as of December 31	32	31

In addition, the E.ON Group had contingent assets as of December 31, 2021, of just over €15 million (2020: €0 million).

(19) Liquid Funds

The following table provides a breakdown of liquid funds by original maturity as of the dates indicated:

Liquid Funds		
C in millions	2021	2020
Securities and fixed-term deposits	1,596	1,111
Current securities with an original maturity greater than 3 months	1,596	1,111
Restricted cash and cash equivalents	735	1,016
Cash and cash equivalents	3,634	2,668
Total	5,965	4,795

In 2021, there was €42 million in restricted cash (2020: €40 million) with a maturity greater than three months.

Cash and cash equivalents include €2,371 million (2020: €2,667 million) in checks, cash on hand and balances at financial institutions with an original maturity of less than three months, to the extent that they are not restricted.

(20) Capital Stock

The capital stock is subdivided into 2,641,318,800 registered shares with no par value (no-par-value shares) and amounts to €2,641,318,800 (2020: €2,641,318,800). The capital stock of the Company was provided by way of conversion of E.ON AG into a European Company (SE) and through a capital increase carried out on March 20, 2017, partially using the Authorized Capital 2012, which expired on May 2, 2017, and through a capital increase entered in the commercial register of the Company on September 19, 2019, making extensive use of the Authorized Capital 2017.

Pursuant to a resolution by the Annual Shareholders Meeting of May 28, 2020, the Management Board is authorized to purchase own shares until May 27, 2025. The shares purchased, combined with other treasury shares in the possession of the Company, or attributable to the Company pursuant to Sections 71a et seq. AktG, may at no time exceed 10 percent of its capital stock. The Management Board was authorized at the aforementioned Annual Shareholders Meeting to cancel any shares thus acquired without requiring a separate shareholder resolution for the cancellation or its implementation. The total number of outstanding shares as of December 31, 2021, was 2,608,995,172 (December 31, 2020: 2,607,369,233). As of December 31, 2021, E.ON SE held a total of 32,323,628 treasury shares (December 31, 2020: 33,949,567) having a book value of €1,094 million (equivalent to approximately 1.22 percent or €32,323,628 of the capital stock).

The Company has further been authorized by the Annual Shareholders Meeting of May 28, 2020, to buy shares using derivatives (put or call options, or a combination of both). When derivatives in the form of put or call options, or a combination of both, are used to acquire shares, the option transactions must be conducted with a financial institution or a company operating in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (KWG) or at market terms on the stock exchange. No shares were acquired in the reporting year using this purchase model.

In 2021, employees of German E.ON Group companies had the opportunity to purchase E.ON shares at favorable conditions under a voluntary employee stock purchase program. As of December 31, 2021, E.ON SE held a total of 32,323,628 treasury shares (December 31, 2020: 33,949,567). The employees received a grant of €360 and an additional one-time grant, provided that specific eligibility requirements were met, of up to €360 on the shares subscribed by them at the reporting date of September 30, 2021. The applicable issue price of the E.ON share was €10.23. A total of 1,625,939 shares, or 0.06 percent of the share capital of E.ON SE, were used and issued to employees with a weighted-average purchase price of €19.60 per share.

No scrip dividend was offered in the 2021 fiscal year.

Authorized Capital

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 capital stock by a total of up to €528,000,000 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. AktG, Authorized Capital 2020).

Subject to the Supervisory Board's approval, the Management Board is authorized to exclude shareholders' subscription rights.

Conditional Capital

At the Annual Shareholders Meeting of May 28, 2020, shareholders approved a conditional increase of the capital stock (with the option to exclude shareholders' subscription rights) in the amount of up to €264 million (Conditional Capital 2020).

The conditional capital increase will be used to grant registered no-par-value shares to the holders of convertible bonds or bonds with warrants, profit participation rights or income bonds (or combinations of these instruments), in each case with option rights, conversion rights, option obligations and/or conversion obligations, which are issued by the Company or a Group company of the Company as defined by Section 18 of the German Stock Corporation Act (AktG), under the authorization approved by the Annual Shareholders Meeting on May 28, 2020, under agenda item 8, through May 27, 2025. The new shares will be issued at the conversion or option price to be determined in accordance with the authorization resolution.

The conditional capital increase will be implemented only to the extent required to fulfill the obligations arising on the exercise by holders of option or conversion rights, and those arising from compliance with the mandatory conversion of bonds with conversion or option rights, profit participation rights or profit participating bonds that have been issued or guaranteed by E.ON SE or a Group company of E.ON SE as defined by Section 18 AktG under the authorization approved by the Annual Shareholders Meeting of May 28, 2020, under agenda item 8, and to the extent that no cash settlement has been granted in lieu of conversion or exercise of an option or the Company exercises its right to grant shares in the Company in whole or in part in lieu of payment of the cash amount due.

The Conditional Capital 2020 was not used

Voting Rights

The following notices pursuant to Section 33 (1) of the German Securities Trading Act ("WpHG") concerning changes in voting rights have been received:

Information on Stockholders of E.ON SE

						Voting rights	
						Percentage	Absolute
The Capital Group Companies Inc., Los Angeles, USA	Nov. 30, 2021	3%	Over	Nov. 29, 2021	indirect	3.02	79,693,259
BlackRock Inc., Wilmington, USA	Aug. 31, 2021 ¹	5%	Under	Aug. 26, 2021	indirect	4.92	129,926,952 ²
Capital Income Builder, Wilmington, USA	Jul. 9, 2021	3%	Under	Feb. 9, 2021	direct	2.88	76,099,176
DWS Investment GmbH, Frankfurt am Main, Deutschland	Jan. 15, 2021	3%	Over	Jan. 12, 2021	indirect	3.02	79,741,442 ³
RWE Aktiengesellschaft, Essen, Deutschland ⁴	Dec. 10, 2020	15%	Achieved	Dec. 8, 2020	indirect	15.00	396,197,820
Canada Pension Plan Investment Board, Toronto, Canada	Jun. 9, 2020	5%	Over	Jun. 5, 2020	direct/indirect	5.02	132,657,936 ⁵

¹Voluntary Group notification with threshold impact only at subsidiary level, under 5% threshold per notification of June 11, 2021 with threshold impact on June 6, 2021

²Includes voting rights pursuant to Secs. 33, 34 and instruments pursuant to Sec. 38 (1) No. 1 and 2 WpHG

³Includes voting rights pursuant to Secs. 33, 34 and instruments pursuant to Sec. 38 (1) No. 2 WpHG

⁴Name of shareholder holding 30 percent or more of the voting rights as indicated in the voting rights notification received: GBV Zweigunddrittste Gesellschaft für Beteiligungsverwaltung mbH

(21) Additional Paid-in Capital

Additional paid-in capital decreased by €15 million to €13,353 million in 2021 (2020: €13,368 million). The reduction in additional paid-in capital is attributable to the issue of employee shares to eligible employees of the E.ON Group.

(22) Retained Earnings

The following table breaks down the E.ON Group's retained earnings as of the dates indicated:

Retained Earnings

	December 31, 2021	December 31, 2020
Legal reserves	45	45
Other retained earnings	1,183	-5,302
Total	1,228	-5,257

Under German securities law, E.ON SE shareholders may receive distributions from E.ON SE's income available for distribution in accordance with the German Commercial Code (German GAAP).

As of December 31, 2021, these German-GAAP retained earnings totaled €2,619 million (2020: €2,254 million). Of this amount, legal reserves of €45 million (2020: €45 million) are restricted pursuant to Section 150 (3) and (4) AktG. The increase in retained earnings is due to the transfer of €350 million from current net income in 2021 and the sale of treasury shares under the employee stock purchase program in 2021. In addition, amounts of €161.7 million (2020: €145.5 million) are restricted from distribution under German commercial law as a result of the surplus of plan assets and the difference between the recognition of provisions for retirement benefit obligations based on the corresponding average market interest rate over the past ten fiscal years and the recognition of these provisions based on the corresponding average market interest rate over the past seven fiscal years. The dividend-restricted amounts are fully covered by a sufficient amount of available reserves.

The amount of retained earnings available for distribution is €2,412 million (2020: €2,064 million).

A proposal to distribute a cash dividend for 2021 of €0.49 per share will be submitted to the Annual Shareholders Meeting. For 2020, shareholders at the May 19, 2021, Annual Shareholders Meeting voted to distribute a dividend of €0.47 for each dividend-paying ordinary share. Based on a €0.49 dividend, the total profit distribution is €1,278 million (2020: €1,225 million).

As of December 31, 2021, these IFRS retained earnings totaled €1,228 million (2020: -€5,257 million). The total change of €6,485 million is primarily due to the positive consolidated net income. In addition, actuarial gains from pensions led to an increase in retained earnings.

Retained earnings attributable to shareholders of E.ON SE increased by €704 million due to the redemption of the enviaM put option and by €6 million due to the reduction of the ownership interest in our Hungarian subsidiary E.ON Hungária to 75 percent. In connection with this last-mentioned transaction, negative accumulated other comprehensive income of €98 million was also transferred from the shareholders of E.ON SE to the minority shareholders. Equity transactions with subsidiaries that did not result in a change of control consequently changed the total equity attributable to shareholders of E.ON SE by €797 million (2020: -€2,405 million).

(23) Changes in Other Comprehensive Income

The change in other comprehensive income is primarily the result of exchange rate differences recognized on the balance sheet

The table below illustrates the share of OCI attributable to companies accounted for under the equity method.

Share of OCI Attributable to Companies Accounted for under the Equity Method

	December 31, 2021	December 31, 2020
Balance as of December 31 (before taxes)	-2,116	-1,921
Taxes	-	-
Balance as of December 31 (after taxes)	-2,116	-1,921

(24) Non-controlling Interests

Non-controlling interests by segment as of the dates indicated are shown in the following table:

Non-Controlling Interests

C in millions		
Energy Networks	4,955	3,627
Germany	4,309	3,051
Sweden	-	-
ECE/Turkey	646	576
Customer Solutions	642	253
Germany	343	175
UK	2	2
Netherlands/Belgium	-	2
Other	297	74
Non-Core Business	-58	-34
Corporate Functions/Other	297	284
E.ON Group	5,836	4,130

The table below illustrates the share of OCI that is attributable to non-controlling interests:

Share of OCI Attributable to Non-controlling Interests

	2020	2021	2020	2021
Balance as of January 1, 2020	1	1	-82	-221
Changes	-1	10	-8	-179
Balance as of December 31, 2020	-	11	-90	-400
Changes	-	-11	-112	199
Balance as of December 31, 2021	-	-	-202	201

In compliance with IFRS 12, the following tables include subsidiaries with significant non-controlling interests and provide an overview of significant items on the aggregated balance sheet and on the aggregated income statement, and significant cash flow items. The

list of shareholdings pursuant to Section 313 (2) HGB (see Note 38 [📄](#)) contains information on the registered office of the company and disclosures on equity interests.

Subsidiaries with Material Non-controlling Interests – Balance Sheet Data as of December 31

	2023		2022		2021		2020	
	€ million	in %	€ million	in %	€ million	in %	€ million	in %
Non-controlling interests in equity	378	306	1,268	236	524	531	523	541
Non-controlling interests in equity (in %) ¹⁾	54.6	52.1	42.5	41.9	33.0	33.0	38.5	38.5
Dividends paid out to non-controlling interests	–	–	67	67	30	30	50	50
Operating cash flow	188	357	169	177	-2	19	-20	-44
Non-current assets	1,813	1,694	3,701	3,769	1,793	1,609	1,962	1,785
Current assets	125	150	383	463	67	142	121	103
Non-current liabilities	667	731	551	726	19	17	61	61
Current liabilities	527	451	559	569	198	91	499	290

¹⁾Holding Companies without operational business

²⁾Calculated share ratio

Subsidiaries with Material Non-controlling Interests – Income Statement

	2023		2022		2021		2020	
	€ million	in %	€ million	in %	€ million	in %	€ million	in %
Share of earnings attributable to non-controlling interests	3	26	62	15	22	38	29	31
Sales	939	933	363	343	6	6	12	16
Net income/loss	8	50	189	188	88	113	110	107
Comprehensive income	80	10	203	166	91	112	117	105

¹⁾Holding Companies without operational business

There are no major restrictions beyond those under customary corporate or contractual provisions.

With the conclusion of the supplementary agreement to the consortium agreement at enviaM, the liability from the counterparty obligation in the amount of €1.8 billion no longer applied. There

was a corresponding increase in equity, of which €1.1 billion is attributable to minority interests.

(25) Provisions for Pensions and Similar Obligations

The retirement benefit obligations toward the active and former employees of the E.ON Group, which amounted to €28.9 billion, were covered by plan assets having a fair value of €23.5 billion as of December 31, 2021. This corresponds to a funded status of 81 percent.

Provisions for Pensions and Similar Obligations

	2021	2020
Present value of all defined benefit obligations		
Germany	22,685	24,164
United Kingdom	6,175	6,187
Other countries	42	64
Total	28,902	30,415
Fair value of plan assets		
Germany	16,879	16,179
United Kingdom	6,581	6,233
Other countries	9	9
Total	23,469	22,421
Net defined benefit liability/asset (-)		
Germany	5,806	7,985
United Kingdom	-406	-46
Other countries	33	55
Total	5,433	7,994
Presented as operating receivables	-649	-94
Presented as provisions for pensions and similar obligations	6,082	8,088

Description of the Benefit Plans

In addition to their entitlements under government retirement systems and the income from private retirement planning, most active and former E.ON Group employees are also covered by occupational benefit plans. Both defined benefit plans and defined contribution plans are in place at E.ON. Benefits under defined benefit plans are generally paid upon reaching retirement age, or in the event of disability or death.

E.ON regularly reviews the pension plans in place within the Group for financial risks. Typical risk factors for defined benefit plans are longevity and changes in nominal interest rates, as well as inflation developments and rising wages and salaries.

The features and risks of defined benefit plans are shaped by the general legal, tax and regulatory conditions prevailing in the respective country. The configurations of the major defined benefit and defined contribution plans within the E.ON Group are described in the following discussion.

Germany

Active employees at the German Group companies are covered by both cash balance plans and pension plans based on final salary. Pension plans based on final salary are closed to new hires. All new hires will receive cash balance plans in accordance with a capital or pension module system, which, depending on the pension plan, can provide for alternative payout options of a prorated single payment and payments of installments in addition to the payment of a

regular pension. The cash balance plans use different interest rules. Depending on the underlying pension plan, either interest rates adjusted to market developments with a fixed lower limit or guaranteed interest rates are used to determine the capital or pension modules. The majority of pension commitments with a fixed guaranteed interest rate will be modified as of January 1, 2022. The pension modules acquired from January 1, 2022, onwards will then also bear interest at a rate adjusted to market developments and protected by a fixed lower limit. The pension modules for the prior years, including for 2021, remain in place unchanged. The benefit expense for the cash balance plans is determined at different percentage rates based on the ratio between compensation and the contribution limit in the statutory retirement pension system in Germany. Employees can additionally choose to defer compensation. Future pension adjustments are either guaranteed at 1 percent per annum or largely track the development of the inflation rate, usually in a three-year cycle.

To fund the pension plans for the German Group companies, plan assets were established. The major part of these plan assets is administered in the form of Contractual Trust Arrangements ("CTAs") in accordance with specified investment principles. There are additional plan assets available through the implementation channels of the pension fund ("Pensionsfonds") and smaller German pension vehicles ("Pensions- und Unterstützungskassen"). Only the pension fund and the "Pensionskassen" vehicles are subject to regulatory provisions in relation to the investment of capital and funding requirements.

United Kingdom

In the United Kingdom, there are various pension plans. In the past, employees were covered by defined benefit plans, which for the most part were final-pay plans and make up the majority of the pension obligations currently reported for the United Kingdom. Benefit payments to the beneficiaries are adjusted for inflation on a limited basis. These pension plans were closed to new hires. Since then, new hires are offered a defined contribution plan. Aside from the payment of contributions, this plan entails no additional risks for the employer.

Plan assets in the United Kingdom are administered by trustees in independent special-purpose vehicles, most of which are separate sections of the Electricity Supply Pension Scheme (ESPS). The trustees are selected by the members of the plan or appointed by the entity. In that capacity, the trustees are particularly responsible for the investment of the plan assets.

The Pensions Regulator in the United Kingdom requires that a so-called "technical valuation" of the plan's funding status be performed every three years. The actuarial assumptions underlying the valuation are agreed upon by the trustees and E.ON UK plc. They include presumed life expectancy, wage and salary growth rates, investment returns, inflationary assumptions and interest rate levels.

The last technical valuation for the E.ON section took place on the reporting date of March 31, 2021. This had not yet been concluded as of the balance sheet date.

The overall innogy section was split into two sections (Retail section and npower section) at the beginning of 2018. In fiscal year 2020, the npower section was transferred to RWE as agreed. At no time was it part of the scope of obligations presented in the E.ON Group. The technical reassessment of the Retail section relevant to the E.ON Group resulted in a technical deficit as of March 31, 2019, which is to be reduced by annual payments of £3 million through March 2029.

Other Countries

The remaining pension obligations are divided between the Netherlands, Luxembourg, Sweden, Italy, Poland, Romania, Slovakia, the Czech Republic and the USA.

The defined benefit plan in the Netherlands consists of commitments made by various employers within the framework of a sector-specific fund and does not permit a pro rata allocation of the obligations, plan assets and service cost. The E.ON Group accordingly accounts for this obligation as a defined contribution plan. There are no minimum funding requirements in this respect. Benefits may be reduced or contributions increased if there is insufficient funding.

From the perspective of the Group, however, the benefit plans are relatively insignificant in the above-mentioned countries.

Description of the Benefit Obligation

The following table shows the changes in the present value of the defined benefit obligations for the periods indicated:

Changes in the Defined Benefit Obligations

€ in millions	2019	2018	2017	2016	2015	2014	2013	2012
Defined benefit obligation as of January 1	30,415	24,164	6,187	64	28,754	22,483	6,222	49
Employer service cost	382	342	37	3	338	299	37	2
Past service cost	42	29	15	-2	38	54	-20	4
Gains (-) and losses (+) on settlements	-	-	-	-	-6	-6	-	-
Interest cost on the present value of the defined benefit obligations	281	191	89	1	405	289	114	2
Remeasurements	-1,589	-1,247	-309	-13	2,352	1,856	493	3
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	-65	-	-83	-2	-16	-	-14	-2
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	-1,366	-1,191	-160	-15	2,514	1,968	541	5
Actuarial gains (-)/losses (+) arising from experience adjustments	-138	-56	-86	4	-146	-112	-34	-
Employee contributions	11	9	2	-	13	10	3	-
Benefit payments	-1,071	-799	-269	-3	-1,051	-789	-259	-3
Changes in scope of consolidation	-4	-3	-	-1	-17	-25	-	8
Exchange rate differences	423	-	423	-	-338	-	-337	-1
Other	-8	-1	-	-7	-73	-7	-66	-
Defined benefit obligation as of December 31	28,902	22,886	6,175	42	30,415	24,164	6,187	64

The actuarial gains shown in the table for the development of the present value of the defined benefit obligation are primarily attributable to an increase in the discount rates used.

The present value is attributable to retirees and their beneficiaries in the amount of €16.3 billion (2020: €16.2 billion), to former employees with vested entitlements in the amount of €3.6 billion (2020: €3.7 billion) and to active employees in the amount of €9 billion (2020: €10.5 billion).

The actuarial assumptions used to measure the defined benefit obligations and to compute the net periodic pension cost at E.ON's German and UK subsidiaries as of the respective balance sheet date are as follows:

Actuarial Assumptions

	2020	2019	2018
Discount rate			
Germany	1.10	0.80	1.30
United Kingdom	1.90	1.40	2.00
Wage and salary growth rate			
Germany	2.35	2.35	2.35
United Kingdom ¹	2.20/3.20	1.90/2.80	1.80/2.90
Pension increase rate			
Germany ²	1.60	1.60	1.60
United Kingdom	3.10	2.70	2.90

¹ Different salary growth rates due to different benefit plans (E.ON: 2.20 percent (2020: 1.90 percent), innogy: 3.20 percent (2020: 2.80 percent))

² The pension increase rate for Germany applies to eligible individuals not subject to an agreed guarantee adjustment

The IAS 19 discount rates for the EUR and GBP currency areas are determined on the basis of the single equivalent discount rate method. The full yield curve is used to determine the present value of the defined benefit obligation, and the IAS 19 discount rate

disclosed is determined retrospectively as the discount rate that leads to the identical present value of the defined benefit obligation when applied uniformly. The yield curve used was previously derived on the basis of an internal E.ON procedure from currency-specific yields on high-quality corporate bonds determined as of the balance sheet date. As of the reporting date on June 30, 2021, the "RATE-Link" interest rate curve from provider Willis Towers Watson was used for the first time to determine the discount rates for the EUR and GBP currency areas. As of December 31, 2021, the adjustment will reduce the discount rate in Germany by 10 basis points compared to the previous method and result in a corresponding actuarial loss of €368 million. In the following year there will be an increase in service cost of €7 million and a decrease in net interest expense of €1 million. The adjustment has no effect on the discount rate applicable to the UK as of the reporting date.

Sensitivities

	2020	2019	2018	2017
Change in the discount rate by (basis points)	+50	-50	+50	-50
Change in percent	-7.76	8.89	-8.17	9.34
Change in the wage and salary growth rate by (basis points)	+25	-25	+25	-25
Change in percent	0.28	-0.27	0.37	-0.36
Change in the pension increase rate by (basis points)	+25	-25	+25	-25
Change in percent	2.12	-2.02	2.17	-2.09
Change in mortality by (percent)	+10	-10	+10	-10
Change in percent	-3.69	3.97	-3.84	4.12

To measure the E.ON Group's occupational pension obligations for accounting purposes, the Company has employed the current versions of the biometric tables recognized in each respective country for the calculation of pension obligations:

Actuarial Assumptions (Mortality Tables)

Germany	2018 G versions of the Heubeck biometric tables (2018)
United Kingdom	"S3" series base mortality tables with the CMI 2020 projection model for future improvements

Changes in the actuarial assumptions described previously would lead to the following changes in the present value of the defined benefit obligations:

The sensitivities indicated are computed based on the same methods and assumptions used to determine the present value of the defined benefit obligations. If one of the actuarial assumptions is changed for the purpose of computing the sensitivity of results to changes in that assumption, all other actuarial assumptions are included in the computation unchanged.

When considering sensitivities, it must be noted that the change in the present value of the defined benefit obligations resulting from changing multiple actuarial assumptions simultaneously is not necessarily equivalent to the cumulative effect of the individual sensitivities.

Description of Plan Assets and the Investment Policy

The defined benefit plans are funded by plan assets held in specially created pension vehicles that legally are distinct from the Company. The fair value of these plan assets changed as follows:

Change in the Fair Value of Plan Assets

	2017	2016	2015	2014	2013	2012	2011	2010
Fair value of plan assets as of January 1	22,421	16,179	6,233	9	21,634	15,471	6,154	9
Interest income on plan assets	218	128	90	-	310	196	114	-
Remeasurements	1,035	1,025	10	-	1,254	695	559	-
Return on plan assets recognized in equity, not including amounts contained in the interest income on plan assets	1,035	1,025	10	-	1,254	695	559	-
Employee contributions	11	9	2	-	13	10	3	-
Employer contributions	362	281	81	-	586	526	60	-
Benefit payments	-993	-724	-269	-	-973	-714	-259	-
Changes in scope of consolidation	-22	-22	-	-	-4	-4	-	-
Exchange rate differences	434	-	434	-	-334	-	-334	-
Other	3	3	-	-	-65	-1	-64	-
Fair value of plan assets as of December 31	23,469	16,979	6,581	9	22,421	16,179	6,233	9

The plan assets include virtually no owner-occupied real estate or equity and debt instruments issued by E.ON Group companies. Each of the individual plan asset components has been allocated to an asset class based on its substance.

The plan assets thus classified break down as shown in the following table:

Classification of Plan Assets

	2019				2018			
	in million	in million	in million	in million	in million	in million	in million	in million
Plan assets listed in an active market								
Equity securities (stocks)	23	26	13	–	23	25	17	–
Debt securities	45	42	54	–	47	45	64	–
thereof Government bonds	27	19	48	–	28	20	50	–
thereof Corporate bonds	16	20	5	–	18	23	4	–
Other investment funds	9	3	27	–	11	5	25	–
Total listed plan assets	77	71	94	–	81	75	96	–
Plan assets not listed in an active market								
Equity securities not traded on an exchange	8	9	4	–	8	9	4	–
Debt securities	–	–	–	–	–	–	–	–
Real estate	8	11	–	–	7	9	–	–
Qualifying insurance policies	1	1	–	100	1	1	–	100
Cash and cash equivalents	1	2	–	–	2	3	–	–
Other	5	6	2	–	1	3	–	–
Total unlisted plan assets	23	29	6	100	19	25	4	100
Total	100	100	100	100	100	100	100	100

The fundamental investment objective for the plan assets is to provide full coverage of benefit obligations at all times for the payments due under the corresponding benefit plans. This investment policy stems from the corresponding governance guidelines of the Group. An increase in the net defined benefit liability or a deterioration in the funded status following an unfavorable development in plan assets or in the present value of the defined benefit obligations is identified in these guidelines as a risk. E.ON therefore regularly reviews the development of the funded status in order to monitor this risk.

To implement the investment objective, the E.ON Group primarily pursues an investment approach that takes into account the structure of the benefit obligations. This long-term investment strategy seeks to manage the funded status, with the result that any changes in the defined benefit obligation, especially those caused by fluctuating inflation and interest rates are, to a certain degree, offset by simultaneous corresponding changes in the fair value of plan assets. The investment strategy may also involve the use of derivatives (for example, interest rate swaps and inflation swaps, as well as currency

hedging instruments) to facilitate the control of specific risk factors of pension liabilities. In the table above, derivatives have been allocated, based on their substance, to the respective asset classes. In order to improve the funded status of the E.ON Group as a whole, a portion of the plan assets will also be invested in a diversified portfolio of asset classes that are expected to provide for long-term returns in excess of those of fixed-income investments and the discount rate.

The determination of the target portfolio structure for the individual plan assets is based on regular asset-liability studies. In these studies, the target portfolio structure is reviewed in a comprehensive approach against the backdrop of existing investment principles, the current funded status, the condition of the capital markets and

the structure of the benefit obligations, and is adjusted as necessary. The parameters used in the studies are additionally reviewed regularly, at least once each year. Asset managers are tasked with implementing the target portfolio structure. They are monitored for target achievement on a regular basis.

Description of the Pension Cost

The net periodic pension cost for defined benefit plans included in the provisions for pensions and similar obligations and in operating receivables is shown in the table below:

Net Periodic Pension Cost

	2021				2020			
	12/31	9/30	12/31	9/30	12/31	9/30	12/31	9/30
Employer service cost	382	342	37	3	338	299	37	2
Past service cost	42	29	15	-2	38	54	-20	4
Gains (-) and losses (+) on settlements	-	-	-	-	-6	-6	-	-
Net interest on the net defined benefit liability/asset	63	63	-1	1	95	93	-	2
Total	487	434	51	2	465	440	17	8

The past service cost is, in particular, derived from the expenses incurred in the context of restructuring measures.

In addition to the total net periodic pension cost for defined benefit plans, an amount of €102 million in contributions to external insurers or similar institutions was paid in 2021 (2020: €101 million) for defined contribution plans.

Contributions to state plans totaled €0.4 billion (2020: €0.4 billion).

Description of Contributions and Benefit Payments

Prospective benefit payments under the defined benefit plans existing as of December 31, 2021, for the next ten years are shown in the following table:

Prospective Benefit Payments

Year	2022	2023	2024	2025	2026	2027-2031	Total
Benefit payments	1,095	833	259	3			
Employer contributions	1,073	837	233	3			
Net benefit payments	1,085	847	235	3			
Net benefit payments	1,100	862	235	3			
Net benefit payments	1,099	862	234	3			
Net benefit payments	5,599	4,419	1,162	18			
Total	11,051	6,660	2,358	33			

For the following fiscal year, it is expected that Group-wide employer contributions to plan assets for new and existing obligations will amount to a total of €259 million

The weighted-average duration of the defined benefit obligations measured within the E.ON Group was 17.1 years as of December 31, 2021 (2020: 18.7 years)

Description of the Net Defined Benefit Liability

The recognized net liability from the E.ON Group's defined benefit plans results from the difference between the present value of the defined benefit obligations and the fair value of plan assets:

Change in the Net Defined Benefit Liability

	2022	2023	2024	2025	2026	2027-2031	Total	
Net liability as of January 1	7,994	7,985	-46	55	7,120	7,012	55	40
Net periodic pension cost	487	434	51	2	465	440	17	8
Changes from remeasurements	-2,604	-2,272	-319	-13	1,098	1,161	-66	3
Employer contributions to plan assets	-362	-281	-81	-	-586	-526	-60	-
Net benefit payments	-78	-75	-	-3	-78	-75	-	-3
Changes in scope of consolidation	18	19	-	-1	-13	-21	-	8
Exchange rate differences	-11	-	-11	-	-4	-	-3	-1
Other	-11	-4	-	-7	-8	-6	-2	-
Net liability as of December 31	5,433	5,806	-406	33	7,994	7,985	-46	55
thereof net liability	6,082	5,938	111	33	8,088	8,033	-	55
thereof net asset	-649	-132	-517	-	-94	-48	-46	-

(26) Miscellaneous Provisions

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

Miscellaneous Provisions

	December 31, 2016		December 31, 2015	
Yen	U.S. dollars	Yen	U.S. dollars	
Nuclear-waste management obligations	597	7,783	416	8,974
Personnel obligations	532	1,118	594	1,249
Obligations from green certificates	1,071	16	1,021	16
Other asset retirement obligations	50	801	48	756
Supplier-related and customer-related obligations	8,257	1,874	563	243
Environmental remediation and similar obligations	67	453	58	427
Other	1,208	1,322	1,204	1,631
Total	11,782	13,367	3,904	13,296

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

Changes in Miscellaneous Provisions

	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
Nuclear-waste management obligations	9,390	-	-	-	37	-709	-	-	-338	8,380
Personnel obligations	1,843	10	1	-13	867	-578	-45	-235	-	1,650
Obligations from green certificates	1,037	70	-4	-	1,510	-1,496	-3	-27	-	1,087
Other asset retirement obligations	804	1	-2	-	6	-14	-	-	56	851
Supplier-related and customer-related obligations	806	70	-36	-	9,613	-136	-	-186	-	10,131
Environmental remediation and similar obligations	485	1	-	-	62	-45	23	-6	-	520
Other	2,835	15	-6	-11	840	-361	-101	-681	-	2,530
Total	17,200	167	-47	-24	12,735	-3,339	-126	-1,135	-282	25,149

The accretion expense resulting from the changes in provisions is shown in the financial results (see Note 10 **B**). The provision items are discounted in accordance with the maturities with interest rates of between 0 and 4.8 percent.

As of December 31, 2020, provisions for nuclear-waste management obligations exclusively relate to Germany; other provisions mainly relate to eurozone countries and the United Kingdom.

Provisions for Nuclear-Waste Management Obligations

The provisions for nuclear-waste management obligations as of December 31, 2021, in the amount of €8.4 billion exclusively relate to nuclear-power activities in Germany.

The provisions for nuclear-waste management based on nuclear-power legislation comprise all those nuclear obligations relating to the disposal of spent nuclear-fuel rods and low-level nuclear waste and to the retirement and decommissioning of nuclear power plant components that are determined on the basis of external studies, external and internal cost estimates and contractual agreements, as well as the supplementary provisions of the German Act Transferring Responsibility for Nuclear Waste Storage and the German Disposal Fund Act.

The asset retirement obligations recognized include the anticipated costs of post- and service operation of the facility, dismantling costs, and the cost of removal and disposal of the nuclear components of the nuclear power plant.

Provisions for the disposal of spent nuclear-fuel rods also comprise the contractual costs of finalizing reprocessing and the associated return of waste to interim storage, as well as costs incurred for expert handling, including the necessary interim storage containers and transport to interim storage.

The cost estimates used to determine the provision amounts are based on studies and analyses performed by external specialists and are updated annually, provided that the cost estimates are not based on contractual agreements.

In the following, the provision items after deduction of advance payments are classified based on technical criteria:

Nuclear-Waste Management Obligations in Germany (Less Advance Payments)

	2021	2020
Retirement and decommissioning	7,770	7,986
Containers, transports, operational waste, other	610	1,404
Total	8,380	9,390

Provisions, if they are non-current, are measured at their settlement amounts, discounted to the balance sheet date.

A risk-free discount rate of an average of about 0.0 percent is used for the measurement of E.ON's disposal obligations (previous year: 0.0 percent). As in the prior year, E.ON assumes a 2-percent increase in costs when estimating annual payments. A change in the discount rate or in the cost increase rate of 0.1 percent would change the amount of the provision recognized on the balance sheet by approximately €0.1 billion.

Excluding the effects of discounting and cost increases, the amounts for disposal obligations would be €7,288 million with average credit terms of approximately seven years. This amount flows into the economic net debt.

There were changes in estimates for the nuclear-power business in 2021 in the amount of -€338 million (2020: -€47 million). This mainly includes the effects from the remeasurement of the recovery of reprocessing waste and optimization of decommissioning and disposal services. €709 million (2020: €361 million) of this was used, of which €337 million (2020: €307 million) related to decommissioning nuclear power plants based on circumstances for which decommissioning and dismantling costs were recognized.

Personnel Obligations

Provisions for personnel costs primarily cover provisions for early retirement benefits, performance-based compensation components, restructuring and other deferred personnel costs. Restructuring provisions, which totaled €1,052 million at December 31, 2021 (2020: €1,088 million), were made in Germany and the UK, in particular:

In connection with the acquisition of innogy, the "Collective Agreement on the Future and Job Security" was concluded in 2019 with employer associations and unions as well as ver.di and the Mining, Chemical and Energy Industrial Union. This collective agreement will initially apply to personnel changes and adjustment measures implemented in Germany as a result of the integration of the innogy Group into the E.ON Group. Among other aspects, it includes regulations on severance payments for employees who voluntarily depart, early retirement and the possibility of transferring to an Employment and Qualification Company.

In 2019 and 2020, E.ON announced plans to restructure the household and small commercial customers business (B2C) of npower and E.ON UK by transferring customers to a common IT platform. The transfer of npower customers was completed in 2021, while the transfer of E.ON UK customers will continue into 2022. In addition, the industrial and large commercial customers (B2B) of npower and E.ON UK are being brought together on another joint platform from 2021. Any activities that do not support the combined businesses will be restructured. This includes sites as well as a related reduction in headcount.

Obligations from Green Certificates

Renewables Obligation Certificates (ROCs or Green Certificates) are an important mechanism for promoting renewable energies, especially in the UK. The ROCs represent a fixed share of Renewables in power sales and can be acquired either from renewable sources or on the market. During a twelve-month ROC period, the obligations recognized as a provision for this purpose are offset against the acquired certificates and used. Within the E.ON Group, there are ROCs primarily in the UK.

Provisions for Other Asset Retirement Obligations

The provisions for other asset retirement obligations consist of obligations for renewable-energy power plants and infrastructure. In addition, the provisions for dismantling conventional plant components in the nuclear power segment, which are based on legally binding civil agreements and public provisions, in the amount of €482 million (2020: €469 million) are taken into account here. Excluding discounting and cost-increase effects, the amounts for these disposal obligations with an average payment term of about 17 years would be €359 million. This amount flows into the economic net debt.

The other asset retirement obligations disclosed under economic net debt, not including the provisions for dismantling conventional plant components in the nuclear power segment, amount to €369 million.

Sales and Supplier-Related Obligations

Provisions for supplier-related obligations consist of provisions for potential losses on open purchase contracts.

The provisions for sales-related obligations include risks of loss for price discounts and from pending sales contracts, as well as for settlement obligations from electricity and gas deliveries already made. The sharp increase of €9.3 billion resulted from additions to contingent losses on pending sales contracts and is related to the

rise in energy prices on the commodity markets. These provisions were recognized for contracted sales transactions that form an economic part of a portfolio which are partly offset by procurement transactions to be accounted for as derivative financial instruments. The measurement of these provisions is generally based on the margins of the latest officially valid management planning. Judgment is required in defining the individual sales portfolios and allocating the procurement transactions to these portfolios. In addition, assumptions regarding the allocation of overheads to the individual sales portfolios and expectations regarding contract terms, particularly in the case of customer contracts with options for unilateral renewal or termination by the customer, are included in the calculation.

Environmental Remediation and Similar Obligations

Provisions for environmental remediation refer primarily to redevelopment protection measures and the rehabilitation of contaminated sites.

Other

The other miscellaneous provisions consist of certain environmental remediation obligations from predecessor companies in the amount of €0.4 billion (2020: €0.5 billion), possible obligations from tax-related interest expense in the amount of €0.1 billion (2020: €0.2 billion) and litigation cost risks in the amount of €0.1 billion (2020: €0.2 billion).

(27) Liabilities

The following table provides a breakdown of liabilities:

Liabilities	2023		2022	
	Amount	Amount	Amount	Amount
Financial liabilities	6,530	28,131	3,418	29,423
Trade payables	9,113	—	8,064	—
Capital expenditure grants	32	393	28	299
Liabilities from derivatives	6,627	6,491	618	3,679
Advance payments	130	—	103	—
Contract liabilities (IFRS 15)	895	3,055	838	2,965
Other operating liabilities	4,158	879	6,564	656
Trade payables and other operating liabilities	20,955	10,818	16,215	7,599
Total	27,485	38,949	19,633	37,022

Financial Liabilities

The following tables present the changes to financial liabilities in fiscal years 2021 and 2020:

Financial Liabilities

	2021	2020	2019	2018	2017	2016	2015
Bonds	29,019	-734	294	-2	13	-267	28,323
Commercial paper	0	1,510	-	-	-	-	1,510
Bank loans/Liabilities to banks	607	1,108	-1	-92	-	-184	1,438
Lease obligations ¹	2,615	-363	7	15	-	266	2,539
Other financial liabilities	600	1,798	74	209	-	-1,831	851
Financial liabilities	32,841	3,319	374	190	13	-2,016	34,661

¹For more information see Note 33

Liabilities to financial institutions include, among other items, collateral received, measured at a fair value of €135 million (2020: €8 million). This collateral relates to amounts pledged by banks to limit the utilization of credit lines in connection with the fair value measurement of derivative transactions. The other financial liabilities include, inter alia, financial guarantees totaling €8 million (2020: €8 million). Also included is collateral received in connection with goods and services in the amount of €14 million (2020: €10 million). E.ON can use this collateral without restriction.

The financial liabilities of innogy recognized at the date of initial consolidation were marked to market under IFRS. This market value was considerably higher than the nominal value because market interest rates had fallen since the bonds were issued. The difference between the nominal value and the market value calculated during the preliminary purchase price allocation totaled €1,931 million as of December 31, 2021 (as of December 31, 2020: €2,121 million). This difference is not taken into account in the economic net debt.

Financial Liabilities

	2021	2020	2019	2018	2017	2016	2015
€ in millions	Ja						
Bonds	27,059	2,394	-157	11	11	-299	29,019
Commercial paper	50	-50	-	-	-	-	0
Bank loans/Liabilities to banks	1,138	-794	-2	266	-	-1	607
Lease obligations ¹	2,609	-332	-14	2	-	350	2,615
Other financial liabilities	557	114	-8	-46	-	-17	600
Financial liabilities	31,413	1,332	-181	233	11	33	32,841

¹For more information see Note 33

The following is a description of the E.ON Group's significant credit arrangements and debt issuance programs. Included under "Bonds" are the bonds currently outstanding, including those issued under the Debt Issuance Program.

Corporate Headquarters

€35 Billion Debt Issuance Program

A Debt Issuance Program simplifies the issuance from time to time of debt instruments through public and private placements to investors. The Debt Issuance Program of E.ON SE was most recently

renewed in March 2020, with a total amount of €35 billion. E.ON SE plans to renew the program in 2022

At year-end 2021, the following E.ON SE and E.ON International Finance B.V. bonds were outstanding:

Major Bond Issues of E.ON SE and E.ON International Finance B.V.

Bond	Amount	Term	Issuance Date	Interest Rate
E.ON International Finance B.V.	500 million GBP	13 years	Jul 2022	5.50%
E.ON SE	500 million EUR	4 years	Sep 2022	0.00%
E.ON SE	750 million EUR	3 years	Oct 2022	0.00%
E.ON International Finance B.V. ¹	750 million EUR	5 years	Nov 2022	0.75%
E.ON SE	1,000 million EUR	3 years	Apr 2023	0.38%
E.ON International Finance B.V.	488 million GBP	20 years	Dec 2023	5.63%
E.ON SE	750 million EUR	4 years	Dec 2023	0.00%
E.ON International Finance B.V.	800 million EUR	10 years	Jan 2024	3.00%
E.ON SE	500 million EUR	7 years	May 2024	0.88%
E.ON SE	750 million EUR	5 years	Aug 2024	0.00%
E.ON International Finance B.V.	750 million EUR	8 years	Apr 2025	1.00%
E.ON SE	750 million EUR	5.5 years	Oct 2025	1.00%
E.ON International Finance B.V.	500 million EUR	8 years	May 2026	1.63%
E.ON SE	750 million EUR	7 years	Oct 2026	0.25%
E.ON SE	1,000 million EUR	7.5 years	Sep 2027	0.38%
E.ON International Finance B.V.	850 million EUR	10 years	Oct 2027	1.25%
E.ON SE	500 million EUR	8 years	Feb 2028	0.75%
E.ON SE	600 million EUR	8 years	Dec 2028	0.10%
E.ON SE	750 million EUR	12 years	May 2029	1.63%
E.ON International Finance B.V.	1,000 million EUR	12 years	Jul 2029	1.50%

¹Listing: All bonds ≥ 500 million EUR are listed in Luxembourg with the exception of the Rule 144A/Regulation S USD bond, which is unlisted

²The volume of this issuance raised from originally EUR 550 million to EUR 750 million

³The volume of this issue was raised from originally GBP 850 million to GBP 975 million

⁴Rule 144A/Regulation S bond

Major Bond Issues of E.ON SE and E.ON International Finance B.V.

Bond Issuer	Amount	Term	Issue Date	Interest Rate
E.ON SE	750 million EUR	11 years	Feb 2030	0.35%
E.ON International Finance B.V.	760 million GBP	28 years	Jun 2030	6.25%
E.ON SE	500 million EUR	11 years	Dec 2030	0.75%
E.ON SE	500 million EUR	11 years	Aug 2031	0.88%
E.ON SE	500 million EUR	12 years	Nov 2031	0.63%
E.ON International Finance B.V. ¹	975 million GBP	30 years	Jun 2032	6.38%
E.ON SE	750 million EUR	11.5 years	Oct 2032	0.60%
E.ON International Finance B.V.	600 million EUR	30 years	Feb 2033	5.75%
E.ON International Finance B.V.	600 million GBP	22 years	Jan 2034	4.75%
E.ON International Finance B.V.	900 million GBP	30 years	Oct 2037	5.88%
E.ON International Finance B.V. ²	1,000 million USD	30 years	Apr 2038	6.65%
E.ON International Finance B.V.	700 million GBP	30 years	Jan 2039	6.75%
E.ON International Finance B.V.	1,000 million GBP	30 years	Jul 2039	6.13%

¹Listing: All bonds, e 500 million EUR are listed in Luxembourg with the exception of the Rule 144A/Regulation S USD bond, which is unlisted.
²The volume of this issue was raised from originally EUR 500 million to EUR 750 million.
³The volume of this issue was raised from originally GBP 850 million to GBP 975 million.
⁴Rule 144A/Regulation S bond.

Additionally outstanding as of December 31, 2021, were private placements with a total volume of approximately €1.7 billion (2020: €1.7 billion).

€3.5 Billion Syndicated Revolving Credit Facility

Effective October 24, 2019, E.ON arranged a syndicated revolving credit facility in the amount of €3.5 billion over an original term of five years, with two renewal options for one year each. After exercising the first extension option in October 2020, the second extension option was also exercised in October 2021, extending the term of the credit line to October 24, 2026. The credit margin of the facility is in part coupled with the development of certain ESG ratings on which E.ON bases financial incentives for a sustainable

corporate strategy. The ESG ratings are calculated by three prominent agencies: ISS ESG, MSCI ESG Research, and Sustainalytics. The facility was granted by 21 banks, which make up E.ON's core banking group. The facility has not been drawn; rather, it serves as the Group's reliable, long-term liquidity reserve, one purpose of which is to function as a backup facility for the commercial paper programs.

€10 Billion and \$10 Billion Commercial Paper Programs

The euro commercial paper program in the amount of €10 billion allows E.ON SE to issue from time to time commercial paper with maturities of up to two years less one day to investors. The U.S. commercial paper program in the amount of \$10 billion allows

E.ON SE to issue from time to time commercial paper with maturities of up to 366 days and extendible notes with original maturities of up to 397 days (and a subsequent extension option for the investor) to investors. As of December 31, 2021, €1,510 million was outstanding under the euro commercial paper program (2020: €0 million); as in the prior year, the U.S. commercial paper program was not utilized.

The bonds issued by E.ON SE and E.ON International Finance B.V. (guaranteed by E.ON SE) have the maturities presented in the table below. Liabilities denominated in foreign currency include the effects of economic hedges, and the amounts shown here may therefore vary from the amounts presented on the balance sheet.

Bonds Issued by E.ON SE and E.ON International Finance B.V.

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
	26,837	-	2,695	2,680	11,743	9,719
	27,428	2,384	2,656	2,642	11,084	8,662

Financial Liabilities by Segment

The following table breaks down the financial liabilities by segment:

Financial Liabilities by Segment as of December 31¹⁾

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Energy Networks	-	-	-	329	464	2,091	2,112	445	239	2,865	2,815
Germany	-	-	-	329	239	1,998	2,016	445	238	2,772	2,493
Sweden	-	-	-	-	-	14	13	-	1	14	14
ECE/Turkey	-	-	-	-	225	79	83	-	-	79	308
Customer Solutions	-	-	-	250	135	294	320	80	73	624	528
Germany Sales	-	-	-	111	121	55	54	35	-3	201	172
UK	-	-	-	-	-	86	94	1	1	87	95
Netherlands/Belgium	-	-	-	-	-	34	46	3	2	37	48
Other	-	-	-	139	14	119	126	41	73	289	213
Non-Core Business	-	-	-	-	-	3	3	87	99	90	102
Corporate Functions/Other	28,323	29,019	1,510	859	8	151	180	239	189	31,082	29,396
E.ON Group	28,323	29,019	1,510	1,438	807	2,538	2,615	851	800	34,661	32,841

¹⁾ Because of changes in segment reporting, the prior-year figure was adjusted accordingly.
²⁾ The previous year included liabilities from finance leases.

Trade Payables and Other Operating Liabilities

Trade payables totaled €9,113 million as of December 31, 2021 (2020: €8,064 million).

Capital expenditure grants of €425 million (2020: €327 million) have not yet been recognized as revenue. As in the prior year, the majority of these were government grants, in particular for the net-work business. The E.ON Group retains ownership of the assets. The grants are non-refundable and are recognized in other operating income over the period of the depreciable lives of the related assets.

Derivative liabilities totaled €13,118 million as of December 31, 2021 (2020: €4,297 million). The increase compared with the previous year is mainly due to the market valuation of commodity derivatives.

Contract liabilities under IFRS 15 in the amount of €3,951 million (2020: €3,803 million) consist primarily of construction grants that were paid by customers for the cost of new gas and electricity connections in accordance with the generally binding terms governing such new connections. These grants are customary in the industry, generally non-refundable and recognized as revenue in the amount of €331 million according to the useful lives of the related assets.

Other operating liabilities consist primarily of other tax liabilities in the amount of €1,559 million (2020: €1,304 million) and interest payable in the amount of €368 million (2020: €399 million). This item also includes other liabilities to our customers from overpay-ments and refund claims of €467 million (2020: €506 million) and current personnel liabilities of €452 million (2020: €444 million). Also included in other operating liabilities are carryforwards of counterparty obligations to acquire additional shares in already consolidated subsidiaries as well as non-controlling interests in fully

consolidated partnerships with legal structures that give their share-holders a statutory right of withdrawal combined with a compensa-tion claim, in the amount of €486 million (2020: €2,271 million). The significant decrease compared with the previous year is due in particular to the redemption of the put option held by enviaM.

(28) Contingent Liabilities and Other Financial Obligations

As part of its business activities, E.ON is subject to contingent lia-bilities and other financial obligations involving a variety of under-lying matters. These primarily include guarantees, obligations from litigation and claims (as discussed in more detail in Note 29 **B**), short- and long-term contractual, legal and other obligations and commitments.

Contingent Liabilities

The fair value of the E.ON Group's contingent liabilities was €0.4 billion as of December 31, 2021 (December 31, 2020: €0.4 billion) and primarily include contingent liabilities in connection with potential long-term environmental remediation measures and legal disputes. This value represents the best estimate of the expenditure required to settle the present obligation as of the reporting date.

E.ON has also issued direct and indirect guarantees and surety bonds to third parties in connection with its own operations or the operations of affiliated companies, which may trigger payment obligations based on the occurrence of certain events. These instru-ments include both financial guarantees as well as operational guarantees, which primarily secure contractual obligations and benefit obligations for active and former employees.

In addition, E.ON has entered into indemnification agreements, which as a rule are incorporated in agreements concerning the disposal of shareholdings and, above all, affect the customary representations and warranties with relation to liability risks for environmental damage and contingent tax risks. In some cases, obligations are covered in the first instance by provisions of the disposed companies before E.ON itself is required to make any payments. Guarantees issued by companies that were later sold by E.ON SE or its legal pre-decessors are usually included in the respective final sales contracts in the form of indemnities.

Moreover, E.ON has commitments under which it assumes joint and several liability arising from its interests in civil-law companies ("GbR"), non-corporate commercial partnerships and consortia in which it participates.

The guarantees of E.ON also include items related to the operation of nuclear power plants. Under the German Nuclear Energy Act ("Atomgesetz" or "AtG") and the ordinance regulating the provision for coverage under the Atomgesetz ("Atomrechtliche Deckungs-vorsorge-Verordnung" or "AtDeckV") of April 27, 2002, German nuclear power plant operators are required to provide nuclear acci-dent liability coverage of up to €2.5 billion per incident.

The coverage requirement is satisfied in part by a standardized insurance facility in the amount of €255.6 million. The institution Nuklear Haftpflicht Gesellschaft bürgerlichen Rechts ("Nuklear Haftpflicht GbR") now only covers costs between €0.5 million and €15 million for claims related to officially ordered evacuation mea-sures. Group companies have agreed to place their subsidiaries operating nuclear power plants in a position to maintain a level of liquidity that will enable them at all times to meet their obligations as members of the Nuklear Haftpflicht GbR, in proportion to their shareholdings in nuclear power plants.

To provide liability coverage for the additional €2,244.4 million per incident required by the above-mentioned amendments, E.ON Energie AG ("E.ON Energie") and the other parent companies of German nuclear power plant operators reached a Solidarity Agreement ("Solidarvereinbarung") on July 11, July 27, August 1, and August 28, 2001, extended by agreement dated March 25, April 18, April 28, and June 1, 2011, and with agreement of November 17/November 29/December 2/December 6, 2021. If an accident occurs, the Solidarity Agreement calls for the nuclear power plant operator liable for the damages to receive—after the operator's own resources and those of its parent companies are exhausted—financing sufficient for the operator to meet its financial obligations. Under the Solidarity Agreement, E.ON Energie's share of the liability coverage on December 31, 2021, was 35.1 percent (prior year: 47.1 percent), plus an additional 5.0 percent charge for the administrative costs of processing damage claims. This share will change to 43.3 percent starting from January 1, 2022. Sufficient liquidity has been provided for and is included within the liquidity plan.

Furthermore, as of December 31, 2021, E.ON is continuing to provide collateral in the amount of €701.8 million for the former Group companies transferred to RWE which will be repaid or assumed by RWE Group companies in the short term. During the 2021 fiscal year, guarantees amounting to €43.1 million were redeemed as part of the exchange process with RWE.

Other Financial Obligations

In addition to provisions and liabilities carried on the balance sheet and to reported contingent liabilities, there also are other financial obligations arising mainly from contracts entered into with third parties, or on the basis of legal requirements.

As of December 31, 2021, purchase commitments for investments in property, plant and equipment amounted to €1.9 billion (2020: €1.7 billion). Of these commitments, €1.3 billion are due within one year (2020: €1.2 billion). €1.6 billion of the purchase commitment at December 31, 2021 (2020: €1.3 billion) relates to the Energy Networks Germany and Sweden segments.

Additional long-term contractual obligations in place at the E.ON Group as of December 31, 2021, relate primarily to the purchase of electricity and natural gas. Financial obligations under the electricity purchase contracts amount to approximately €8.8 billion on December 31, 2021 (2020: €6.8 billion), of which €5.8 billion (2020: €3.5 billion) is due within one year. Financial obligations under the gas purchase contracts amount to approximately €7.8 billion on December 31, 2021 (2020: €4.8 billion). Of this amount, €6.1 billion (2020: €2.4 billion) is due within one year. Additional purchase commitments as of December 31, 2021, amounted to approximately €0.6 billion (2020: €0.6 billion). They include long-term contractual commitments to purchase heat and alternative fuels. Of these commitments, €0.1 billion (2020: €0.1 billion) are due within one year.

Other financial obligations exist only to an insignificant extent. These include capital commitments in connection with joint ventures, obligations concerning the acquisition of financial assets, and obligations arising from capital measures.

(29) Litigation and Claims

A number of different court actions, governmental investigations and proceedings, and other claims are currently pending or may be instituted or asserted in the future against companies of the E.ON Group. This in particular includes legal actions and proceedings on contract amendments and price adjustments initiated in response

to market upheavals and the changed economic situation in the electricity and gas sectors (also as a consequence of the energy transition) and concerning price increases and anticompetitive practices. The courts and authorities are also subjecting competitive practices to stricter reviews.

In the Energy Networks segment, Group companies are involved in proceedings for the award of concessions and in connection with grid connections and the calculation of the grid fee. Official regulations and changes in regulatory practice have given rise to legal disputes. Of particular note here are effects in connection with the regulatory treatment of capital costs and return on equity. The national regulatory regimes within Europe are subject to changes, some of which have a significant impact on network operations. Owing to a number of factors, including regulatory and legal decisions, the regulatory framework has increased here. However, these regulatory interventions are not restricted to the network area; distribution activities in the customer solutions area have also been affected by regulatory measures, including in connection with electricity self-generation models seeking to be exempted from the payment of the EEG surcharge.

The changes to the legal and regulatory framework can in some cases also significantly impact subsidies and remuneration practices in the area of Renewables, which in turn are the object of regulatory or court proceedings.

Rising energy prices in Europe have been leading to market distortions, to which some Member States have been responding with selective regulatory measures, such as price caps for electricity and gas. In some countries, rising energy prices are responsible for occasional insolvencies of energy supply companies, and suspension of energy deliveries. In some cases, the insolvencies of other suppliers lead to an increase in customers (due to regulatory effects) at E.ON Group companies.

There are also legal proceedings in connection with completed M&A activities, in particular as a result of the acquisition of innogy SE.

On April 13, 2017, the Federal Constitutional Court declared the Nuclear Fuel Tax Act to be incompatible with the Basic Law and invalid. The nuclear-fuel tax plus interest paid by E.ON was refunded. With regard to interest calculation, two legal procedures are being pursued by the nuclear power operators with the German customs authorities, one of which by PreussenElektra GmbH. With the 18th amendment to the German Nuclear Energy Act, the German Federal Government has implemented both rulings of the German Federal Constitutional Court on the phaseout of nuclear energy and the agreement under public law concluded in this regard with the energy utilities and operators. This amendment regulated compensation claims for certain investments and residual volumes of electricity as well as the shareholder-related allocation of residual volumes of electricity at the joint power plants between Vattenfall Europe Nuclear Energy GmbH and PreussenElektra GmbH. The legal disputes conducted in this respect were terminated by mutual agreement in 2021. The payment of compensation claims and transfer of residual volumes of electricity was completed in 2021 in accordance with legal and contractual regulations.

(30) Supplemental Cash Flow Disclosures

In the current fiscal year, E.ON made no external payments for additions to consolidated shareholdings and activities (2020: €0 million), although there was an additional purchase price payment to RWE for the acquisition of innogy in the amount of €0.1 billion. The only addition in the prior year was the largely non-cash acquisition of the VSEH Group from RWE; the purchase price was €740 million.

The cash acquired totaled €6 million, and assets in the amount of €1,534 million and provisions and liabilities in the amount of €604 million were recognized.

The total consideration received by E.ON in 2021 on the disposal of consolidated equity interests and activities generated cash inflows of €674 million (2020: €921 million), and a further €11 million in the form of shares. Cash and cash equivalents disposed of amounted to €71 million (2020: €88 million). The sale of the consolidated activities led to reductions of €1,261 million (2020: €1,182 million) in assets and €689 million (2020: €482 million) in provisions and liabilities. The disposals mainly related to sales in the course of the reorganization of business activities in Hungary and Benelux.

At €5.6 billion, cash provided by operating activities before interest and taxes from continuing operations was €0.3 billion lower than in the prior year (€5.9 billion). In the Energy Networks business area, negative working capital effects in the German network business in particular had a negative impact on cash generated by operating activities, resulting in a year-on-year decrease of -€0.5 billion. The decline in Customer Solutions (-€0.2 billion year-on-year) was mainly due to working capital effects in Sweden. The Non-Core segment recorded an increase in cash generated from operations of €0.5 billion year-on-year, mainly due to the improvement in EBITDA based on the refund of payments made to date for the purchase of residual electricity volumes (€0.6 billion). Operating cash flow from continuing operations was also marked by the normalization of the tax payment in 2021.

Cash provided by investing activities from continuing operations amounted to -€5.4 billion (2020: -€1.9 billion). The collateral provided in connection with derivatives transactions (primarily initial

margins) is significantly higher than in the prior year, primarily due to price developments in the current year. In the first quarter of the prior year, payments were received from the transfer of the indirect share in Nord Stream AG to the CTA, which was carried out in 2019. In addition, the prior year's cash flow was improved by an additional purchase price paid by RWE for the acquisition of innogy, the sale of innogy's distribution business in the Czech Republic, and the sale of the heating electricity business. The payment received from the sale of the stake in Rampion Renewables Ltd to RWE was also made in 2020. During the reporting year, the sale of two network companies in Hungary improved the cash flow from investing activities to a relatively minor extent.

At +€2.3 billion, cash provided by financing activities from continuing operations was €4.9 billion higher than the prior-year figure of -€2.6 billion. This was due in particular to payments in the course of the settlement of the remaining minorities at innogy SE in the 2020 financial year (+€2.4 billion). Variation margin payments in connection with derivative transactions had a positive effect on cash flows from financing activities. The pro rata disposal of business activities in Hungary resulted in a further improvement in the current fiscal year (+€0.4 billion).

Supplemental Information on Cash Flows from Operating Activities

	2021	2020
Income taxes paid (less refunds)	-651	53
Interest paid	-1,078	-1,168
Interest received	160	454
Dividends received	559	488

(31) Derivative Financial Instruments and Hedging Transactions

Strategy and Objectives

The Company's policy generally permits the use of derivatives if they are associated with underlying assets or liabilities, planned transactions, or legally binding rights or obligations.

At the E.ON Group, hedge accounting in accordance with IFRS 9 is employed primarily in connection with hedging long-term liabilities and future financing via interest-rate derivatives and for hedging long-term foreign currency receivables and payables via currency derivatives. E.ON also hedges net investments in foreign operations.

In the commodity sector, fluctuations in future cash flows from procurement and sales transactions are economically hedged by offsetting transactions. Hedge accounting is applied in individual cases with regard to hedging electricity price change risks.

To hedge currency risk, E.ON entered into hedging transactions in the reporting year in pounds sterling at an average hedging rate of £0.88/€ (2020: £0.91/€) and in U.S. dollars at an average hedging rate of US\$1.36/€ (2020: US\$1.36/€). Hedging transactions were concluded at an average interest rate of 3.23 percent (2020: 3.43 percent) to hedge the interest rate risk in the euro zone. The average hedging price for hedging electricity price change risks amounted to €117.12/MWh in the year under review (2020: €48.06/MWh).

Fair Value Hedges

Fair value hedges are used to protect against the risk from changes in market values. Gains and losses on these hedges are generally reported in that line item of the income statement which also includes the respective hedged items.

Cash Flow Hedges

Cash flow hedges are used to protect against the risk arising from variable cash flows. Interest rate swaps and cross-currency interest rate swaps are the principal instruments used to limit interest rate and currency risks. The purpose of these swaps is to maintain the

level of payments arising from long-term interest-bearing receivables and liabilities denominated in foreign currency and euro by using cash flow hedge accounting in the functional currency of the respective E.ON company.

In order to reduce future cash flow fluctuations arising from electricity transactions effected at variable spot prices, futures contracts are concluded and also accounted for using cash flow hedge accounting in individual cases.

The following table presents the carrying amounts of the hedging instruments and the changes in the fair values of the hedging instruments and hedged items by hedged risk type:

Carrying Amounts of Hedging Instruments and Changes in Fair Value of Hedging Instruments and Hedged Items in Connection with Cash Flow Hedges

	2021		2020		2019		2018	
	31.12.2021	31.12.2020	31.12.2020	31.12.2019	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Currency risk	372	91	88	105	327	-49	-329	50
Interest-rate risk	50	114	1,299	1,706	291	-383	-338	379
Electricity price change risk	62	2	33	1	27	17	-27	-17

The total amount of ineffectiveness for cash flow hedges recorded for the year ended December 31, 2021, produced income of €21 million (2020: expense of €5 million). Of this amount, €26 million of income relates to hedging of interest-rate risk (2020: expense of €4 million) and €5 million in exchange-rate hedging expense (2020: €1 million).

Gains and losses from the ineffective portions of cash flow hedges are classified as other operating income or other operating expenses.

The development of OCI arising from cash flow hedges, broken down by hedged risk type, is as follows:

Changes in OCI Arising from Cash Flow Hedges

Balance as of January 1, 2020	-1,435			
Unrealized changes—hedging reserve	-464	-45	-379	-40
Unrealized changes—reserve for hedging costs	-42	-42	—	—
Reclassification adjustments recognized in income	148 ²	40	54	54
Change in scope of consolidation	1			
Income taxes	37			
Companies accounted for under the equity method	-54			
Balance as of December 31, 2020¹	-1,809			
Balance as of January 1, 2021	-1,809			
Unrealized changes—hedging reserve	655	355	247	53
Unrealized changes—reserve for hedging costs	43	43	—	—
Reclassification adjustments recognized in income	-50	-237	166	21
Change in scope of consolidation	-12			
Income taxes	7			
Companies accounted for under the equity method	113			
Balance as of December 31, 2021¹	-1,053			

¹As of December 31, 2021, includes -€131 mill on (2020: -€211 million) from terminated cash flow hedges.
²Of this amount, €19 million relates to hedged cash flows that are no longer expected to occur.

The balance of the OCI arising from cash flow hedges as of December 31, 2021, contains -€1.1 billion relating to hedging of interest-rate risk (2020: -€1.5 billion).

Reclassifications recognized in income are generally reported in that line item of the income statement which also includes the respective hedged transaction.

The nominal volume of the hedging instruments is presented in the following table:

Nominal Volume of Hedging Instruments in Connection with Cash Flow Hedges

	2021	2020	2019	2018	2017
Currency risk	793	839	2,961	4,593	3,571
Interest-rate risk	–	500	3,500	4,000	4,295
Electricity price change risk	81	224	–	305	26

Net Investment Hedges

The Company uses foreign currency forwards, foreign currency swaps and foreign currency loans to protect the value of its net investments in its foreign operations denominated in foreign currency.

The carrying amount of the assets used as hedging instruments as of December 31, 2021, was €57 million (2020: €7 million) and the carrying amount of the liabilities used as hedging instruments was €1,165 million (2020: €1,165 million). The fair values of the designated portion of the hedging instruments changed by €41 million in the reporting period (2020: €117 million)

As in 2020, no ineffectiveness resulted from net investment hedges in 2021.

The development of OCI arising from net investment hedges is as follows:

Changes in OCI Arising from Net-Long-Term Hedges

	2021	2020
Balance as of January 1, 2020		350
Unrealized changes—hedging reserve	82	
Unrealized changes—reserve for hedging costs	-1	
Reclassification adjustments recognized in income	-166	
Change in scope of consolidation	–	
Balance as of December 31, 2020¹	265	
Balance as of January 1, 2021	265	
Unrealized changes—hedging reserve	-47	
Unrealized changes—reserve for hedging costs	6	
Reclassification adjustments recognized in income	–	
Change in scope of consolidation	-4	
Balance as of December 31, 2021¹	220	

¹As of December 31, 2021, includes -€71 million (2020: -€71 million) from terminated net investment hedges

As a rule, reclassification adjustments recognized in income are reported under other operating income and expenses. The nominal volume of hedging instruments in net investment hedges amounted to €5,082 million as of December 31, 2021 (2020: €4,945 million). Since the currency risk of net investment hedges is hedged through the ongoing rollover of the hedging instruments, the majority are concluded with a remaining term of less than one year.

Valuation of Derivative Instruments

The fair value of derivative financial instruments is sensitive to movements in underlying market rates and other relevant variables. The Company assesses and monitors the fair value of derivative instruments on a periodic basis. The fair value to be determined for each derivative instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (exit price). E.ON also takes into account the counterparty credit risk for both own credit risk (debt value adjustment) and the risk of the corresponding counterparty (credit value adjustment) when determining fair value. The fair values of derivative instruments are calculated using common market valuation methods with reference to available market data on the measurement date.

The following is a summary of the methods and assumptions for the valuation of utilized derivative financial instruments in the Consolidated Financial Statements.

- Currency, electricity, gas and oil forward contracts, swaps, and emissions-related derivatives are valued separately at their forward rates and prices as of the balance sheet date. Whenever possible, forward rates and prices are based on market quotations, with any applicable forward premiums and discounts taken into consideration.
- Market prices for electricity options are valued using standard option pricing models commonly used in the market.
- The fair values of existing instruments to hedge interest risk are determined by discounting future cash flows using market interest rates over the remaining term of the instrument. Discounted cash values are determined for interest rate, cross-currency and cross-currency interest rate swaps for each individual transaction as of the balance sheet date. Interest income and expenses are recognized in income at the date of payment or accrual.

- Equity forwards are valued on the basis of the stock prices of the underlying equities, taking into consideration any timing components.
- Exchange-traded futures and option contracts are valued individually at daily settlement prices determined on the futures markets that are published by their respective clearing houses. Paid initial margins are disclosed under other assets. Variation margins received or paid during the term of such contracts are stated under other liabilities or other assets, respectively, unless they are offset against the recognized market values of the commodity derivatives, as the offsetting criteria of IAS 32.42 are met.
- Certain long-term energy contracts are valued with the aid of valuation models that use internal data if market prices are not available. A hypothetical 10-percent increase or decrease in these internal valuation parameters as of the balance sheet date would lead to a theoretical change in market values of ±€6 million.

(32) Additional Disclosures on Financial Instruments

The carrying amounts of the financial instruments, their grouping into IFRS 9 measurement categories, their fair values and their measurement sources by class are presented in the following table:

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS 7 as of December 31, 2021

	Carrying Amounts	Fair Values	Measurement Categories	Fair Values	Fair Values	Fair Values	Fair Values
	2021	2020		2021	2020	2020	2020
Equity investments	2,147	537	FVPL	537	129	119	289
Financial receivables and other financial assets	2,570	797					
Receivables from finance leases	261	247	n/a	232			
Other financial receivables and financial assets	2,309	550		544			
		427	AmC	421	15	220	186
		123	FVPL	123	-	-	123
Trade receivables and other operating assets	37,921	33,786					
Trade receivables	9,947	9,902	AmC				
Derivatives with no hedging relationships	22,818	22,818	FVPL	22,818	251	22,166	401
Derivatives with hedging relationships	541	541	n/a	541	62	479	-
Other operating assets	4,615	525	AmC	493	10	172	311
Securities and fixed-term deposits	3,295	3,295		3,295	2,185	1,110	-
		2,075	FVPL	2,075	1,033	1,042	-
		1,220	FVOCI	1,220	724	496	-
Cash and cash equivalents	3,634	3,634					
		1,250	FVPL	1,250	-	1,250	-
		2,384	AmC				
Restricted cash	735	735	AmC				
Assets held for sale	1,620	210					
		172	AmC	172			
		38	FVPL	38	-	38	-
Total assets	51,922	42,994					
Financial liabilities	34,681	34,217					
Bonds	28,323	28,323	AmC	31,038	29,119	1,919	-
Commercial paper	1,510	1,510	AmC	1,511	-	1,511	-
Bank loans/liabilities to banks	1,438	1,438	AmC	1,464	-	832	632
Lease obligations	2,539	2,477	n/a	2,354			
Other financial liabilities	851	469	AmC	433	-	132	301
Trade payables and other operating liabilities	31,773	24,254					
Trade payables	9,113	9,036	AmC				
Derivatives with no hedging relationships	11,693	11,693	FVPL	11,693	50	11,285	358
Derivatives with hedging relationships	1,425	1,425	n/a	1,425	33	1,392	-
Liabilities related to IAS 32 ¹⁾	486	486	AmC	486	-	-	486
Other operating liabilities	9,056	1,614	AmC	1,368	2	505	861
Liabilities associated with assets held for sale	701	451					
		412	AmC	412			
		39	FVPL	39	-	39	-
Total liabilities	67,135	58,922					

¹⁾ FVPL: Fair Value through Profit or Loss; FVOCI: Fair Value through Other Comprehensive Income; AmC: Amortized Cost. The measurement categories are described in detail in Note 3. The amounts determined using valuation techniques with unobservable inputs (Level 3 of the fair value hierarchy) correspond to the difference between the total fair values of the two hierarchy levels listed.

²⁾ Liabilities related to IAS 32 include counterparty obligations and non-controlling interests in fully consolidated partnerships (see Note 27).

The carrying amounts of cash and cash equivalents and of trade receivables and trade payables are considered reasonable estimates of their fair values because of their short maturity.

Where the fair value of a financial instrument can be derived from an active market without the need for an adjustment, that value is used as the fair value. This applies in particular to equities held and to bonds held and issued.

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS / as of December 31, 2020

C in millions	Carrying Amount	Fair Value	Measurement Category	Fair Value	Fair Value	Fair Value	Fair Value
Equity investments	1,883	501	FVPL	501	73	0	428
Financial receivables and other financial assets	1,067	862					
Receivables from finance leases	289	257	n/a	257			
Other financial receivables and financial assets	778	605	AmC	482	4	150	328
		123	FVPL	123	-	-	123
Trade receivables and other operating assets	14,789	11,407					
Trade receivables	7,714	7,615	AmC				
Derivatives with no hedging relationships	3,063	3,063	FVPL	3,063	100	2,833	130
Derivatives with hedging relationships	214	214	n/a	214	2	212	-
Other operating assets	3,778	515	AmC	515	3	157	355
Securities and fixed-term deposits	2,998	2,998		2,998	2,261	737	-
		1,486	FVPL	1,486	826	660	-
		1,512	FVOCI	1,512	1,435	77	-
Cash and cash equivalents	2,668	2,668	AmC				
Restricted cash	1,016	1,016	AmC				
Assets held for sale	1,002	-					
Total assets	25,403	19,462					
Financial liabilities	32,841	32,528					
Bonds	29,019	29,019	AmC	30,963	29,752	1,211	-
Bank loans/Liabilities to banks	607	607	AmC	607	-	31	576
Lease obligations	2,615	2,606	n/a	2,576			
Other financial liabilities	600	296	AmC	293	-	27	266
Trade payables and other operating liabilities	23,814	16,665					
Trade payables	8,064	7,927	AmC				
Derivatives with no hedging relationships	2,404	2,404	FVPL	2,404	85	2,204	115
Derivatives with hedging relationships	1,893	1,893	n/a	1,893	1	1,892	-
Liabilities related to IAS 32 ¹	2,271	2,271	AmC	2,280	-	-	2,280
Other operating liabilities	9,182	2,170	AmC	2,136	-	1,120	1,016
Liabilities associated with assets held for sale	185	-					
Total liabilities	56,640	49,193					

¹FVPL: Fair Value through P&L; FVOCI: Fair Value through OCI; AmC: Amortized Cost. The measurement categories are described in detail in Note 1. The amounts determined using valuation techniques with unobservable inputs (Level 3 of the fair value hierarchy) correspond to the difference between the total fair values of the two hierarchy levels listed.

²Liabilities related to IAS 32 include counterparty obligations and non-controlling interests in fully consolidated partnerships (see Note 27).

The fair value of shareholdings in unlisted companies and of debt instruments that are not actively traded, such as loans received, loans granted and financial liabilities, is determined by discounting future cash flows. Any necessary discounting takes place using current market interest rates over the remaining terms of the financial instruments.

The determination of the fair value of derivative financial instruments is discussed in Note 31 [2](#).

At the end of each reporting period, E.ON assesses whether there might be grounds for reclassification between hierarchy levels. In 2021, due to a change in the estimate of market liquidity, securities with a fair value of €394 million were reclassified from hierarchy level 1 to hierarchy level 2 and securities with a fair value of €64 million were reclassified from hierarchy level 2 to hierarchy level 1. Investments with a fair value of €72 million were reclassified from hierarchy level 3 to hierarchy level 2 because fair values are no longer determined using valuation techniques but can be derived from market values.

The input parameters of Level 3 of the fair value hierarchy for equity investments are specified taking into account economic developments and available industry and corporate data (see also Note 1 [2](#)). A hypothetical change of +10 percent or -10 percent in these key internal valuation parameters as of the balance sheet date would lead to a theoretical change in market values of +€28 million or -€27 million, respectively.

The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

Fair Value Hierarchy Level 3 Reconciliation

	2021			2020			2019			
	Balance at 1 January	Changes	Balance at 31 December	Balance at 1 January	Changes	Balance at 31 December	Balance at 1 January	Changes	Balance at 31 December	
Equity investments	428	29	-72	-	-29	-	-	-72	5	289
Derivative financial instruments	15	-	-	-31	59	-	-	-	-	43
Total	443	29	-72	-31	30	-	-	-72	5	332

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

Netting Agreements for Financial Assets and Liabilities as of December 31, 2021

	Financial assets	Financial liabilities	Netting agreements	Netting agreements	Netting agreements	Netting agreements
	Trade receivables	Trade payables	Commodity derivatives	Interest-rate and currency derivatives	Trade receivables	Trade payables
Financial assets						
Trade receivables	11,206	1,304	9,902	271	-	9,631
Commodity derivatives	22,735	1,032	21,703	7,481	-	14,222
Interest-rate and currency derivatives	1,656	-	1,656	-	135	1,521
Total	35,597	2,336	32,261	7,752	135	25,374
Financial liabilities						
Trade payables	10,340	1,304	9,036	1,131	-	7,905
Commodity derivatives	11,621	1,032	10,589	6,621	-	3,968
Interest-rate and currency derivatives	2,529	-	2,529	-	613	1,916
Total	24,490	2,336	22,154	7,752	613	13,789

Netting Agreements for Financial Assets and Liabilities as of December 31, 2020

	Financial assets	Financial liabilities	Netting agreements	Netting agreements	Netting agreements	Netting agreements
	Trade receivables	Trade payables	Commodity derivatives	Interest-rate and currency derivatives	Trade receivables	Trade payables
Financial assets						
Trade receivables	7,615	-	7,615	-	-	7,615
Commodity derivatives	2,131	387	1,744	769	3	972
Interest-rate and currency derivatives	1,532	-	1,532	-	8	1,524
Total	11,278	387	10,891	769	11	10,111
Financial liabilities						
Trade payables	7,927	-	7,927	-	-	7,927
Commodity derivatives	1,506	387	1,119	542	132	445
Interest-rate and currency derivatives	3,179	-	3,179	-	976	2,203
Total	12,612	387	12,225	542	1,108	10,575

Compulsory netting is carried out if the netting criteria pursuant to IAS 32.42 are met cumulatively.

Transactions and business relationships resulting in the financial assets and liabilities presented are regularly concluded on the basis of standard contracts that permit the conditional netting of open transactions in the event that a counterparty becomes insolvent. If there is also currently a legal right to set off and the intention is to settle on a net basis, offsetting is mandatory in accordance with IAS 32.

The netting agreements are derived from netting clauses contained in master agreements including those of the International Swaps and Derivatives Association (ISDA), the German Master Agreement for Financial Derivatives Transactions (DRV), the European Federation of Energy Traders (EFET) and the Financial Energy Master Agreement (FEMA).

Collateral pledged to and received from financial institutions in relation to these liabilities and assets limits the utilization of credit lines in the fair value measurement of interest-rate and currency derivatives, and is shown in the table.

The following two tables illustrate the contractually agreed (undiscounted) cash outflows arising from the liabilities included in the scope of IFRS 7:

Cash Flow Analysis as of December 31, 2021

C in millions	Cash	Contingent	Financial	Other
Bonds	3,409	3,350	6,680	21,155
Commercial paper	1,510	–	–	–
Bank loans/Liabilities to banks	862	138	249	211
Lease obligations	431	439	909	1,694
Other financial liabilities	346	65	50	1
Financial guarantees	–	–	1	7
Cash outflows for financial liabilities	6,558	3,952	7,889	23,068
Trade payables	9,036	–	–	–
Derivatives (with/without hedging relationships)	23,793	2,656	819	886
Liabilities related to IAS 32	27	286	107	66
Other operating liabilities	1,572	9	33	5
Cash outflows for trade payables and other operating liabilities	34,428	2,951	959	957
Cash outflows for liabilities within the scope of IFRS 7	40,986	6,943	8,848	24,025

Cash Flow Analysis as of December 31, 2020

C in millions	Cash	Contingent	Financial	Other
Bonds	3,169	3,229	8,152	20,787
Commercial paper	–	–	–	–
Bank loans/Liabilities to banks	139	26	199	341
Lease obligations	510	426	1,087	1,942
Other financial liabilities	274	24	1	8
Financial guarantees	–	–	1	7
Cash outflows for financial liabilities	4,092	3,705	9,440	23,085
Trade payables	7,927	–	–	–
Derivatives (with/without hedging relationships)	8,402	712	913	2,994
Liabilities related to IAS 32	2,167	10	20	76
Other operating liabilities	2,148	6	2	20
Cash outflows for trade payables and other operating liabilities	20,644	728	935	3,090
Cash outflows for liabilities within the scope of IFRS 7	24,736	4,433	10,375	26,175

Financial guarantees with a total nominal volume of €8 million (2020: €8 million) were issued to companies outside of the Group. This amount is the maximum amount that E.ON would have to pay in the event of claims on the guarantees. E.ON has recognized a liability for this in the amount of €8 million (2020: €8 million)

For financial liabilities that bear floating interest rates, the rates that were fixed on the balance sheet date are used to calculate future interest payments for subsequent periods as well. Financial liabilities that can be terminated at any time are assigned to the earliest maturity band in the same way as put options that are exercisable at any time.

In gross-settled derivatives (usually currency derivatives and commodity derivatives), outflows are accompanied by related inflows of funds or commodities.

The net gains and losses from financial instruments by IFRS 9 category are shown in the following table:

Net Gains and Losses by Category

	2021	2020
Financial assets Amortized Cost	-266	-275
Financial liabilities Amortized Cost	-1,179	-449
Fair Value through P&L	18,651	175
Fair Value through OCI	50	-10
Total	17,256	-559

The net result of the category fair value through OCI results in particular from currency translation effects, interest income and proceeds from the sale of fair value through OCI securities.

In addition to impairments of financial assets, net gains and losses in the amortized cost category are due primarily to interest income from financial assets and liabilities and effects from the currency translation of financial liabilities.

The net gains and losses in the fair value through profit or loss measurement category encompass both the changes in fair value from derivative financial instruments and from equity instruments, and gains and losses on realization. The increase in net results was due in particular to market price increases in the commodity sector.

Impairments of Financial Assets

Impairment losses on financial assets must be recognized not only for losses already incurred but also for expected future credit losses. E.ON takes into account expected future credit losses of financial assets carried at amortized cost, financial assets measured at fair value through other comprehensive income, and receivables from finance leases.

For trade receivables, expected credit losses are recognized over their entire residual term using the simplified method (lifetime expected credit loss [ECL] trade receivables). For other financial assets, E.ON first determines the credit loss expected within the first twelve months (stage 1–12 month ECL). In derogation of this, in the event of a significant increase in the default risk, the expected credit loss over the entire residual term of the respective instrument is recognized (stage 2–lifetime ECL). A significant increase in the default risk is assumed if the internally determined counterparty risk has been downgraded by at least three levels since initial recognition. If there are objective indications of an actual default, an individual impairment loss must be recognized on the income statement (stage 3—losses already incurred).

E.ON distinguishes between two approaches when calculating expected future credit losses. If external or internal rating information is available, the expected credit loss is determined on the basis of this data. If no rating information is available, E.ON determines default ratios on the basis of historical default rates, taking into account forward-looking information on economic developments. In the E.ON Group, a default or the classification of a receivable as uncollectible is assumed after 180, 270 or 360 days, depending on the region.

In 2021, valuation allowances for trade receivables changed as shown in the following table:

Valuation Allowances for Trade Receivables

	2021	2020
Balance as of January 1	-1,239	-962
Disposals	337	57
Write-downs	-315	-328
Other ¹	-36	-6
Balance as of December 31	-1,253	-1,239

¹The item Other includes currency translation differences

There were no significant changes in valuation allowances in 2021 for other financial assets measured at amortized cost or at fair value through other comprehensive income, or for receivables from finance leases.

The default risks for financial assets for which rating information is available can be found in the following table for each rating grade and separately according to the stages of impairment existing in 2021:

Credit Risk Exposure for Financial Assets for Which Rating Information Is Available as of December 31, 2021

	2021		2020	
	€ million	€ million	€ million	€ million
Gross carrying amount investment grade	4,543	6,061	2,299	2,607
Gross carrying amount non-investment grade	29	69	818	152
Gross carrying amount default grade	–	–	915	605
Total	4,572	6,130	4,032	3,364

The default risks for trade receivables for which no rating information is available and the amount of expected credit losses over the remaining term are shown in the following matrix for each maturity class:

Credit Risk Exposure for Trade Receivables for Which No Rating Information Is Available as of December 31, 2021

	2021		2020	
	€ million	€ million	€ million	€ million
Not past-due	5,506	3,681	40	35
Past-due by	1,334	1,594	646	952
up to 30 days	322	312	24	14
31 to 60 days	130	101	10	11
61 to 90 days	55	77	7	10
91 to 180 days	118	172	25	31
more than 180 days incl. specific valuation allowances	709	932	580	886
Total	6,840	5,275	886	987

Interest Rate Benchmark Reform

The majority of E.ON SE's external financial derivatives are subject to bilateral collateral agreements with banks. Prior to the interest rate benchmark reform, the collateral balance generally accrued interest on the basis of the Euro Overnight Index Average, which was affected by the reform. The conversion of the affected agreement to interest at the Euro Short-Term Rate was fully completed on January 6, 2022.

Risk Management

Principles

The prescribed processes, responsibilities and actions concerning financial and risk management are described in detail in internal risk management guidelines applicable throughout the Group. The units have developed additional guidelines of their own within the confines of the Group's overall guidelines. To ensure efficient risk management at the E.ON Group, the Trading (Front Office), Financial Controlling (Middle Office) and Financial Settlement (Back Office) departments are organized as strictly separate units. Risk steering and reporting in the areas of interest rates, currencies and credit for banks and liquidity management is performed by the Financial Controlling department (in the credit area, also in part by Counterparty Risk Management), while risk steering and reporting in the area of commodities and in the credit area for industrial enterprises is performed at Group level by a separate department.

E.ON uses a Group-wide treasury, risk management and reporting system. This system is a standard information technology solution that is fully integrated and is continuously updated. The system is designed to provide for the analysis and monitoring of the E.ON Group's exposure to liquidity, foreign exchange and interest risks.

On a Group-wide basis, Financial Controlling/Counterparty Risk Management monitors and steers credit risks for banks, and Counterparty Risk Management monitors and steers corporates of a certain materiality. These activities are carried out each using a standard software package.

Separate Risk Committees/Steering Groups are responsible for the maintenance and further development of the strategy set by the Management Board of E.ON SE with regard to commodity, treasury and credit risk management policies.

1. Liquidity Management

The primary objectives of liquidity management at E.ON consist of ensuring ability to pay at all times, the timely satisfaction of contractual payment obligations and the optimization of costs within the E.ON Group.

Cash pooling and external financing are largely centralized at E.ON SE and certain financing companies. Funds are provided to the other Group companies as needed on the basis of an "in-house banking" solution.

E.ON SE determines the Group's financing requirements on the basis of short- and medium-term liquidity planning. The financing of the Group is controlled and implemented on a forward-looking basis in accordance with the planned liquidity requirement or surplus. Relevant planning factors taken into consideration include operating cash flow, capital expenditures, divestments, margin payments and the maturity of bonds and commercial paper.

2. Price Risks

In the normal course of business, the E.ON Group is exposed to risks arising from price changes in foreign exchange, interest rates, commodities and asset management. These risks create volatility

in earnings, equity, debt and cash flows from period to period. E.ON has developed a variety of strategies to limit or eliminate these risks, including the use of derivative financial instruments, among others.

3. Credit Risks

E.ON is exposed to credit risk in its operating activities and through the use of financial instruments. Uniform credit risk management procedures are in place throughout the Group to identify, measure and steer credit risks.

The following discussion of E.ON's risk management activities and the estimated amounts generated from value-at-risk ("VaR") and sensitivity analyses are "forward-looking statements" that involve risks and uncertainties. Actual results could differ materially from those projected due to actual, unforeseeable developments in the global financial markets. The methods used by the Company to analyze risks should not be considered forecasts of future events or losses. For example, E.ON faces certain risks that are either non-financial or non-quantifiable. Such risks principally include country risk, operational risk, regulatory risk and legal risk, which are not represented in the following analyses.

Foreign Exchange Risk Management

E.ON SE is responsible for controlling the currency risks to which the E.ON Group is exposed.

Because it holds interests in businesses outside of the euro area, currency translation risks arise within the E.ON Group. Fluctuations in exchange rates produce accounting effects attributable to the translation of the balance sheet and income statement items of the foreign consolidated Group companies included in the Consolidated Financial Statements. Translation risks are hedged through borrowing in the corresponding local currency, which may also include shareholder loans in foreign currency. In addition, derivative and

non-derivative financial instruments are employed as needed. The hedges qualify for hedge accounting under IFRS as hedges of net investments in foreign operations. The Group's translation risks are reviewed at regular intervals and the level of hedging is adjusted whenever necessary. The respective debt factor, net assets and the enterprise value denominated in the foreign currency are the principal criteria governing the level of hedging.

The E.ON Group is also exposed to operating and financial transaction risks attributable to foreign currency transactions. The subsidiaries are responsible for managing their operating currency risks and are generally required to hedge their currency risks through E.ON SE. E.ON SE coordinates hedging throughout the Group companies and makes use of external derivatives as needed. It may either directly close out foreign currency positions that have been tendered, in whole or in part, through external transactions, or keep the position open within approved limits. The one-day value-at-risk (95 percent confidence) for transactional foreign currency positions totaled €0.6 million as of December 31, 2021 (2020: €0.5 million) and is mainly determined by the currencies Czech koruna, Hungarian forint and Swedish krona.

Financial transaction risks result from payments originating from financial receivables and payables. They are generated both by external financing in a variety of foreign currencies, and by shareholder loans from within the Group denominated in foreign currency. Financial transaction risks are generally hedged.

Interest Risk Management

E.ON is exposed to profit risks arising from floating-rate financial liabilities. Positions based on fixed interest rates, on the other hand, are subject to changes in fair value resulting from the volatility of market rates. E.ON seeks a specific mix of fixed-interest and floating-rate debt over time. This is influenced, among other factors, by the

type of business model, existing liabilities as well as the regulatory framework in which E.ON operates. To manage the interest rate position, several instruments, including derivatives, are deployed.

With interest rate derivatives included, the share of financial liabilities with floating interest rates was 12 percent as of December 31, 2021 (2020: 10 percent). Under otherwise unchanged circumstances, the volume of financial liabilities with fixed interest rates would decline to €20.3 billion in 2023 from €24.7 billion at year-end 2021 and 2022. The effective interest rate duration of the financial liabilities, including interest rate derivatives, was 8.1 years as of December 31, 2021 (2020: 9.4 years). The volume-weighted average interest rate of the financial liabilities, including interest rate derivatives, was 2.6 percent as of December 31, 2021 (2020: 3.1 percent).

As of December 31, 2021, the E.ON Group held interest rate derivatives with a nominal value of €4,016 million (2020: €4,320 million).

A sensitivity analysis was performed on the Group's short-term floating-rate borrowings, including hedges of both foreign exchange risk and interest risk. This measure is used for internal risk controlling and reflects the economic position of the E.ON Group. A one-percentage-point upward or downward change in interest rates (across all currencies) would raise or lower interest charges by ±€26.2 million (2020: ±€69.1 million) in the subsequent fiscal year.

Commodity Price Risk Management

The E.ON portfolio of physical assets, long-term contracts and end-customer sales is exposed to substantial risks from fluctuations in commodity prices. The principal commodity prices to which E.ON is exposed relate, in particular, to electricity, gas, green and emission certificates.

The objective of commodity risk management is to transact through physical and financial contracts to optimize the value of the portfolio while reducing the potential negative deviation from target EBIT.

In the normal course of business of the underlying energy production and retail sales activities, E.ON's individual management units are exposed to uncertain commodity market prices, which impacts operating gains and costs. All external trading on commodity markets must be related to reducing open commodity positions and be undertaken in strict accordance with approved commodity hedging strategies.

Due to the decentralized governance approach and the primary focus on procurement and purely hedging transactions, the allocation of risk capital is no longer necessary. The processes and operational management models within the trading system are monitored by the local market risk teams and centrally managed by the Risk Management department.

Following the spinoff of Uniper, E.ON established its own procurement organization for the distribution business and secured market access for the output of the remaining energy production in order to appropriately manage the residual commodity risks. In addition, E.ON has established a new subsidiary, E.ON Energy Markets GmbH (EEM), which acts as a central interface to the wholesale markets. The main function of EEM is to consolidate E.ON's commodity positions in order to diversify and reduce credit and margin risks.

As of December 31, 2021, the E.ON Group primarily held electricity and gas derivatives with a nominal value of €31,512 million (2020: €24,662 million).

A key foundation of the commodity risk management system is the Group-wide Commodity Risk Policy and the corresponding internal policies of the units. These specify the control principles for commodity risk management, minimum required standards and clear management and operational responsibilities.

Commodity exposures and risks are reported across the Group on a monthly basis to the members of the Risk Committee. A report on complex weather risks is prepared once each quarter.

Credit Risk Management

In order to minimize credit risk arising from operating activities and from the use of financial instruments, the Company enters into transactions only with counterparties that satisfy the Company's internally established minimum requirements. Maximum credit risk is confined by credit limits based on internal and (where available) external credit ratings. The setting and monitoring of credit limits is subject to certain minimum requirements, which are based on Group-wide credit risk management guidelines. Long-term operating contracts and asset management transactions are not comprehensively included in this process. They are monitored separately at the level of the responsible units.

In principle, each Group company is responsible for managing credit risk in its operating activities. Depending on the nature of the operating activities and the credit risk, additional credit risk monitoring and controls are performed both by the units and by Corporate Headquarters. Regular reports on credit limits, including their utilization, are submitted to the Risk Committee. Intensive, standardized monitoring of quantitative and qualitative early-warning indicators, as well as close monitoring of the credit quality of counterparties, enable E.ON to act early in order to minimize risk.

To the extent possible, collateral is negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are primarily guarantees issued by the respective parent companies, letters of comfort or evidence of profit and loss transfer agreements in combination with letters of awareness. To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Risk-management collateral in the forms mentioned above totaling €59.3 billion (2020: €1.5 billion) was used for setting limits. The primary reason for the increase was the massive price hikes on the wholesale markets. As a result, the attributable collateral of individual parent companies was significantly increased and taken into account.

Derivative transactions are generally executed on the basis of standard agreements that allow for the netting of all open transactions with individual counterparties. To further reduce credit risk, bilateral margining agreements are entered into with selected banks. Limits, which are regularly monitored, are imposed on the credit and liquidity risk resulting from bilateral margining agreements and exchange clearing. The systematic management of liquidity risk remains an important component of risk management at E.ON, particularly against the backdrop of the current high level of energy price volatility. Consequently, the rise in energy prices since summer 2021 has increased credit risks from pending procurement contracts.

There is no credit risk with respect to the exchange-traded forward and option contracts with an aggregate nominal value of €4,109 million as of December 31, 2021 (2020: €2,183 million). For the remaining financial instruments, the maximum risk of default is equal to their nominal amounts.

At E.ON, liquid funds are normally invested at banks with good credit ratings, in money market funds with first-class ratings or in short-term securities (for example, commercial paper) of issuers with strong credit ratings. Bonds of public and private issuers are also selected for investment. Group companies that for legal reasons are not included in the cash pool invest money at leading local banks. Standardized credit assessment and limit-setting is complemented by daily monitoring of CDS levels at the banks and at other significant counterparties.

Asset Management

For the purpose of financing long-term payment obligations, including those relating to asset retirement obligations (see Note 26 [B](#)) and cash investments, financial investments totaling €2.9 billion (2020: €3.0 billion) were held predominantly by German E.ON Group companies as of December 31, 2021. Isolated withdrawals were offset by positive performance.

These financial assets are invested on the basis of an accumulation strategy (total-return approach), with investments broadly diversified across the various asset classes, for example the money market, bond and equity asset classes, as well as alternative asset classes like real estate. The majority of the assets are held in investment funds managed by external fund managers. Corporate Asset Management at E.ON SE, which is part of the Company's Finance Department, is responsible for continuous monitoring of overall risks and those concerning individual fund managers. The three-month VaR with a 98-percent confidence interval for these financial assets was €100 million (2020: €218 million). The decrease results from the elimination of the upheavals in the context of the coronavirus crisis in 2020 from the period under review.

The liquidation of Versorgungskasse Energie VVaG (VKE i. L.) was almost complete as of December 31, 2021. Financial investments under management amounted to €53.4 million as of December 31, 2021 (2020: €79.3 million). The company was deconsolidated on June 30, 2019.

(33) Leasing

E.ON as Lessee

E.ON operates as a lessee especially in the areas of networks, land and buildings and vehicle fleets. Leases are recognized in accordance with the right-of-use model as set out in IFRS 16. The tables in Note 15 present the development of the right-of-use assets by asset class. The net carrying amount of the rights of use at the balance sheet date of December 31, 2021, in the amount of €2,424 million (2020: €2,543 million) decreased year-on-year by €119 million (2020: €39 million). This decrease is mainly attributable to the presentation of revised estimates in connection with the return on equity for the upcoming fourth regulatory period published by the Federal Network Agency on October 20, 2021. Accordingly, a new, lower imputed return on equity was established uniformly for electricity and gas. Depreciation of right-of-use assets in the amount of €382 million (2020: €374 million) remained nearly constant compared with the prior year.

To ensure operative flexibility, in particular for real estate leases extension and termination options are included in the agreements. In determining the lease term, E.ON considers all facts and circumstances that have an impact on the exercise of an extension option or the non-exercise of a termination option. In the determination of the lease liability, and correspondingly, of the right-of-use assets, all reasonably certain cash outflows are taken into consideration. As of December 31, 2021, potential future cash outflows in the amount of €133 million (2020: €187 million) were not included in the lease liability as it is not reasonably certain that the leases will be renewed or not terminated. Variable lease payments occur in only immaterial amounts and E.ON generally does not issue residual value guarantees. Leases not yet commenced to which E.ON as a lessee is committed result in potential future cash outflows over the expected lease terms of €348 million (2020: €236 million). A significant proportion of this relates to leases in connection with

network cooperation agreements at Westenergie AG, which will commence on January 1, 2022, and are accounted for within the E.ON Group as sale and leaseback transactions under IFRS 16. The largest transaction relates to the lease of the network of Stromnetzgesellschaft Essen GmbH & Co. KG, in which Westnetz GmbH holds 50 percent of the partnership shares; the remaining 50 percent of the partnership shares were sold by Westnetz GmbH to Essener Versorgungs- und Verkehrsgesellschaft mbH (EVV) with effect from January 1, 2022 (see Note 5). This item also includes future rental payments for the new office building of E.ON Sverige AB in Malmö, which is scheduled to be occupied in 2023. The existing lease liabilities do not contain any covenant clauses that are linked to financial ratios.

As of the balance sheet date of December 31, 2021, right-of-use assets are offset by lease liabilities with a present value of €2,539 million (2020: €2,615 million) recognized under financial liabilities (see Note 27); the short-term portion of the lease liabilities totals €355 million (2020: €342 million). The maturity structure of the future payment obligations from leases is presented in Note 32.

Due to the practical expedients used, the recognition of a right-of-use asset is not necessary for low-value leases and leases with a lease term of less than twelve months. Instead, a lease expense is recognized in these cases. The following amounts are recognized in the income statement in connection with leases in the fiscal year:

E.ON as Lessee – Effect, within the Income Statement

	2021	2020
Expenses from short-term leases (<12 months)	12	16
Expenses from low-value leases not included in short-term leases	19	18
Variable lease payments	10	3
Interest expense from leasing	160	154
Income from subleases	–	1
Gain/Loss from sale and leaseback transactions	9	1

The liabilities from short-term agreements with a term of less than twelve months entered into for the next fiscal year do not vary materially from the expenses of the current fiscal year.

Cash outflows from lease agreements totaled €564 million (2020: €523 million) in the fiscal year and are allocated to operating cash flow in the amount of €201 million (2020: €191 million). This includes the lease expense for short-term and low-value leases as well as the expense from variable lease payments and interest expense for the period. Payments allocated to the amortization of the lease liability are recognized in cash flows from financing activities in the amount of €363 million (2020: €332 million).

E.ON as Lessor

E.ON enters into lease agreements as a lessor to a limited extent. Finance leases include technical equipment and machinery, in particular generation plants, that have been transferred to customers for use. Operating leases include assets that have been transferred for use, in particular real estate, heat and electricity generation plants and lines. There are no material risks in connection with rights retained to the assets temporarily transferred for use, with the result that risk management strategies, in particular, are not necessary. Residual-value guarantees are only entered into on an individual basis for purposes of additional hedging.

The present value of minimum lease payments is recognized under receivables from finance leases (see Note 18 [☞](#)). The short-term portion totals €44 million (2020: €44 million). There were no material changes to net investments in the period under review. The nominal and present values of the lease payments had the following maturities:

E.ON as Lessor – Finance Leases

	2021		2020		2019		2018	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Due within 1 year	64	67	21	23	1	–	44	44
Due in 1 to 2 years	56	54	18	19	1	–	39	35
Due in 2 to 3 years	47	51	15	16	1	1	33	36
Due in 3 to 4 years	40	43	12	12	1	1	29	32
Due in 4 to 5 years	29	36	10	10	–	1	19	27
Due in more than 5 years	134	142	37	40	–	13	97	115
Total	370	393	113	120	4	16	261	289

The following effects from activity as a lessor are recognized for the period under review:

E.ON as Lessor – Effects within the Income Statement

	2021	2020
	€ million	€ million
Finance Lease		
Gain/loss from the disposal of assets	-1	–
Financial income from net investments	24	29
Income from variable lease payments	6	2
Operating Lease		
Income from leasing	50	47
thereof income from variable lease payments	5	9

Results from the disposal of assets were recognized in income. Cash flows from operating leases are allocated to cash flow before interest and taxes. This also applies to cash inflows from finance leases with variable lease payments. Payments recognized as financing income from net investments increase the operating cash flow.

The following inpayments are expected from existing operating leases:

E.ON as Lessor – Operating Leases

€ in millions	2021	2020
Due within 1 year	69	86
Due in 1 to 2 years	56	61
Due in 2 to 3 years	47	52
Due in 3 to 4 years	42	40
Due in 4 to 5 years	36	36
Due in more than 5 years	104	63
Total	354	338

(34) Transactions with Related Parties

E.ON exchanges goods and services with a large number of companies as part of its continuing operations. Some of these companies are related parties, including associated companies accounted for under the equity method and their subsidiaries. Receivables and payables consist primarily of lease obligations from leaseback models and trade receivables. Joint ventures and subsidiaries that are not fully consolidated continue to be accounted for as associated companies. Transactions with related parties in the reporting year and in the previous year are summarized as follows:

Related-Party Transactions

€ in millions	2021	2020
Income	1,604	1,575
Associated companies	1,255	1,058
Joint ventures	113	151
Other related parties	236	366
Expenses	1,471	1,288
Associated companies	746	531
Joint ventures	141	143
Other related parties	584	614
Receivables	644	496
Associated companies	211	236
Joint ventures	117	17
Other related parties	315	243
Liabilities	2,098	1,790
Associated companies	1,066	660
Joint ventures	445	104
Other related parties	587	1,026
Provisions	22	27
Associated companies	19	25
Joint ventures	3	–
Other related parties	–	2

In 2021, E.ON generated income from transactions with related companies through the delivery of gas and electricity to distributors and municipal entities, especially municipal utilities. The relationships with these entities do not generally differ from those that exist with municipal entities in which E.ON does not have an interest. Expenses from transactions with related companies are generated mainly through electricity and gas deliveries as well as through management fees, IT services and third-party services.

Liabilities of E.ON payable to related companies as of December 31, 2021, include €62 million (2020: €49 million) in trade payables and shareholder loans to operators of jointly-owned nuclear power plants. These shareholder loans bear interest at 1.0 percent (2020: 1.0 percent) and have no fixed maturity. E.ON continues to have in place with these power plants a cost-transfer agreement and a cost-plus-fee agreement for the procurement of electricity. The settlement of such liabilities occurs mainly through clearing accounts.

Under IAS 24, compensation paid to key management personnel (members of the Management Board and of the Supervisory Board of E.ON SE) must be disclosed.

The total expense for 2021 for members of the Management Board amounted to €11.3 million (2020: €8.8 million) in short-term benefits and €1.9 million (2020: €2.0 million) in post-employment benefits. The cost of post-employment benefits is equal to the service cost of the provisions for pensions.

The expense determined in accordance with IFRS 2 for existing commitments arising from share-based payment in 2021 was €9.2 million (2020: €5.1 million).

Provisions for these commitments amounted to €15.6 million as of December 31, 2021 (2020: €13.4 million).

The members of the Supervisory Board received a total of €5.1 million for their activity in 2021 (2020: €5.3 million). Employee representatives on the Supervisory Board were paid compensation under the existing employment contracts with subsidiaries totaling €0.8 million (2020: €0.8 million).

Detailed, individualized information on compensation can be found in the Compensation Report.

(35) Segment Reporting

Segment Information

Led by its Corporate Headquarters in Essen, Germany, the E.ON Group comprises the seven reporting segments described below, and the Non-Core Business and Corporate Functions/Other, all of which are reported here in accordance with IFRS 8. The combined segments, which are not separately reportable, in the Energy Networks East-Central Europe/Turkey unit and the Customer Solutions Other unit are of subordinate importance and have similar economic characteristics with respect to customer structure, products and distribution channels.

Energy Networks

Germany

This segment combines the electricity and gas distribution networks and all related activities in Germany.

Sweden

This segment comprises the electricity networks businesses in Sweden.

East-Central Europe/Turkey

This segment combines the distribution network activities in the Czech Republic, Hungary, Romania, Poland, Croatia, Slovakia and Turkey.

Customer Solutions

Germany

This segment consists of activities that supply our customers in Germany with electricity and gas and the distribution of specific products and services in areas for improving energy efficiency and energy independence. This item also includes the heating business in Germany.

United Kingdom

The segment comprises sales activities and customer solutions in the UK.

Netherlands/Belgium

The segment comprises sales activities and Customer Solutions in the Netherlands and Belgium.

Other

This segment combines sales activities and the corresponding Customer Solutions in Sweden, Italy, the Czech Republic, Hungary, Croatia, Romania, Poland, Slovakia and the innovative solutions business (such as E.ON Business Solutions).

Non-Core Business

Non-Core Business comprises the non-strategic activities of the E.ON Group. This includes the operation and retirement of the German nuclear power plants, which are managed by the PreussenElektra operating unit, and the electricity generation business in Turkey.

Corporate Functions/Other

Corporate Functions/Other contains E.ON SE itself and the interests held directly by E.ON SE. The main task of Corporate Functions is to manage the E.ON Group. This includes the strategic development of the Group and the management and financing of the existing business portfolio. The E.ON Group's internal service providers are also reported here. This includes E.ON Energy Markets, which began operations in October 2020 as the Group's new central commodity procurement unit.

Financial Information by Business Segment¹⁾

	2019						2018							
	Japan	Overseas	Others	Inter-segment	Elimination	Total	Japan	Overseas	Others	Inter-segment	Elimination	Total		
External sales	10,683	10,310	957	884	1,405	1,230	24,106	20,964	17,867	13,989	3,115	2,836	10,555	8,699
Intersegment sales	3,978	4,253	5	5	1,245	1,254	4,369	1,586	3	4	873	123	519	458
Sales	14,661	14,563	962	889	2,650	2,484	28,475	22,550	17,870	13,993	4,088	2,959	11,074	9,157
Depreciation and amortization ²	-1,497	-1,446	-170	-158	-351	-340	-135	-134	-140	-130	-82	-72	-229	-212
Adjusted EBIT	1,961	2,182	237	371	872	689	525	412	121	-129	90	80	190	116
Equity-method earnings ³	277	224	-	-	151	142	4	4	-	-	7	5	7	7
Operating cash flow before interest and taxes	3,020	3,614	602	612	1,067	995	551	581	-274	-256	125	115	115	308
Investments	2,396	2,365	407	353	717	651	236	238	103	117	47	40	324	408

Item	2017				2016				2015			
	Japan	Overseas	Others	Inter-segment	Japan	Overseas	Others	Inter-segment	Japan	Overseas	Others	Inter-segment
External sales	307	1,388	-	-	8,364	643	-1	1	77,358	60,944	-	-
Intersegment sales	1,325	-	-	-	8,901	2,112	-21,318	-9,795	0	0	-	-
Sales	1,632	1,388	-	-	17,265	2,755	-21,319	-9,794	77,358	60,944	-	-
Depreciation and amortization ²⁾	-473	-512	-	-	-108	-128	-1	3	-3,188	-3,128	-	-
Adjusted EBIT	1,090	383	54	30	-321	-363	4	6	4,723	3,776	-	-
Equity-method earnings ³⁾	51	75	54	30	-	23	-	-1	551	509	-	-
Operating cash flow before interest and taxes	1,010	489	32	-	-605	-511	-4	1	5,639	5,948	-	-
Investments	298	275	-	-	238	-273	-4	-3	4,762	4,171	-	-

¹⁾ Because of changes in segment reporting, the prior year figure was adjusted accordingly.

²⁾ Adjusted for non-operating effects.

³⁾ Under IFRS, impairment charges on companies accounted for using the equity method and impairment charges on other financial assets (and any reversals of such charges) are included in income/loss from companies accounted for using the equity method and financial results, respectively. These income effects are not part of adjusted EBIT.

The following table shows the reconciliation of operating cash flow before interest and taxes to operating cash flow from continuing operations:

Reconciliation of Operating Cash Flow¹

€ in millions

	2021	2020
Operating cash flow before interest and taxes	5,639	5,948
Interest payments	-918	-714
Tax payments	-652	53
Operating cash flow	4,069	5,287

¹Operating cash flow from continuing operations.

Adjusted EBIT

In 2021, adjusted EBIT, a measure of earnings before interest and taxes ("EBIT") adjusted to exclude non-operating effects, was used at E.ON for purposes of internal management control and as the most important indicator of a business's sustainable earnings power. This key figure for assessing operating performance presents a business's operating earnings independently of non-operating factors, interest, and taxes.

Unadjusted EBIT represents the Group's income/loss reported in accordance with IFRS before financial results and income taxes, taking into account the interest income/expense. To improve its meaningfulness as an indicator of the sustainable earnings power of the E.ON Group's business, unadjusted EBIT is adjusted for certain non-operating effects.

Operating earnings also include income from investment subsidiaries for which liabilities are recognized.

The non-operating earnings effects for which EBIT is adjusted include, in particular, non-operating interest expense/income, income and expenses from the marking to market of derivative financial instruments used for hedging and, where material, book gains/losses, certain restructuring expenses, impairment charges and reversals recognized in the context of impairment tests on non-current assets, on equity investments in affiliated or associated companies and on goodwill, and other contributions to non-operating earnings. In addition, effects from the valuation of certain provisions on the balance sheet date are disclosed in non-operating earnings.

Net book gains declined year-on-year. One material event in 2021 was the transfer of the remaining shares in Windpark Rampion to RWE.

Restructuring expenses were lower than in the 2020 reporting period and, as in the previous year, mainly included expenses in connection with the integration of innogy and the restructuring of the UK distribution business.

Effects in connection with derivative financial instruments increased by €2,122 million to €3,250 million. The sharp rise in commodity prices resulted in significant increases in the fair value of unrealized sales and procurement transactions.

In 2021, impairment losses were recognized in particular in the areas of energy networks in Slovakia (mainly on goodwill in connection with the reporting as a disposal group) and on intangible assets in the area of energy networks Romania. In the prior year, impairment losses were recognized in particular in the areas of energy networks in Hungary (mainly due to the current restructuring of the business), Customer Solutions in the United Kingdom (primarily for software in connection with the ongoing restructuring measures) and the Netherlands/Belgium (in particular as part of the planned disposal of the Belgian distribution business).

Effects that are to be initially recognized from the subsequent measurement of hidden reserves and charges in connection with the innogy purchase price allocation are presented separately.

The increase in other non-operating earnings is mainly attributable to measurement effects for non-current provisions, which were partly offset by negative valuation effects from foreign currency bonds.

The previous year was negatively impacted by measurement effects for repurchase obligations under IAS 32 and non-current provisions, as well as realized effects from hedging transactions for certain currency risks.

The following table shows the reconciliation of earnings before interest and taxes to adjusted EBIT or adjusted EBITDA:

Reconciliation of Income before Financial Results and Income Taxes

	2019	2018
Income/Loss from continuing operations before financial results and income taxes	6,509	2,883
Income/Loss from equity investments	167	18
EBIT	6,676	2,901
Non-operating adjustments	-1,863	875
Net book gains/losses	-26	-258
Restructuring/cost-management expenses	511	656
Effects from market valuation derivatives	-3,250	-1,128
Impairments (+)/Reversals (-)	409	557
Carryforward of hidden reserves (+) and liabilities (-) from the innogy transaction	791	802
Other non-operating earnings	-388	246
Adjusted EBIT	4,723	3,776
Impairments (+)/Reversals (-)	49	27
Scheduled depreciation and amortization	3,117	3,102
Adjusted EBITDA	7,889	6,905

Page 66 of the Combined Group Management Report provides a more detailed explanation of the reconciliation of adjusted EBIT to the net income/loss reported in the Consolidated Financial Statements.

Additional Entity-Level Disclosures

External sales by product break down as follows:

Segment Information by Product

	2019	2018
Electricity	52,802	44,871
Gas	19,404	11,340
Other	5,152	4,733
Total	77,358	60,944

The "Other" item consists in particular of revenues generated from services.

The following table breaks down external sales (by customer and seller location), intangible assets and property, plant and equipment, as well as companies accounted for under the equity method, by geographic area:

Geographic Segment Information

	2019		2018		2017		2016		2015		2014		2013	
	Germany	Other	Germany	Other	Germany	Other	Germany	Other	Germany	Other	Germany	Other	Germany	Other
External sales by location of customer	41,374	32,809	18,644	14,092	2,487	1,953	3,230	2,927	11,578	9,108	45	55	77,358	60,944
External sales by location of seller	43,607	33,381	17,868	13,989	2,541	1,952	3,135	2,850	10,164	8,720	43	52	77,358	60,944
Intangible assets	1,589	1,582	146	195	203	199	271	399	1,338	1,466	6	14	3,553	3,855
Right-of-use assets	2,095	2,198	104	96	41	49	31	42	152	156	1	2	2,424	2,543
Property, plant and equipment	25,751	25,494	792	718	5,221	5,175	97	92	4,994	5,440	5	4	36,860	36,923
Companies accounted for under the equity method	3,054	3,086	5	4	71	74	45	41	908	1,178	-	-	4,083	4,383

E.ON's customer structure resulted in a focus on the Germany region. Aside from that, there was no major concentration in any given geographical region or business area. Due to the large number of customers the Company serves and the variety of its business activities, there are no individual customers whose business volume is material compared with the Company's total business volume.

(36) Compensation of Supervisory Board and Management Board

Supervisory Board

Total remuneration to members of the Supervisory Board in 2021 amounted to €5.1 million (2020: €5.3 million).

As in 2020, there were no loans to members of the Supervisory Board in 2021.

The Supervisory Board's compensation structure and the amounts for each member of the Supervisory Board are presented in the Compensation Report.

Additional information about the members of the Supervisory Board is provided on pages 291 [📄](#) and 292 [📄](#).

Management Board

Total compensation of the Management Board in 2021 amounted to €15.9 million (2020: €14.1 million). This consisted of base salary, bonuses, other compensation elements and share-based payments.

In 2021, the members of the Management Board were granted fifth-tranche virtual shares under the E.ON Performance Plan (2020: fourth tranche of the E.ON Performance Plan) with a value of €4.6 million (2020: €5.2 million) and a total number of shares of 597,226 (2020: 661,911).

Total payments to former members of the Management Board and their beneficiaries amounted to €10.1 million (2020: €12.8 million). Provisions of €190.8 million (2020: €166.8 million) have been established for the pension obligations to former members of the Management Board and their beneficiaries.

As in 2020, there were no loans to members of the Management Board in 2021.

The Management Board's compensation structure and the individual amounts for each member of the Management Board as well as additional disclosures on the amounts are presented in the Compensation Report.

Additional information about the members of the Management Board is provided on page 293 [📄](#).

(37) Subsequent Events

Corporate Bonds Issued

E.ON issued two corporate bonds in mid-January 2022. One bond has a volume of €500 million due in January 2026 with a 0.125 percent coupon; the other bond has a volume of €800 million due in October 2034 with a 0.875 percent coupon.

Disposal of Universal Service Provider Business in Hungary

On February 23, 2022, E.ON Hungária Zrt. signed an agreement with MVM Zrt. to sell 100 percent of its shares in E.ON Áramszolgáltatató Kft.

Conflict in Ukraine

On February 24, 2022, Russia launched a military attack on Ukraine. There is currently a high degree of uncertainty surrounding the conflict between Russia and Ukraine and what the economic repercussions will be. E.ON sees risks mainly for the commodity markets and related credit and liquidity risks, as well as measurement risks for financial assets, including the investment in Nord Stream AG held in the pension plan assets. In addition, political or regulatory measures may have a direct or indirect impact on business activities in individual countries. Overall, the impact of the conflict and any further escalation on business performance in 2022 and on key performance indicators cannot currently be estimated with sufficient accuracy.

(38) List of Shareholdings Pursuant to Section 313 (2) HGB

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name, location	Share (%)	Name, location	Share (%)	Name, location	Share (%)
100 Kilowatt Naperőmű Alfa Korlátolt Felelősségű Társaság, HU, Budapest ¹	100.0	Abwasserentsorgung Amt Achterwehr GmbH, DE, Achterwehr ⁶	49.0	ANCO Sp. z o.o., PL, Jarocin ²	100.0
100 Kilowatt Naperőmű Béta Korlátolt Felelősségű Társaság, HU, Budapest ²	100.0	Abwasserentsorgung Bargteheide GmbH, DE, Bargteheide ⁶	27.0	Artelis S.A., LU, Luxembourg ³	90.0
100 Kilowatt Naperőmű Delta Korlátolt Felelősségű Társaság, HU, Budapest ²	100.0	Abwasserentsorgung Bleckede GmbH, DE, Bleckede ⁶	49.0	AV Packaging GmbH, DE, Munich ^{1, 12}	0.0
100 Kilowatt Naperőmű Epsilon Korlátolt Felelősségű Társaság, HU, Budapest ²	100.0	Abwasserentsorgung Brunsbüttel GmbH (ABG), DE, Brunsbüttel ⁶	49.0	Avecon AG, DE, Helmstedt ¹	61.5
100 Kilowatt Naperőmű Éta Korlátolt Felelősségű Társaság, HU, Budapest ²	100.0	Abwasserentsorgung Friedrichskoog GmbH, DE, Friedrichskoog ⁶	49.0	Avecon Beteiligungen GmbH, DE, Helmstedt ¹	100.0
100 Kilowatt Naperőmű Éta Korlátolt Felelősségű Társaság, HU, Budapest ²	100.0	Abwasserentsorgung Kappeln GmbH, DE, Kappeln ⁶	25.0	Avecon Connect GmbH, DE, Laatzen ¹	100.0
100 Kilowatt Naperőmű Éta Korlátolt Felelősségű Társaság, HU, Budapest ²	100.0	Abwasserentsorgung Krapp GmbH, DE, Krapp ⁶	20.0	Avecon Hochdrucknetz GmbH, DE, Helmstedt ¹	100.0
100 Kilowatt Naperőmű Éta Korlátolt Felelősségű Társaság, HU, Budapest ²	100.0	Abwasserentsorgung Marne-Land GmbH, DE, Diekhusen-Fahrstedt ⁶	49.0	Avecon Natur 1 Beteiligungs-GmbH DE, Sarstedt ²	100.0
100 Kilowatt Naperőmű Éta Korlátolt Felelősségű Társaság, HU, Budapest ²	100.0	Abwasserentsorgung Schladen GmbH, DE, Schladen ⁶	49.0	Avecon Natur 2 Beteiligungs-GmbH DE, Sarstedt ²	100.0
100 Kilowatt Naperőmű Éta Korlátolt Felelősségű Társaság, HU, Budapest ²	100.0	Abwasserentsorgung Schöppenstedt GmbH, DE, Schöppenstedt ⁶	49.0	Avecon Natur 3 Beteiligungs-GmbH DE, Sarstedt ²	100.0
100 Kilowatt Naperőmű Éta Korlátolt Felelősségű Társaság, HU, Budapest ²	100.0	Abwasserentsorgung Tellingstedt GmbH, DE, Tellingstedt ⁶	25.0	Avecon Natur GmbH, DE, Sarstedt ¹	100.0
450connect GmbH, DE, Cologne ⁶	25.0	Abwasserentsorgung Uetersen GmbH, DE, Uetersen ⁶	49.0	Avecon Netz GmbH, DE, Helmstedt ¹	100.0
4Motions GmbH, DE, Leipzig ²	100.0	Abwassergesellschaft Bardowick mbH & Co. KG, DE, Bardowick ⁶	49.0	Avon Energy Partners Holdings, GB, Coventry ²	100.0
A/V/E GmbH, DE, Halle (Saale) ²	76.1	Abwassergesellschaft Bardowick Verwaltungs-GmbH, DE, Bardowick ⁶	49.0	AVU Aktiengesellschaft für Versorgungs-Unternehmen, DE, Gevelsberg ⁴	50.0
Abens-Donau Netz GmbH & Co. KG, DE, Mainburg ⁶	50.0	Abwassergesellschaft Gehrden mbH, DE, Gehrden ⁶	49.0	AWOTEC Gebäude Servicegesellschaft mit beschränkter Haftung, DE, Saarbrücken ⁶	48.0
Abens-Donau Netz Verwaltung GmbH, DE, Mainburg ⁶	50.0	Abwassergesellschaft Ilmenau mbH, DE, Melbeck ⁶	49.0	Baderbetriebsgesellschaft St. Ingbert mbH, DE, St. Ingbert ⁶	49.0
Abfallwirtschaft Dithmarschen GmbH, DE, Heide ⁶	49.0	Abwasserwirtschaft Kunststadt GmbH, DE, Burgkunstadt ⁶	30.0	BAG Port 1 GmbH, DE, Regensburg ²	100.0
Abfallwirtschaft Rendsburg-Eckernförde GmbH, DE, Borgstedt ⁶	49.0	Ackermann & Knorr Ingenieur GmbH, DE, Chemnitz ²	100.0	Balve Netz GmbH & Co. KG, DE, Balve ⁶	25.1
Abfallwirtschaft Schleswig - Flensburg GmbH, DE, Schleswig ⁶	49.0	Airco-Klima Service GmbH, DE, Garbsen ²	80.0	Basking Automation GmbH, DE, Berlin ⁶	25.0
Abfallwirtschaft Südholstein GmbH - AWSH -, DE, Elmenhorst ⁶	49.0	AIRCRAFT Klima-, Wärme- Kälte-, Rohrleitungsbau-Gesellschaft mit beschränkter Haftung, DE, Wolfenbüttel ¹	100.0	Bayerische Bergbahnen-Beteiligungs-Gesellschaft mbH, DE, Gundremmingen ¹	100.0
Abwasser und Service Burg, Hochdonn GmbH, DE, Burg ⁶	39.0	AirSon Engineering AB, SE, Ängelholm ²	100.0	Bayernische Elektrizitätswerke GmbH, DE, Augsburg ²	100.0
Abwasser und Service Mittelangeln GmbH, DE, Satrup ⁶	33.3	Alfred Thiel-Gedächtnis-Unterstützungskasse GmbH, DE, Essen ⁶	50.0	Bayerische Ray Energietechnik GmbH, DE, Garching ⁶	49.0
Abwasserbeseitigung Nortorf-Land GmbH, DE, Nortorf ⁶	49.0	Alsdorf Netz GmbH, DE, Alsdorf ⁶	50.1	Bayerische-Schwäbische Wasserkraftwerke Beteiligungsgesellschaft mbH, DE, Gundremmingen ¹	62.2
Abwasserentsorgung Albersdorf GmbH, DE, Albersdorf ⁶	49.0	Alt Han Company Limited, GB, London ⁶	21.0		

¹Consolidated affiliated company. ²Non-consolidated affiliated company for reasons of immateriality (valued at cost). ³Joint operations pursuant to IFRS 11. ⁴Joint ventures pursuant to IFRS 11. ⁵Associated company (valued using the equity method). ⁶Associated company (valued at cost for reasons of immateriality). ⁷Investments pursuant to Section 313 (2) No. 5 HGB. ⁸This company exercised its exemption option under Section 284, Paragraph 3 of the German Commercial Code or under Section 264b. ⁹Control by virtue of company contract. ¹⁰No control by virtue of company contract. ¹¹Significant influence via indirect investments. ¹²Structured entity pursuant to IFRS 10 and 12. ¹³Affiliated company which is held by E.ON Pension Trust s.v. or behalf of MEON Pensions GmbH & Co. KG. ¹⁴Other equity investment which is held by E.ON Pension Trust s.v. or behalf of MEON Pensions GmbH & Co. KG.

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name, location	Stake (%)	Name, location	Stake (%)	Name, location	Stake (%)
Bayernwerk AG, DE, Regensburg ¹	100.0	BHP Biomasse Heizwerk Pegnitz GmbH, DE, Pegnitz ⁶	46.5	Brüggen E-Netz Verwaltungs-GmbH, DE, Brüggen ⁶	25.1
Bayernwerk Energiebringer GmbH, DE, Regensburg ²	60.0	Bikesquare Srls, IT, Cuneo ⁸	30.0	BTB Bayreuther Thermalbad GmbH, DE, Bayreuth ⁶	33.3
Bayernwerk Energiedienstleistungen Licht GmbH, DE, Regensburg ²	100.0	bildungszentrum energie GmbH, DE, Halle (Saale) ²	100.0	BTB-Blockheizkraftwerks, Träger- und Betreiber-gesellschaft mbH Berlin, DE, Berlin ¹	100.0
Bayernwerk Energieservice GmbH & Co. KG, DE, Regensburg ¹	100.0	Bioenergie Bad Wimpfen GmbH & Co. KG, DE, Bad Wimpfen ¹	51.0	BTC Power Cebu Inc., PH, Lapu-Lapu City ²	100.0
Bayernwerk Energieservice Verwaltungs GmbH, DE, Regensburg ²	100.0	Bioenergie Bad Wimpfen Verwaltungs-GmbH, DE, Bad Wimpfen ¹	100.0	Bützower Wärme GmbH, DE, Bützow ⁶	20.0
Bayernwerk Energietechnik GmbH, DE, Regensburg ²	100.0	Bioenergie Kirchspiel Anhausen GmbH & Co. KG, DE, Anhausen ²	51.0	Cegecom S.A., LU, Luxembourg ²	100.0
Bayernwerk Gashochdrucknetz GmbH & Co. KG, DE, Regensburg ¹	100.0	Bioenergie Kirchspiel Anhausen Verwaltungs-GmbH, DE, Anhausen ²	100.0	Celle-Uelzen Netz GmbH, DE, Celle ¹	97.5
Bayernwerk Gashochdrucknetz Verwaltungs GmbH, DE, Regensburg ²	100.0	Bioenergie Merzig GmbH, DE, Merzig ²	51.0	Celsium A Sp. z o.o., PL, Skarzynsko-Kamienna ²	100.0
Bayernwerk Natur 1. Beteiligungs-GmbH, DE, Regensburg ²	100.0	Bioerdgas Hallertau GmbH, DE, Weinzach ²	90.0	Celsium DOM Sp. z o.o., PL, Skarzynsko-Kamienna ²	100.0
Bayernwerk Natur GmbH, DE, Unterschleißheim ¹	100.0	Bioerdgas Schwandorf GmbH, DE, Schwandorf ²	100.0	Celsium Serwin Sp. z o.o., PL, Skarzynsko-Kamienna ²	100.0
Bayernwerk Netz GmbH, DE, Regensburg ¹	100.0	Biogas Ducherow GmbH, DE, Ducherow ²	80.0	Celsium Sp. z o.o., PL, Skarzynsko-Kamienna ²	87.8
Bayernwerk Portfolio Verwaltungs GmbH, DE, Regensburg ²	100.0	Biogas Schwalmtal GmbH & Co. KG, DE, Schwalmtal ²	65.5	Certified B.V., NL, Utrecht ²	100.0
Bayernwerk Regio Energie GmbH, DE, Regensburg ²	100.0	Biogas Steyerberg GmbH, DE, Steyerberg ²	100.0	Charge-ON GmbH, DE, Essen ¹	100.0
Bayernwerk Sonnenenergie GmbH, DE, Bayreuth ⁶	50.0	Biogas Wassenberg GmbH & Co. KG, DE, Wassenberg ⁶	32.4	CHN Contractors Limited, GB, Coventry ²	100.0
BDK Budapesti Dísz- és Kővilágítási Korlátolt Felelősségű Társaság, HU, Budapest ⁴	50.0	Biogas Wassenberg Verwaltungs GmbH, DE, Wassenberg ⁶	32.4	CHN Electrical Services Limited, GB, Coventry ²	100.0
BETA GmbH, DE, Illingen ²	100.0	Biogasanlage Schwalmtal GmbH, DE, Schwalmtal ²	99.2	CHN Group Ltd, GB, Coventry ²	100.0
Beteiligung H1 GmbH, DE, Helmstedt ²	100.0	Biomasseverwertung Straubing GmbH, DE, Straubing ⁶	90.0	CHN Special Projects Limited, GB, Coventry ²	100.0
Beteiligung H2 GmbH, DE, Helmstedt ²	100.0	Bioplym Rozhanowce, s.r.o., SK, Košice ⁶	34.0	Citigen (London) Limited, GB, Coventry ¹	100.0
Beteiligung N1 GmbH, DE, Helmstedt ²	100.0	Bio-Wärme Gräfelting GmbH, DE, Gräfelting ⁶	40.0	Colonia-Cluj-Napoca-Energie S.R.L., RO, Cluj-Napoca ⁶	33.3
Beteiligung N2 GmbH, DE, Helmstedt ²	100.0	BMV Energie Beteiligungs GmbH, DE, Fürstenwalde/Spree ²	100.0	COMCO MCS S.A., LU, Luxembourg ²	100.0
Beteiligungsgesellschaft der Energieversorgungsunternehmen an der Kerntechnische Hilfsdienst GmbH GbR, DE, Eggenstein-Leopoldshafen ⁶	43.0	BMV Energie GmbH & Co. KG, DE, Fürstenwalde/Spree ⁶	25.6	Coromatic A/S, DK, Roskilde ²	100.0
Beteiligungsgesellschaft e.d.isnatur mbH, DE, Potsdam ²	100.0	Bootstraplabs VC Follow-On Fund 2016, US, San Francisco ⁶	33.3	Coromatic AB, SE, Bromma ¹	100.0
Beteiligungsgesellschaft Wert mbH, DE, Essen ²	51.0	Breitband-Infrastrukturgesellschaft Cochem-Zell mbH, DE, Cochem ⁶	20.7	Coromatic AS, NO, Kjeller ¹	100.0
BEW Netze GmbH, DE, Wipperfurth ⁶	61.0	bremacon GmbH, DE, Bremen ⁶	48.0	Coromatic As a Service AB, SE, Bromma ²	100.0
BHL Biomasse Heizanlage Lichtenfels GmbH, DE, Lichtenfels ⁶	25.1	Broadband TelCom Power Europe GmbH, DE, Essen ²	100.0	Coromatic Holding AB, SE, Bromma ¹	100.0
BHO Biomasse Heizanlage Obersees GmbH, DE, Hollfeld ⁶	40.7	Broadband TelCom Power, Inc., US, Santa Ana ¹	100.0	Coromatic International AB, SE, Bromma ²	100.0
		Brüggen E-Netz GmbH & Co. KG, DE, Brüggen ⁶	25.1	Coromatic Tullinge AB, SE, Bromma ²	100.0

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⁷Investments pursuant to Section 313 (2) No. 5 HGB. ⁸This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 284b. ⁹Control by virtue of company contract. ¹⁰No control by virtue of company contract. ¹¹Significant influence via indirect investments.
¹²Structured entity pursuant to IFRS 10 and 12. ¹³Affiliated company which is held by E.ON Pension Trust e.V. on behalf of MEON Pensions GmbH & Co. KG. ¹⁴Other equity investment which is held by E.ON Pension Trust e.V. on behalf of MEON Pensions GmbH & Co. KG.

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Name, location	Stake (%)	Company	Stake (%)	Company	Stake (%)
Cremflinger Energie GmbH, DE, Cremflingen ⁶	49.0	E.DIS AG, DE, Fürstenwalde/Spree ¹	67.0	E.ON Bayern Verwaltungs AG, DE, Essen ²	100.0
Crimmitschau-Lichtenstein Netz GmbH & Co. KG, DE, Crimmitschau ²	81.0	E.DIS Bau- und Energieservice GmbH, DE, Fürstenwalde/Spree ²	100.0	E.ON Beteiligungen GmbH, DE, Essen ^{1, 4}	100.0
Crimmitschau-Lichtenstein Netz Verwaltungs GmbH, DE, Crimmitschau ²	100.0	E.DIS Netz GmbH, DE, Fürstenwalde/Spree ¹	100.0	E.ON Beteiligungsholding GmbH, DE, Essen ^{1, 6}	100.0
Cuculus GmbH, DE, Ilmenau ⁶	23.2	e.discom Telekommunikation GmbH, DE, Rostock ¹	100.0	E.ON Bioerdgas GmbH, DE, Essen ¹	100.0
D E M GmbH, DE, Elsdorf ²	99.9	e.disnatur Erneuerbare Energien GmbH, DE, Potsdam ¹	100.0	E.ON Business Services Cluj S.R.L., RO, Cluj-Napoca ¹	100.0
DANEB Datennetze Berlin GmbH, DE, Berlin ²	100.0	e.disnatur 21 Windpark GmbH & Co. KG, DE, Potsdam ²	100.0	E.ON Business Services Iasi S.A., RO, Bucharest ²	100.0
DD Turkey Holdings S.à.r.l., LU, Luxembourg ²	100.0	e.distherm Wärmedienstleistungen GmbH, DE, Potsdam ¹	100.0	E.ON Business Solutions GmbH, DE, Essen ¹	100.0
Deine Wärmeenergie GmbH & Co. KG, DE, Essen ¹	100.0	e.kundenservice Netz GmbH, DE, Hamburg ²	100.0	E.ON Business Solutions S.r.l., IT, Milan ¹	100.0
Deigaz Grid S.A., RO, Târgu Mureș ²	58.1	E.ON (Cross-Border) Pension Trustees Limited, GB, Coventry ²	100.0	E.ON Business Solutions SAS, FR, Levallois-Perret ²	100.0
Der Solarbauer Borowski GmbH, DE, Essen ²	100.0	E.ON 9 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON CDNE S.p.A., IT, Milan ²	100.0
DES Dezentrale Energien Schmalkalden GmbH, DE, Schmalkalden ⁶	49.9	E.ON 11 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Česká republika, s.r.o., CZ, České Budějovice ¹	100.0
Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG, DE, Gorleben ⁶	42.5	E.ON 39 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Connecting Energies Limited, GB, Coventry	100.0
DigiKoo GmbH, DE, Essen ²	100.0	E.ON 40 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Control Solutions Limited, GB, Coventry ²	100.0
DON-Stromnetz GmbH & Co. KG, DE, Donauwörth ⁶	49.0	E.ON 42 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Country Hub Germany GmbH, DE, Berlin ^{1, 6}	100.0
DON-Stromnetz Verwaltungs GmbH, DE, Donauwörth ⁶	49.0	E.ON 45 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Danmark A/S, DK, Frederiksberg ²	100.0
Dorsten Netz GmbH & Co. KG, DE, Dorsten ⁶	49.0	E.ON 46 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Dél-dunántúli Áramhálózati Zrt., HU, Pécs ¹	100.0
Dortmunder Energie- und Wasserversorgung Gesellschaft mit beschränkter Haftung, DE, Dortmund ⁶	39.9	E.ON 47 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Dél-dunántúli Gázhalozati Zrt., HU, Pécs ¹	100.0
Drava CHP Plant d.o.o., HR, Zagreb ²	100.0	E.ON 48 Verwaltungs GmbH, DE, Essen ²	100.0	F.ON Dialog S.R.L., RO, Șelimbăr ²	100.0
Drivango GmbH i. L., DE, Düsseldorf ²	100.0	E.ON 49 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Digital Technology GmbH, DE, Hanover ²	100.0
DUKO Hlinsko, s.r.o., CZ, Hlinsko ⁶	49.0	E.ON 50 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Digital Technology Hungary Kft., HU, Budapest ²	100.0
Dutchdelta Finance S.à.r.l., LU, Luxembourg ²	100.0	E.ON 51 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Drive Infrastructure France SAS, FR, Levallois-Perret ²	100.0
DZT Clepto Sp. z o.o., PL, Świebodzice ²	100.0	E.ON 52 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Drive Infrastructure GmbH, DE, Essen ¹	100.0
DZT Service & Heat Sp. z o.o., PL, Świebodzice ²	100.0	E.ON 53 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Drive Infrastructure Italy S.r.l., IT, Milan ²	100.0
DZT Service Sp. z o.o., PL, Świebodzice ²	100.0	E.ON 54 Verwaltungs GmbH, DE, Essen ²	100.0	E.ON Drive Infrastructure UK Limited, GB, Coventry ²	100.0
E WIE EINFACH GmbH, DE, Cologne ¹	100.0	E.ON Accounting Solutions GmbH (formerly E.ON Business Services Regensburg GmbH), DE, Regensburg ¹	100.0	E.ON edis Contracting GmbH, DE, Fürstenwalde/Spree ²	100.0
e.dialog Netz GmbH, DE, Potsdam ²	100.0	E.ON Áramszolgáltató Korlátolt Felelősségű Társaság, HU, Budapest ²	100.0	E.ON edis energia Sp. z o.o., PL, Warsaw ¹	100.0
		E.ON Asist Complet S.A., RO, Târgu Mureș ²	97.9	E.ON Energia S.p.A., IT, Milan ¹	100.0

⁶Consolidated affiliated company. ²Non-consolidated affiliated company for reasons of immateriality (valued at cost). ¹Joint operations pursuant to IFRS 11. ⁴Joint ventures pursuant to IFRS 11. ³Associated company (valued using the equity method). ⁵Associated company (valued at cost for reasons of immateriality).
⁶Investments pursuant to Section 313 (2) No. 5 HGB. ⁷This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b. ⁸Control by virtue of company contract. ⁹No control by virtue of company contract. ¹⁰Significant influence via indirect investments.
¹¹Structured entity pursuant to IFRS 10 and 12. ¹²Affiliated company which is held by E.ON Pension Trust s.r.l. on behalf of E.ON Pensions GmbH & Co. KG. ¹³Other equity investment which is held by E.ON Pension Trust s.r.l. on behalf of E.ON Pensions GmbH & Co. KG.

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name, location	Stake (%)	Name, location	Stake (%)	Name, location	Stake (%)
E.ON Energiamegoldások Kft., HU, Budapest ¹	100.0	E.ON Finanzholding SE & Co. KG, DE, Essen ^{1, 8}	100.0	E.ON Israel Ltd., IL, Tel Aviv ²	100.0
E.ON Energiatermelő Kft., HU, Budapest ¹	100.0	E.ON First Future Energy Holding B.V., NL, 's-Hertogenbosch ¹	100.0	E.ON IT UK Limited, GB, Coventry ²	100.0
E.ON Energidistribution AB, SE, Malmö ¹	100.0	E.ON Flash S.R.L., RO, Târgu Mureș ²	100.0	E.ON Italia S.p.A., IT, Milan ¹	100.0
E.ON Energie 3B. Beteiligungs-GmbH, DE, Munich ^{1, 8}	100.0	E.ON Foton Sp. z o.o., PL, Warsaw ¹	100.0	E.ON Közép-dunántúli Gázhálózati Zrt., HU, Nagykanizsa ¹	99.9
E.ON Energie AG, DE, Düsseldorf ^{1, 8}	100.0	E.ON Fünfundzwanzigste Verwaltungs GmbH, DE, Düsseldorf ^{1, 8}	100.0	E.ON Kundsupport Sverige AB, SE, Malmö ¹	100.0
E.ON Energie Deutschland GmbH, DE, Munich ¹	100.0	E.ON Gas Mobil GmbH, DE, Essen ²	100.0	E.ON Ljubljana d.o.o., SI, Ljubljana ²	100.0
E.ON Energie Deutschland Holding GmbH, DE, Munich ¹	99.9	E.ON Geshandel Sverige AB, SE, Malmö ²	100.0	E.ON Mälarkraft Värme AB, SE, Örebro ¹	99.8
E.ON Energie Dialog GmbH, DE, Potsdam ²	100.0	E.ON Gastronomie GmbH, DE, Essen ^{1, 8}	100.0	E.ON Metering GmbH, DE, Munich ²	100.0
E.ON Energie Österreich GmbH, AT, Vienna ¹	100.0	E.ON Gazdasági Szolgáltató Kft., HU, Győr ¹	100.0	E.ON NA Capital Inc., US, Wilmington ¹	100.0
E.ON Energie România S.A., RO, Târgu Mureș ²	68.2	E.ON Grid d.o.o. za upravljanje i ulaganje, HR, Koprivnica ¹	100.0	E.ON Next Energy Limited, GB, Coventry ¹	100.0
E.ON Energie, a.s., CZ, České Budějovice ¹	100.0	E.ON Group Innovation GmbH, DE, Essen ²	100.0	E.ON Next Limited, GB, Coventry ¹	100.0
E.ON Energiinfrastruktur AB, SE, Malmö ¹	100.0	E.ON Gruga Geschäftsführungsgesellschaft mbH, DE, Düsseldorf ^{1, 8}	100.0	E.ON Nord Sverige AB, SE, Malmö ²	100.0
E.ON Energija d.o.o., HR, Zagreb ¹	100.0	E.ON Gruga Objektgesellschaft mbH & Co. KG, DE, Essen ^{1, 8}	100.0	E.ON Nordic AB, SE, Malmö ¹	100.0
E.ON Energiösningar AB, SE, Malmö ¹	100.0	E.ON Grund&Boden Beteiligungs GmbH, DE, Essen ²	100.0	E.ON Norge AS, NO, Stavanger ¹	100.0
E.ON Energy ECO Installations Limited, GB, Coventry ¹	100.0	E.ON Grund&Boden GmbH & Co. KG, DE, Essen ¹	100.0	E.ON Nutzenergie GmbH, DE, Essen ²	100.0
E.ON Energy Gas (Eastern) Limited, GB, Coventry ²	100.0	E.ON Hrvatska d.o.o., HR, Zagreb ¹	100.0	E.ON Pensionsfonds AG, DE, Essen ²	100.0
E.ON Energy Gas (Northwest) Limited, GB, Coventry ²	100.0	E.ON Hungária Energetikai Zártkörűen Működő Részvénytársaság, HU, Budapest ¹	75.0	E.ON Pensionsfonds Holding GmbH, DE, Essen ²	100.0
E.ON Energy Installation Services Limited, GB, Coventry ¹	100.0	E.ON Hydrogen GmbH, DE, Munich ²	100.0	E.ON Perspekt GmbH, DE, Düsseldorf ²	70.0
E.ON Energy Markets GmbH, DE, Essen ¹	100.0	E.ON Iberia Holding GmbH, DE, Düsseldorf ^{1, 8}	100.0	E.ON Plin d.o.o., HR, Zagreb ¹	100.0
E.ON Energy Projects GmbH, DE, Munich ¹	100.0	E.ON Impulse GmbH, DE, Essen ^{1, 8}	100.0	E.ON Polska Development Sp. z o.o., PL, Warsaw ²	100.0
E.ON Energy Solutions d.o.o., SI, Brezovica ¹	100.0	E.ON Inhouse Consulting GmbH, DE, Essen ²	100.0	E.ON Polska IT Support Sp. z o.o., PL, Warsaw ²	100.0
E.ON Energy Solutions GmbH, DE, Essen ¹	100.0	E.ON Innovation Co-Investments Inc., US, Wilmington ¹	100.0	E.ON Polska Operations Sp. z o.o., PL, Warsaw ¹	100.0
E.ON Energy Solutions Limited, GB, Coventry ¹	100.0	E.ON Innovation Hub S.A., RO, Bucharest ²	100.0	E.ON Polska S.A., PL, Warsaw ¹	100.0
E.ON Észak-dunántúli Áramhálózati Zrt., HU, Győr ¹	100.0	E.ON Insurance Services GmbH, DE, Essen ²	100.0	E.ON Polska Solutions Sp. z o.o., PL, Warsaw ¹	100.0
E.ON Fastigheter Sverige AB, SE, Malmö ¹	100.0	E.ON INTERNATIONAL FINANCE B.V., NL, 's-Hertogenbosch ¹	100.0	E.ON Portfolio Services GmbH, DE, Munich ²	100.0
E.ON Finanzanlagen GmbH, DE, Düsseldorf ^{1, 8}	100.0	E.ON International Participations N.V. (formerly innogy International Participations N.V.), NL, 's-Hertogenbosch ¹	100.0	E.ON Portfolio Solutions GmbH, DE, Munich ¹	100.0
E.ON Finanzholding Beteiligungs-GmbH, DE, Berlin ²	100.0			E.ON Power Plants Belgium BV, BE, Mechelen ¹	100.0

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⁷Investments pursuant to Section 319 (2) No. 5 HGB. ⁸This company exercised its exemption option under Section 254, Paragraph 3 of the German Commercial Code or under Section 264b. ⁹Control by virtue of company contract. ¹⁰No control by virtue of company contract. ¹¹Significant influence via indirect investments.
¹²Structured entity pursuant to IFRS 10 and 12. ¹³Affiliated company which is held by E.ON Pension Trust e.V. on behalf of MEON Pensions GmbH & Co. KG. ¹⁴Other equity investment which is held by E.ON Pension Trust e.V. on behalf of MEON Pensions GmbH & Co. KG.

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name, location	Stake (%)	Name, location	Stake (%)	Name, location	Stake (%)
E.ON Produktion Danmark A/S, DK, Frederiksberg ¹	100.0	E.ON UK Industrial Shipping Limited, GB, Coventry ²	100.0	EFR GmbH, DE, Munich ⁶	39.9
E.ON Produzione S.p.A., IT, Milan ¹	100.0	E.ON UK Infrastructure Services Limited, GB, Coventry ¹	100.0	EG-D Montáže, s.r.o., CZ, Česká Budějovice ²	51.0
E.ON Project Earth Limited, GB, Coventry ¹	100.0	E.ON UK Pension Trustees Limited, GB, Coventry ²	100.0	EG-D, a.s., CZ, Brno ¹	100.0
E.ON RAG-Beteiligungsgesellschaft mbH, DE, Düsseldorf ^{1,8}	100.0	E.ON UK plc, GB, Coventry ¹	100.0	ElbEnergie GmbH, DE, Seevetal ¹	100.0
E.ON Real Estate GmbH, DE, Essen ¹	100.0	E.ON UK Property Services Limited, GB, Coventry ²	100.0	ELE - GEW Photovoltaikgesellschaft mbH, DE, Gelsenkirchen ²	49.0
E.ON Rhein-Ruhr Werke GmbH, DE, Essen ¹	100.0	E.ON UK PS Limited, GB, Coventry ²	100.0	ELE Verteilnetz GmbH, DE, Gelsenkirchen ¹	100.0
E.ON România S.R.L., RO, Târgu Mureș ¹	100.0	E.ON UK Secretaries Limited, GB, Coventry ²	100.0	Elektrizitätsnetzgesellschaft Grünwald mbH & Co. KG, DE, Grünwald ⁶	49.0
E.ON Ruhrgas GPA GmbH, DE, Essen ^{1,8}	100.0	E.ON UK Steven's Croft Limited, GB, Coventry ¹	100.0	Elektrizitätswerk Heinrich Schirmer GmbH, DE, Schauenstein ⁶	49.0
E.ON Ruhrgas Portfolio GmbH, DE, Essen ^{1,8}	100.0	E.ON UK Trustees Limited, GB, Coventry ²	100.0	Elektrizitätswerk Landsberg Gesellschaft mit beschränkter Haftung, DE, Landsberg am Lech ²	100.0
E.ON Sechzehnte Verwaltungs GmbH, DE, Düsseldorf ^{1,8}	100.0	E.ON US Corporation, US, Wilmington ¹	100.0	Elektrizitätswerk Schwandorf GmbH, DE, Schwandorf ²	100.0
E.ON Service GmbH, DE, Essen ²	100.0	E.ON US Holding GmbH, DE, Düsseldorf ^{1,8}	100.0	ELE-RAG Montan Immobilien Erneuerbare Energien GmbH, DE, Bottrop ⁶	50.0
E.ON Slovensko, a.s., SK, Bratislava ¹	100.0	E.ON Varde Danmark ApS, DK, Frederiksberg ¹	100.0	ELE-Scholven-Wind GmbH, DE, Gelsenkirchen ²	30.0
E.ON Software Development SRL, RO, Bucharest ¹	100.0	E.ON Vermögensverwaltungs GmbH, DE, Essen ^{1,8}	100.0	Elmregia GmbH, DE, Schöningen ¹	49.0
E.ON Solar d.o.o., HR, Zagreb ¹	100.0	E.ON Verwaltungs AG Nr. 1, DE, Munich ²	100.0	ELMÜ Hálózati Elosztó Kft., HU, Budapest ¹	100.0
E.ON Solar GmbH, DE, Essen ²	100.0	E.ON-CAPNET S.R.L., IT, Milan ¹	90.0	ELMÜ-ÉMÁSZ Energiakereskedő Kft., HU, Budapest ¹	100.0
E.ON Solutions GmbH, DE, Essen ¹	100.0	E3 Haustechnik GmbH, DE, Magdeburg ¹	100.0	Elmü-Érmász Energiaszolgáltató Zrt., HU, Budapest ¹	100.0
E.ON Stiftung gGmbH, DE, Essen ¹	100.0	East Midlands Electricity Distribution Holdings, GB, Coventry ²	100.0	ELMÜ-ÉMÁSZ Energetikai Kft., HU, Budapest ¹	100.0
E.ON Sverige AB, SE, Malmö ¹	100.0	East Midlands Electricity Share Scheme Trustees Limited, GB, Coventry ²	100.0	ELMÜ-ÉMÁSZ Solutions Kft., HU, Budapest ¹	100.0
E.ON Telco, s.r.o., CZ, Česká Budějovice ²	100.0	EBERnetz GmbH & Co. KG, DE, Ebersberg ⁶	49.0	EMG Energimontagegruppen AB, SE, Karlshamn ¹	100.0
E.ON TowerCo GmbH, DE, Markkleeberg ²	100.0	EBY Immobilien GmbH & Co. KG, DE, Regensburg ²	100.0	Emscher Lippe Energie GmbH, DE, Gelsenkirchen ^{2,9}	49.9
E.ON Ügyfélszolgálati Kft., HU, Budapest ¹	100.0	EBY Port 1 GmbH, DE, Munich ¹	100.0	Energetyka Cieplna Opolszczyzny S.A., PL, Opole ⁵	46.7
E.ON UK CHP Limited, GB, Coventry ¹	100.0	EBY Port 3 GmbH, DE, Regensburg ¹	100.0	Energie BOL GmbH, DE, Ottersweier ⁶	49.9
E.ON UK Directors Limited, GB, Coventry ²	100.0	ECO2 Solutions Group Limited, GB, Kidderminster ⁴	49.0	Energie Mechernich GmbH & Co. KG, DE, Mechernich ²	49.0
E.ON UK Energy Markets Limited, GB, Coventry ¹	100.0	Economy Power Limited, GB, Coventry ¹	100.0	Energie Mechernich Verwaltungs-GmbH, DE, Mechernich ⁶	49.0
E.ON UK Energy Services Limited, GB, Coventry ²	100.0	EDT Energie Werder GmbH, DE, Werder (Havel) ²	100.0	Energie Schmollenberg GmbH, DE, Schmollenberg ⁶	44.0
E.ON UK Heat Limited, GB, Coventry ¹	100.0	EE2 Erneuerbare Energien GmbH & Co. KG, DE, Lützen ¹	100.0	Energie und Wasser Potsdam GmbH, DE, Potsdam ⁵	35.0
E.ON UK Holding Company Limited, GB, Coventry ¹	100.0	EFG Edgas Forchheim GmbH, DE, Forchheim ⁶	24.9		

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Name, location	Stake (%)	Name, location	Stake (%)	Name, location	Stake (%)
Energie und Wasser Wahlstedt/Bad Segeberg GmbH & Co. KG (ews), DE, Bad Segeberg ¹	50.1	Energieversorgung Bad Bentheim GmbH & Co. KG, DE, Bad Bentheim ¹	25.1	Energiewerken B.V., NL, Almere ¹	100.0
Energie Vorpommern GmbH, DE, Trassenheide ¹	49.0	Energieversorgung Bad Bentheim Verwaltungs-GmbH, DE, Bad Bentheim ¹	25.1	energis GmbH, DE, Saarbrücken ¹	71.9
Energiedirect B.V., NL, 's-Hertogenbosch ¹	100.0	Energieversorgung Beckum GmbH & Co. KG, DE, Beckum (Westf.) ¹	34.0	energis-Netzgesellschaft mbH, DE, Saarbrücken ²	100.0
Energiegesellschaft Leimen GmbH & Co. KG, DE, Leimen ²	74.9	Energieversorgung Beckum Verwaltungs-GmbH, DE, Beckum (Westf.) ¹	34.0	Energotel a.s., SK, Bratislava ¹	20.0
Energiegesellschaft Leimen Verwaltungsgesellschaft mbH, DE, Leimen ²	74.9	Energieversorgung Buching-Trauchgau (EBT) Gesellschaft mit beschränkter Haftung, DE, Halblech ¹	50.0	Energy Collection Services Limited, GB, Coventry ²	100.0
energielösung GmbH, DE, Regensburg ²	100.0	Energieversorgung Guben GmbH, DE, Guben ¹	45.0	Energy Ventures GmbH, DE, Saarbrücken ²	100.0
energienatur Gesellschaft für Erneuerbare Energien mbH, DE, Siegburg ¹	44.0	Energieversorgung Horstmar/Laer GmbH & Co. KG, DE, Horstmar ¹	49.0	energy4u GmbH & Co. KG, DE, Siegburg ¹	49.0
Energienetz Neufahrn/Eching GmbH & Co. KG, DE, Neufahrn bei Freising ¹	49.0	Energieversorgung Hürth GmbH, DE, Hürth ¹	24.9	Enerjisa Enerji A.Ş., TR, Istanbul ¹	40.0
Energienetze Bayern GmbH, DE, Regensburg ²	100.0	Energieversorgung Kranenburg Netze Verwaltungs GmbH, DE, Kranenburg ¹	25.1	Enerjisa Üretim Santralieri A.Ş., TR, Istanbul ¹	50.0
Energienetze Berlin GmbH, DE, Berlin ¹	100.0	Energieversorgung Kranenburg Netze Verwaltungs GmbH, DE, Kranenburg ¹	25.1	enemarket GmbH, DE, Frankfurt am Main ¹	60.0
Energienetze Großostheim GmbH & Co. KG, DE, Großostheim ¹	25.1	Energieversorgung Marienberg GmbH, DE, Marienberg ¹	49.0	ENERVENTIS GmbH & Co. KG, DE, Saarbrücken ¹	25.1
Energienetze Holzwickede GmbH, DE, Holzwickede ¹	25.1	Energieversorgung Niederkassel GmbH & Co. KG, DE, Niederkassel ¹	49.0	Enervolution GmbH, DE, Bochum ²	100.0
Energienetze Ingolstadt GmbH, DE, Regensburg ²	100.0	Energieversorgung Oberhausen Aktiengesellschaft, DE, Oberhausen ^{1,11}	10.0	ENNI Energienetze Rheinberg GmbH & Co. KG, DE, Rheinberg ²	100.0
Energienetze Schaalheim GmbH, DE, Regensburg ²	100.0	Energieversorgung Putzbrunn GmbH & Co. KG, DE, Putzbrunn ¹	50.0	ENNI Energienetze Rheinberg Verwaltung GmbH, DE, Rheinberg ²	100.0
Energiepartner Dörth GmbH, DE, Dörth ¹	49.0	Energieversorgung Putzbrunn Verwaltungs GmbH, DE, Putzbrunn ¹	50.0	ENRO Ludwigsfelde Energie GmbH, DE, Ludwigsfelde ¹	100.0
Energiepartner Elsdorf GmbH, DE, Elsdorf ¹	40.0	Energieversorgung Sehnde GmbH, DE, Sehnde ¹	30.0	ENRO Ludwigsfelde Netz GmbH, DE, Ludwigsfelde ²	100.0
Energiepartner Hermeskeil GmbH, DE, Hermeskeil ¹	20.0	Energieversorgung Timmendorfer Strand GmbH & Co. KG, DE, Timmendorfer Strand ²	51.0	Ense Stromnetz GmbH & Co. KG, DE, Ense ¹	25.1
Energiepartner Kerpen GmbH, DE, Kerpen ¹	49.0	Energieversorgung Vechelde GmbH & Co. KG, DE, Vechelde ¹	49.0	ENTRO GmbH Marktbergel, DE, Marktbergel ¹	24.2
Energiepartner Niederzier GmbH, DE, Niederzier ¹	49.0	Energiewacht B.V., NL, Zwolle ¹	100.0	envello GmbH, DE, Cologne ²	75.0
Energiepartner Projekt GmbH, DE, Essen ¹	49.0	Energiewacht West Nederland B.V., NL, Rotterdam ¹	100.0	envia Mitteldutsche Energie AG, DE, Chemnitz ²	57.9
Energiepartner Solar Kreuztal GmbH, DE, Kreuztal ¹	40.0	Energie-Wende-Garching GmbH & Co. KG, DE, Garching ¹	50.0	envia SERVICE GmbH, DE, Cottbus ¹	100.0
Energie-Pensions-Management GmbH, DE, Hannover ²	70.0	Energie-Wende-Garching Verwaltungs-GmbH, DE, Garching ¹	50.0	envia TEL GmbH, DE, Markkleeberg ¹	100.0
EnergieRegion Taunus - Goldener Grund - GmbH & Co. KG, DE, Bad Camberg ¹	49.0	Energiewerke Isernhagen GmbH, DE, Isernhagen ¹	49.0	envia THERM GmbH, DE, Bitterfeld-Wolfen ¹	100.0
EnergieRevolve GmbH, DE, Düren ²	100.0	Energiewerke Osterburg GmbH, DE, Osterburg (Altmark) ¹	49.0	enviaM Beteiligungsgesellschaft Chemnitz GmbH, DE, Chemnitz ²	100.0
Energieversorgung Alzenau GmbH (EVA), DE, Alzenau ¹	69.5			enviaM Beteiligungsgesellschaft mbH, DE, Essen ²	100.0
				enviaM Neue Energie Management GmbH, DE, Lützen ²	100.0
				enviaM Zweite Neue Energie Management GmbH, DE, Lützen ²	100.0

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Name, location	Stake (%)	Name, location	Stake (%)	Name, location	Stake (%)
epirimo GmbH, DE, Neu-Isenburg ¹	100.0	EVG Energieversorgung Gemünden GmbH, DE, Gemünden am Main ⁶	49.0	Fraku Installaties B.V., NL, Venlo ¹	100.0
EPS Polska Holding Sp. z o.o., PL, Warsaw ¹	100.0	EVIP GmbH, DE, Bitterfeld-Wolfen ¹	100.0	Fraku Service B.V., NL, Venlo ¹	100.0
Erdgasversorgung Industriepark Leipzig Nord GmbH, DE, Leipzig ⁸	50.0	evm Windpark Höhen GmbH & Co. KG, DE, Höhen ⁶	33.2	Free Electrons LLC, US, Palo Alto ²	100.0
Erdgasversorgung Schwalmtal GmbH & Co. KG, DE, Viersen ⁸	50.0	EWIS BV, NL, Ede ¹	100.0	Freiberger Stromversorgung GmbH (FSG), DE, Freiberg ⁵	30.0
Erdgasversorgung Schwalmtal Verwaltungs-GmbH, DE, Viersen ⁸	50.0	EWR Aktiengesellschaft, DE, Worms ^{5, 11}	1.3	Fresh Energy GmbH i. L., DE, Berlin ²	52.8
e-regio GmbH & Co. KG, DE, Euskirchen ¹	40.5	EWR Dienstleistungen GmbH & Co. KG, DE, Worms ⁵	25.0	FSO GmbH & Co. KG, DE, Oberhausen ⁴	50.0
Ergon Overseas Holdings, GB, Coventry ²	100.0	EWR GmbH, DE, Remscheid ⁵	20.0	FSO Verwaltungs-GmbH, DE, Oberhausen ⁶	50.0
Erneuerbare Energien Rheingau-Taunus GmbH, DE, Bad Schwalbach ⁵	25.1	ews Verwaltungsgesellschaft mbH, DE, Bad Segeberg ⁶	50.2	Fundacja innogy w Polsce, PL, Warsaw ²	100.0
ErwärmBAR GmbH, DE, Eberswalde ⁸	50.0	EWV Baesweiler GmbH & Co. KG, DE, Baesweiler ⁶	45.0	Future Energy Ventures Management GmbH, DE, Essen ^{1, 2}	100.0
eShare.one GmbH, DE, Dortmund ⁶	20.0	EWV Baesweiler Verwaltungs GmbH, DE, Baesweiler ⁸	45.0	G&L Gastro-Service GmbH, DE, Augsburg ⁹	35.0
ESK GmbH, DE, Dortmund ²	100.0	EWV Energie- und Wasser-Versorgung GmbH, DE, Stolberg/Rhld. ¹	53.7	Gas- und Wasserwerke Bous - Schwalbach GmbH, DE, Bous ¹	49.0
ESN EnergieSystemeNord GmbH, DE, Schwentimental ²	55.0	EZV Energie- und Service GmbH & Co. KG Untermain, DE, Würth am Main ⁸	28.9	GASAG AG, DE, Berlin ⁵	36.9
ESN Sicherheit und Zertifizierung GmbH, DE, Schwentimental ²	100.0	EZV Energie- und Service Verwaltungsgesellschaft mbH, DE, Würth am Main ⁶	28.8	Gasgesellschaft Kerken Wachendonk mbH, DE, Kerken ⁶	49.0
Essent EnergieBewust Holding B.V., NL, 's-Hertogenbosch ¹	100.0	FAMIS GmbH, DE, Saarbrücken ¹	100.0	GasLINE Telekommunikationsnetz-Geschäftsführungsgesellschaft deutscher Gasversorgungsunternehmen mbH, DE, Straelen ⁶	20.0
Essent Energy Group B.V., NL, 's-Hertogenbosch ¹	100.0	Fernwärmeversorgung Freising Gesellschaft mit beschränkter Haftung (FFG), DE, Freising ⁸	50.0	GasLINE Telekommunikationsnetzgesellschaft deutscher Gasversorgungsunternehmen mbH & Co. KG, DE, Straelen ¹	20.0
Essent IT B.V., NL, 's-Hertogenbosch ¹	100.0	Fernwärmeversorgung Saarlouis-Steinrausch Investitionsgesellschaft mbH, DE, Saarlouis ¹	100.0	Gas-Netzgesellschaft Bedburg GmbH & Co. KG, DE, Bedburg ⁵	25.1
Essent N.V., NL, 's-Hertogenbosch ¹	100.0	Fernwärmeversorgung Zwönitz GmbH (FVZ), DE, Zwönitz ⁸	50.0	Gas-Netzgesellschaft Eisdorf GmbH & Co. KG, DE, Eisdorf ⁶	25.1
Essent Nederland B.V., NL, 's-Hertogenbosch ¹	100.0	FEV Europe GmbH, DE, Essen ^{1, 8}	100.0	Gas-Netzgesellschaft Kolpingstadt Kerpen GmbH & Co. KG, DE, Kerpen ⁶	25.1
Essent Retail Energie B.V., NL, 's-Hertogenbosch ¹	100.0	FEV Future Energy Ventures Israel Ltd, IL, Tel Aviv ²	100.0	Gas-Netzgesellschaft Kreisstadt Berghem GmbH & Co. KG, DE, Berghem ⁶	25.1
Essent Rights B.V., NL, 's-Hertogenbosch ¹	100.0	FEV US LLC, US, Palo Alto ¹	100.0	Gasnetzgesellschaft Laatzen-Süd mbH, DE, Laatzen ⁶	49.0
Essent Sales Portfolio Management B.V., NL, 's-Hertogenbosch ¹	100.0	FEVA Infrastrukturgesellschaft mbH, DE, Wolfsburg ⁸	49.0	Gasnetzgesellschaft Mettmann mbH & Co. KG, DE, Mettmann ⁶	25.1
EuroSkyPark GmbH, DE, Saarbrücken ¹	51.0	FITAS Verwaltung GmbH & Co. Dritte Vermietungs-KG, DE, Pullach im Isartal ¹	90.0	Gas-Netzgesellschaft Rheda-Wiedenbrück GmbH & Co. KG, DE, Rheda-Wiedenbrück ⁶	49.0
EV Infra Czech Republic, s.r.o., CZ, České Budějovice ²	100.0	FITAS Verwaltung GmbH & Co. REGIUM-Objekte KG, DE, Pullach im Isartal ²	90.0	Gas-Netzgesellschaft Rheda-Wiedenbrück Verwaltungs-GmbH, DE, Rheda-Wiedenbrück ⁶	49.0
EV Infra Denmark ApS, DK, Frederiksberg ²	100.0			Gasnetzgesellschaft Warburg GmbH & Co. KG, DE, Warburg ⁶	49.0
Ev Infra Norway AS, NO, Oslo ²	100.0				
EV Infra Sweden AB, SE, Malmö ²	100.0				

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Name, location	Stake (%)	Name, location	Stake (%)	Name, location	Stake (%)
Gasnetzgesellschaft Windeck mbH & Co. KG, DE, Windeck ¹	49.9	Gemeinschaftskernkraftwerk Grohnde Management GmbH, DE, Emmerthal ²	83.2	GREEN GECCO Beteiligungsgesellschaft-Verwaltungs GmbH, DE, Troisdorf ³	20.7
Gasnetzgesellschaft Wörrstadt mbH & Co. KG, DE, Saulheim ⁴	49.0	Gemeinschaftskernkraftwerk Isar 2 GmbH, DE, Essenbach ⁵	75.0	GREEN Gesellschaft für regionale und erneuerbare Energie mbH, DE, Stolberg/Rhld. ⁶	49.2
Gasnetzgesellschaft Wörrstadt Verwaltung mbH, DE, Saulheim ⁴	49.0	Gemeinschaftskraftwerk Weser GmbH & Co. oHG, DE, Emmerthal ⁷	66.7	Green Sky Energy Limited, GB, Coventry ⁸	100.0
Gasversorgung Bad Rodach GmbH, DE, Bad Rodach ⁹	50.0	Geotermisk Operaterselskab A/S, DK, Kirke Saby ²	51.6	Green Solar Herzogenrath GmbH, DE, Herzogenrath ¹⁰	45.0
Gasversorgung Ebermannstadt GmbH, DE, Ebermannstadt ⁹	50.0	Geothermie-Wärmegesellschaft Braunau-Simbach mbH, AT, Braunau am Inn ¹¹	20.0	Green Urban Energy GmbH, DE, Berlin ¹²	50.0
Gasversorgung im Landkreis Gifhorn GmbH, DE, Gifhorn ¹	95.0	Gesellschaft für Energie und Klimaschutz Schleswig-Holstein GmbH, DE, Kiel ¹³	33.3	greenergetic Energie Service GmbH & Co. KG, DE, Essen ¹⁴	100.0
Gasversorgung Unterfranken Gesellschaft mit beschränkter Haftung, DE, Würzburg ¹⁵	49.0	Get Energy Solutions Szolgálató Kft., HU, Budapest ¹⁶	100.0	greenergetic Energie Service Management GmbH, DE, Bielefeld ¹⁷	100.0
Gasversorgung Wismar Land GmbH, DE, Lübow ¹⁸	49.0	Gewerkschaft Hermann V Gesellschaft mit beschränkter Haftung, DE, Duisburg ¹⁹	66.7	greentited GmbH, DE, Hamburg ²⁰	50.0
Gasversorgung Wunsiedel GmbH, DE, Wunsiedel ¹⁸	50.0	GfB, Gesellschaft für Baudenkmalpflege mbH, DE, Idar-Oberstein ²¹	20.0	Greenplug GmbH, DE, Hamburg ²²	49.0
Gelsenberg GmbH & Co. KG, DE, Düsseldorf ²³	100.0	GfS Gesellschaft für Simulatorschulung mbH, DE, Essen ²⁴	41.7	greenXmoney.com GmbH i. L., DE, Neu-Ulm ²⁵	100.0
Gelsenberg Verwaltungs GmbH, DE, Düsseldorf ²	100.0	GHD Bayernwerk Natur GmbH & Co. KG, DE, Dingolfing ²	75.0	Grenas Biogas ApS, DK, Frederiksberg ²⁶	50.0
Gelsenwasser Beteiligungs-GmbH, DE, Munich ²	100.0	Gichtgaskraftwerk Dillingen GmbH & Co. KG, DE, Dillingen ²⁷	25.2	grdX GmbH, DE, Aachen ²⁸	80.0
Gemeindewerke Bissendorf Netze GmbH & Co. KG, DE, Bissendorf ¹⁸	49.0	GISA GmbH, DE, Halle (Saale) ²⁹	23.9	GrnGas Partner A/S, DK, Hirtshals ³⁰	50.0
Gemeindewerke Bissendorf Netze Verwaltungs-GmbH, DE, Bissendorf ¹⁸	49.0	GKB Gesellschaft für Kraftwerksbeteiligungen mbH, DE, Cottbus ²	100.0	Grüne Quartiere GmbH, DE, Gelsenkirchen ³¹	50.0
Gemeindewerke Everswinkel GmbH, DE, Everswinkel ¹⁸	45.0	GKD Gesellschaft für kommunale Dienstleistungen mbH, DE, Cologne ³²	50.0	GSH Green Steam Hürth GmbH, DE, Munich ³³	100.0
Gemeindewerke Gräfelting GmbH & Co. KG, DE, Gräfelting ³	49.0	GNEE Gesellschaft zur Nutzung erneuerbarer Energien mbH Freisen, DE, Freisen ³⁴	49.0	GWG Grevenbroich GmbH, DE, Grevenbroich ³⁵	100.0
Gemeindewerke Gräfelting Verwaltungs GmbH, DE, Gräfelting ³	49.0	GNS Gesellschaft für Nuklear-Service mbH, DE, Essen ³⁶	46.0	GWG Kommunal GmbH, DE, Grevenbroich ³⁷	89.9
Gemeindewerke Namborn, Gesellschaft mit beschränkter Haftung, DE, Namborn ³	49.0	GOLLIPP Bioerdgas GmbH & Co. KG, DE, Gollhofen ³⁸	50.0	Hams Hall Management Company Limited, GB, Coventry ³⁹	44.8
Gemeindewerke Lietze GmbH, DE, Lietze ⁴	49.0	GOLLIPP Bioerdgas Verwaltungs GmbH, DE, Gollhofen ³⁸	50.0	HanseGas GmbH, DE, Quickborn ⁴⁰	100.0
Gemeindewerke Wedemark GmbH, DE, Wedemark ⁴	49.0	Gondoskádás-Egyházért Alapítvány, HU, Debrecen ⁴¹	100.0	HanseWerk AG, DE, Quickborn ⁴²	66.5
Gemeindewerke Wietze GmbH, DE, Wietze ⁴	49.0	Gottburg Energie- und Wärmetechnik GmbH & Co. KG i. L., DE, Leck ⁴³	49.9	HanseWerk Natur GmbH, DE, Hamburg ⁴⁴	100.0
Gemeindewerke Windeck GmbH & Co. KG, DE, Windeck ⁴	49.9	Gottburg Verwaltungs GmbH i. L., DE, Leck ⁴³	49.9	Hary Installationstechnik GmbH, DE, Schiffweiler ⁴⁵	100.0
Gemeinnützige Gesellschaft zur Förderung des E.ON Energy Research Center mbH, DE, Aachen ⁴	50.0	GREEN GECCO Beteiligungsgesellschaft mbH & Co. KG, DE, Troisdorf ⁴⁶	20.7	Harzwasserwerke GmbH, DE, Hildesheim ⁴⁷	20.8
Gemeinschaftskernkraftwerk Grohnde GmbH & Co. oHG, DE, Emmerthal ¹	100.0			HaseNetz GmbH & Co. KG, DE, Gehrde ⁴⁸	25.1
				Havelstrom Zehdenick GmbH, DE, Zehdenick ⁴⁹	49.0

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Name, location	Stake	Name, location	Stake	Name, location	Stake
HCL Netze GmbH & Co. KG, DE, Herzebrock-Clarholz ²	25.1	Infrastrukturgesellschaft Stadt Nienburg/Weser mbH, DE, Nienburg/Weser ⁸	49.9	KAWAG Netze Verwaltungsgesellschaft mbH, DE, Abstatt ²	49.0
Heizkraftwerk Zwickau Süd GmbH & Co. KG, DE, Zwickau ⁶	40.0	innogy Benelux Holding B.V., NL, 's-Hertogenbosch ¹	100.0	KDT Kommunale Dienste Tholey GmbH, DE, Tholey ²	49.0
Heizungs- und Sanitärbau WJJA GmbH, DE, Bad Neuenahr-Ahrweiler ²	100.0	innogy e-mobility US LLC, US, Delaware ¹	100.0	Kemkens Groep B.V., NL, Oss ⁵	49.0
Heizwerk Holzverwertungsgenossenschaft Stiffland eG & Co. oHG, DE, Neualbenreuth ⁶	50.0	innogy Finance B.V., NL, 's-Hertogenbosch ¹	100.0	Kemsley CHP Limited, GB, Coventry ¹	100.0
Heliatek GmbH, DE, Dresden ⁸	41.7	innogy Hungária Távfűtő Kft., HU, Budapest ²	100.0	KEN Geschäftsführungsgesellschaft mbH, DE, Püttlingen ¹	65.0
Hennel (Sieg) Netz GmbH & Co. KG, DE, Hennef ⁶	49.0	innogy Innovation UK Ltd., GB, London ²	100.0	KEN GmbH & Co. KG, DE, Neunkirchen ²	53.6
Hermann Stibbe Verwaltungs-GmbH, DE, Wunstorf ²	100.0	innogy International Middle East, AE, Dubai ⁸	49.0	Kernkraftwerk Brokdorf GmbH & Co. oHG, DE, Hamburg ¹	90.0
HGC Hamburg Gas Consult GmbH, DE, Hamburg ²	100.0	innogy Middle East & North Africa Ltd., AE, Dubai ²	100.0	Kernkraftwerk Brunsbüttel GmbH & Co. oHG, DE, Hamburg ²	33.3
HOCHTEMPERATUR-KERNKRAFTWERK GmbH (HKG), Gemeinsames europäisches Unternehmen, DE, Hamm ⁵	26.0	innogy SE, DE, Essen ^{1, 9}	100.0	Kernkraftwerk Krümmel GmbH & Co. oHG, DE, Hamburg ²	50.0
Hof Promotion B.V., NL, Utrecht ¹	100.0	innogy SE Service s.r.o., CZ, Brno ²	100.0	Kernkraftwerk Stade GmbH & Co. oHG, DE, Hamburg ¹	66.7
Holsteiner Wasser GmbH, DE, Neumünster ⁶	50.0	innogy Slovensko s.r.o., SK, Bratislava ¹	100.0	Kernkraftwerke Isar Verwaltungs GmbH, DE, Essenbach ¹	100.0
HS Participations B.V., NL, Voerendaal ¹	100.0	innogy Solutions s.r.o., SK, Bratislava ²	100.0	KEVAG Telekom GmbH, DE, Koblenz ⁶	50.0
HSL Laibacher GmbH, DE, Wiesen ²	100.0	innogy South East Europe s.r.o., SK, Bratislava ²	100.0	KEW Kommunale Energie- und Wasserversorgung Aktiengesellschaft, DE, Neunkirchen ¹	28.6
Hub2Go GmbH, DE, Hamburg ⁶	49.0	innogy C3 GmbH i. L., DE, München ⁶	25.1	KGW - Kraftwerk Grenzach-Wyhlen GmbH, DE, München ¹	100.0
Huisman Warmtetechniek B.V., NL, Stadskanaal ¹	100.0	Installatietechniek Totaal B.V., NL, Leeuwarden ¹	100.0	Kite Power Systems Limited, GB, Chelmsford ⁶	26.6
HYPION GmbH, DE, Heide ⁶	25.0	Intelligent Maintenance Systems Limited, GB, Milton Keynes ⁶	25.0	KlickEnergie GmbH & Co. KG, DE, Neuss ⁶	65.0
iamsmart GmbH i. L., DE, Essen ²	100.0	IPP ESN Power Engineering GmbH, DE, Kiel ²	51.0	KlickEnergie Verwaltungs-GmbH, DE, Neuss ⁶	65.0
Improbod AB, SE, Malmö ²	100.0	Isar Loisach Stromnetz GmbH & Co. KG, DE, Wolfratshausen ⁶	49.0	Klima Ész Hűtőtechnológiai Tervező, Szerelő Ész Kereskedelmi Kft., HU, Budapest ¹	100.0
Improvers B.V., NL, 's-Hertogenbosch ¹	100.0	Isoprofs B.V., NL, Meijel ¹	100.0	Komáromi Kogenerációs Erőmű Kft., HU, Budapest ²	100.0
Improvers Community B.V., NL, Utrecht ¹	100.0	It's a beautiful world B.V., NL, Amersfoort ¹	100.0	KommEnergie GmbH, DE, Eichenau ⁶	55.0
Induboden GmbH, DE, Düsseldorf ²	100.0	iWATT s.r.o., SK, Košice ²	80.0	Kommunale Dienste Marpingen Gesellschaft mit beschränkter Haftung, DE, Marpingen ¹	49.0
Induboden GmbH & Co. Grundstücksgesellschaft oHG, DE, Essen ²	100.0	Jihočeská plynárenská, a.s., CZ, České Budějovice ²	100.0	Kommunale Energieversorgung GmbH Eisenhüttenstadt, DE, Eisenhüttenstadt ⁶	49.0
Industriekraftwerk Greifswald GmbH, DE, Kassel ⁶	49.0	Kalmar Energi Försäljning AB, SE, Kalmar ⁶	40.0	Kommunale Klimaschutzgesellschaft Landkreis Celle gemeinnützige GmbH, DE, Celle ⁶	25.0
Industry Development Services Limited, GB, Coventry ²	100.0	Kalmar Energi Holding AB, SE, Kalmar ⁶	50.0		
InfraServ - Bayernwerk Gendorf GmbH, DE, Burgkirchen a.d. Alz ⁶	50.0	Kavernengesellschaft Staßfurt mbH, DE, Staßfurt ⁶	50.0		
		KAWAG AG & Co. KG, DE, Pleidelsheim ⁶	49.0		
		KAWAG Netze GmbH & Co. KG, DE, Abstatt ⁸	49.0		

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Company Name	Shareholding (%)	Company Name	Shareholding (%)	Company Name	Shareholding (%)
Kommunale Klimaschutzgesellschaft Landkreis Uelzen gemeinnützige GmbH, DE, Uelze ¹	25.0	Lech Energie Verwaltung GmbH, DE, Augsburg ²	100.0	Luna Lüneburg GmbH, DE, Lüneburg ³	49.0
Kommunale Netzgesellschaft Steinheim a. d. Murr GmbH & Co. KG, DE, Steinheim an der Murr ⁴	49.0	Lechwerke AG, DE, Augsburg ¹	89.9	Macherner Bau- und Elektrogesellschaft mbH, DE, Machern ²	61.0
Kommunalwerk Rudersberg GmbH & Co. KG, DE, Rudersberg ⁵	49.9	Leicon GmbH, DE, Neustadt a. Rbge. ⁶	50.0	MAINGAU Energie GmbH, DE, Obertshausen ²	46.6
Kommunalwerk Rudersberg Verwaltungs-GmbH, DE, Rudersberg ⁵	49.9	Leitungs- und Kanalservice Bauer GmbH, DE, Schönbrunn i. Steigerwald ²	100.0	Matrix Control Solutions Limited, GB, Coventry ²	100.0
Konnektor B.V., NL, Utrecht ¹	100.0	Leitungspartner GmbH, DE, Düren ²	100.0	MDE Service GmbH, DE, Gersthofen ⁶	24.9
Konsortium Energieversorgung Opel beschränkt haftende oHG, DE, Karstein ^{1, 2}	66.7	Lemonbeat GmbH, DE, Dortmund ²	100.0	medl GmbH, DE, Mülheim an der Ruhr ³	39.0
Koprivnica Plin d.o.o., HR, Koprivnica ¹	100.0	LEW Anlagenverwaltung Gesellschaft mit beschränkter Haftung, DE, Gundremmingen ¹	100.0	Mehr Ampere GmbH, DE, Lappersdorf ⁶	25.1
Kraftwerk Burghausen GmbH, DE, Munich ²	100.0	LEW Beteiligungsgesellschaft mbH, DE, Gundremmingen ¹	100.0	Melle Netze GmbH & Co. KG, DE, Melle ⁶	50.0
Kraftwerk Hattorf GmbH, DE, Munich ²	100.0	LEW Netzservice GmbH, DE, Augsburg ²	100.0	MEON Pensions GmbH & Co. KG, DE, Essen ^{1, 2}	100.0
Kraftwerk Marl GmbH, DE, Munich ²	100.0	LEW Service & Consulting GmbH, DE, Augsburg ²	100.0	MEON Verwaltungs GmbH, DE, Essen ²	100.0
Kraftwerk Neuss GmbH, DE, Munich ²	100.0	LEW TelNet GmbH, DE, Neusäß ³	100.0	MeteringSüd GmbH & Co. KG, DE, Augsburg ⁶	34.0
Kraftwerk Plattling GmbH, DE, Munich ²	100.0	LEW Verteilnetz GmbH, DE, Augsburg ²	100.0	Midlands Electricity Limited, GB, Coventry ²	100.0
Kraftwerk Wehrden Gesellschaft mit beschränkter Haftung, DE, Völklingen ⁴	33.3	LEW Wasserkraft GmbH, DE, Augsburg ²	100.0	MINUS 181 GmbH i. L., DE, Parchim ²	25.1
KSG Kraftwerks-Simulator-Gesellschaft mbH, DE, Essen ⁵	41.7	Licht Groen B.V., NL, Amsterdam ²	100.0	MITGAS Mitteldeutsche Gasversorgung GmbH, DE, Halle (Saale) ²	75.4
KSP Kommunal Service Püttlingen GmbH, DE, Püttlingen ⁶	40.0	Lichtverbund Straßenbeleuchtung GmbH, DE, Helmstedt ²	89.8	Mitteldeutsche Netzgesellschaft Gas HD mbH, DE, Halle (Saale) ²	100.0
KTA Kältetechnischer Anlagenbau GmbH, DE, Garbsen ²	100.0	Lighting for Staffordshire Holdings Limited, GB, Coventry ¹	60.0	Mitteldeutsche Netzgesellschaft Gas mbH, DE, Halle (Saale) ¹	100.0
KURGAN Grundstücks-Verwaltungsgesellschaft mbH & Co. oHG i. L., DE, Grünwald ²	90.0	Lighting for Staffordshire Limited, GB, Coventry ¹	100.0	Mitteldeutsche Netzgesellschaft mbH, DE, Chemnitz ²	100.0
KVK Kompetenzzentrum Verteilnetze und Konzessionen GmbH, DE, Cologne ²	74.9	Liikennevirta Oy, FI, Helsinki ²	25.0	Mittlere Donau Kraftwerke AG, DE, Landshut ⁶	40.0
KWS Kommunal-Wasserversorgung Saar GmbH, DE, Saarbrücken ²	100.0	Lillo Energy NV, BE, Brussels ¹	50.0	MNG Stromnetze GmbH & Co. KG, DE, Lüdinghausen ⁶	25.1
LandE GmbH, DE, Wolfsburg ¹	69.6	Limfjordens Bioenergi ApS, DK, Frederiksberg ²	50.0	MNG Stromnetze Verwaltungs GmbH, DE, Lüdinghausen ⁶	25.1
LANDWEHR Wassertechnik GmbH, DE, Schöppenstedt ²	100.0	Local Energies, a s., CZ, Zlín - Malenovice ¹	100.0	Montcogim - Plinara d.o.o., HR, Sveta Nedelja ¹	100.0
Latorca Sport Kft., HU, Budapest ²	100.0	Lößnitz Netz GmbH & Co. KG, DE, Lößnitz ²	74.9	MONTCOGIM-SISAK d.o.o., HR, Sisak ²	100.0
Lech Energie Gersthofen GmbH & Co. KG, DE, Gersthofen ²	100.0	LSW Energie Verwaltungs-GmbH, DE, Wolfsburg ⁶	57.0	Moslavina Plin d.o.o., HR, Kutina ²	100.0
		LSW Holding GmbH & Co. KG, DE, Wolfsburg ^{6, 10}	57.0	Mosoni-Duna Menti Szilárd Kft., HU, Budapest ²	100.0
		LSW Holding Verwaltungs-GmbH, DE, Wolfsburg ⁶	57.0	Murrhardt Netz AG & Co. KG, DE, Murrhardt ⁶	49.0
		LSW Netz Verwaltungs-GmbH, DE, Wolfsburg ⁶	57.0	MWE Mecklenburgische Wärme- und Energiedienstleistungen GmbH, DE, Wismar ⁶	60.0

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Investments pursuant to Section 313 (2) No. 5 HGB ⁷This company exercised its exemption option under Section 264 Paragraph 3 of the German Commercial Code or under Section 284b ⁸Control by virtue of company contract ⁹No control by virtue of company contract ¹⁰Significant influence via indirect investments
¹¹Structured entity pursuant to IFRS 10 and 12 ¹²Affiliated company which is held by E.ON Pension Trust s.r.o. on behalf of MEON Pensions GmbH & Co. KG ¹³Other equity investment which is held by E.ON Pension Trust s.r.o. on behalf of MEON Pensions GmbH & Co. KG

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name, location	Stake (%)	Name, location	Stake (%)	Name, location	Stake (%)
MZEC - OPAT Sp. z o.o., PL, Chojnice ¹	100.0	Netzgesellschaft Hüllhorst GmbH & Co. KG, DE, Hüllhorst ⁶	49.0	Netzgesellschaft Syke GmbH, DE, Syke ⁶	49.0
MZEC SP. z o.o., PL, Szczecin ²	100.0	Netzgesellschaft Kelkheim GmbH & Co. KG, DE, Kelkheim ⁶	49.0	Netzgesellschaft W-1 GmbH, DE, Helmstedt ²	100.0
Nadácia VSE, SK, Košice ²	100.0	Netzgesellschaft Korb GmbH & Co. KG, DE, Korb ⁶	49.9	Neumünster Netz Beteiligungs-GmbH, DE, Neumünster ¹	50.1
Nahwärme Ascha GmbH, DE, Ascha ²	90.0	Netzgesellschaft Korb Verwaltungs-GmbH, DE, Korb ⁶	49.9	NEW AG, DE, Mönchengladbach ^{1, 9}	38.4
Naturstrom Betriebsgesellschaft Oberhonnefeld mbH, DE, Koblenz ⁶	25.0	Netzgesellschaft Kreisstadt Berghem Verwaltungs-GmbH, DE, Berghem ⁶	49.0	NEW b.gas Eicken GmbH, DE, Schwalmtal ²	100.0
Nebelhornbahn-Aktiengesellschaft, DE, Oberstdorf ⁶	20.1	Netzgesellschaft Lauf GmbH & Co. KG, DE, Lauf ⁶	49.9	New Cogen Sp. z o.o., PL, Warsaw ²	100.0
Nederland Isoleert B.V., NL, Amersfoort ¹	100.0	Netzgesellschaft Lennestadt GmbH & Co. KG, DE, Lennestadt ⁶	25.1	NEW Netz GmbH, DE, Gellenkirchen ²	100.0
Nederland Verkoopt B.V., NL, Amersfoort ¹	100.0	Netzgesellschaft Leutenbach GmbH & Co. KG, DE, Leutenbach ⁶	49.9	NEW Niederrhein Energie und Wasser GmbH, DE, Mönchengladbach ¹	100.0
Netz- und Wartungsservice (NWS) GmbH, DE, Schwerin ²	100.0	Netzgesellschaft Maifeld GmbH & Co. KG, DE, Polch ⁶	49.9	NEW NiederrheinWasser GmbH, DE, Viersen ¹	100.0
Netzanschluss Mürow Oberdorf GbR, DE, Bremerhaven ⁶	34.8	Netzgesellschaft Maifeld Verwaltungs-GmbH, DE, Polch ⁶	49.0	NEW Re GmbH, DE, Mönchengladbach ¹	95.5
Netzgesellschaft Bad Mündler GmbH & Co. KG, DE, Bad Mündler ⁶	49.0	Netzgesellschaft Maifeld Verwaltungs-GmbH, DE, Polch ⁶	49.0	NEW Smart City GmbH, DE, Mönchengladbach ²	100.0
Netzgesellschaft Barsinghausen GmbH & Co. KG, DE, Barsinghausen ⁶	49.0	Netzgesellschaft Marl mbH & Co. KG, DE, Marl ⁶	25.1	NEW Tönisvorst GmbH, DE, Tönisvorst ¹	98.7
Netzgesellschaft Bedburg Verwaltungs-GmbH, DE, Bedburg ⁶	49.0	Netzgesellschaft Marienkirchen Beteiligung mbH, DE, Marienkirchen ⁶	49.0	NEW Viersen GmbH, DE, Viersen ¹	100.0
Netzgesellschaft Betzdorf GmbH & Co. KG, DE, Betzdorf ⁶	49.0	Netzgesellschaft Neuenkirchen mbH & Co. KG, DE, Neuenkirchen ²	100.0	NEW Windenergie Verwaltung GmbH, DE, Mönchengladbach ²	100.0
Netzgesellschaft Bühlertal GmbH & Co. KG, DE, Bühlertal ⁶	49.9	Netzgesellschaft Osnabrücker Land GmbH & Co. KG, DE, Bohmte ⁴	50.0	NEW Windpark Linnich GmbH & Co. KG, DE, Mönchengladbach ²	100.0
Netzgesellschaft Elsdorf Verwaltungs-GmbH, DE, Elsdorf ⁶	49.0	Netzgesellschaft Ottersweier GmbH & Co. KG, DE, Ottersweier ⁶	49.9	NEW Windpark Viersen GmbH & Co. KG, DE, Mönchengladbach ²	100.0
Netzgesellschaft Gehrdten mbH, DE, Gehrdten ⁶	49.0	Netzgesellschaft Panketal GmbH, DE, Panketal ²	100.0	NiersEnergieNetze GmbH & Co. KG, DE, Kevelaer ⁶	51.0
Netzgesellschaft GmbH & Co. KG Bad Homburg v. d. Höhe, DE, Bad Homburg v. d. Höhe ⁶	45.7	Netzgesellschaft Rheda-Wiedenbrück GmbH & Co. KG, DE, Rheda-Wiedenbrück ⁶	49.0	NiersEnergieNetze Verwaltungs-GmbH, DE, Kevelaer ⁶	51.0
Netzgesellschaft Grimma GmbH & Co. KG, DE, Grimma ⁶	49.0	Netzgesellschaft Rheda-Wiedenbrück Verwaltungs-GmbH, DE, Rheda-Wiedenbrück ⁶	49.0	NIS Norddeutsche Informations-Systeme Gesellschaft mbH, DE, Schwentinental ²	100.0
Netzgesellschaft Hemmingen mbH, DE, Hemmingen ⁶	49.0	Netzgesellschaft Rietberg-Langenberg GmbH & Co. KG, DE, Rietberg ⁶	25.1	NORD-direkt GmbH, DE, Neumünster ²	100.0
Netzgesellschaft Hennigsdorf Strom mbH, DE, Hennigsdorf ⁶	50.0	Netzgesellschaft Ronnenberg GmbH & Co. KG, DE, Ronnenberg ⁶	49.0	NordNetz GmbH, DE, Quickborn ²	100.0
Netzgesellschaft Hildesheimer Land GmbH & Co. KG, DE, Giesen ⁶	49.0	Netzgesellschaft S-1 GmbH, DE, Helmstedt ²	100.0	Novo Innovations Limited, GB, Coventry ²	100.0
Netzgesellschaft Hildesheimer Land Verwaltung GmbH, DE, Giesen ⁶	49.0	Netzgesellschaft Schwerin mbH (NGS), DE, Schwerin ⁶	40.0	Npower Business and Social Housing Limited, GB, Swindon ¹	100.0
Netzgesellschaft Hohen Neuendorf Strom GmbH & Co. KG, DE, Hohen Neuendorf ⁶	49.0	Netzgesellschaft Stuhrl/Weyhe mbH i. L., DE, Helmstedt ²	100.0	Npower Commercial Gas Limited, GB, Swindon ¹	100.0
Netzgesellschaft Horn-Bad Meinberg GmbH & Co. KG, DE, Horn-Bad Meinberg ⁶	49.0	Netzgesellschaft Südwestfalen mbH & Co. KG, DE, Netphen ²	49.0	Npower Financial Services Limited, GB, Swindon ¹	100.0
				Npower Gas Limited, GB, Swindon ¹	100.0
				Npower Group Business Services Limited, GB, Swindon ¹	100.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name, location	Stake (%)	Name, location	Stake (%)	Name, location	Stake (%)
Npower Group Limited, GB, Swindon ¹	100.0	Perstorps Fjärrvärme AB, SE, Perstorp ⁵	50.0	Rauschbergbahn Gesellschaft mit beschränkter Haftung, DE, Ruhpolding ⁷	77.4
Npower Limited, GB, Swindon ¹	100.0	PFALZWERKE AKTIENGESellschaft, DE, Ludwigshafen am Rhein ⁴	26.7	RDE Regionale Dienstleistungen Energie GmbH & Co. KG, DE, Veitshöchheim ¹	100.0
Npower Northern Limited, GB, Swindon ¹	100.0	PIS Progress Sp. z o.o., PL, Piła ²	100.0	RDE Verwaltungs-GmbH, DE, Veitshöchheim ²	100.0
Npower Northern Supply Limited, GB, Swindon ²	100.0	Placense Ltd., IL, Caesarea ⁶	22.7	Recklinghausen Netzgesellschaft mbH & Co. KG, DE, Recklinghausen ³	49.9
Npower Yorkshire Limited, GB, Swindon ¹	100.0	Plin-Projekt d.o.o., HR, Nova Gradiška ²	100.0	Recklinghausen Netz-Verwaltungsgesellschaft mbH, DE, Recklinghausen ⁴	49.0
Npower Yorkshire Supply Limited, GB, Swindon ²	100.0	Plus Shipping Services Limited, GB, Swindon ¹	100.0	Refarmed ApS, DK, Copenhagen ⁶	20.0
NRF Neue Regionale Fortbildung GmbH, DE, Halle (Saale) ²	100.0	Portfolio EDL GmbH, DE, Helmstedt ^{1, 4}	100.0	REGAS GmbH & Co. KG, DE, Regensburg ⁶	50.0
Oberland Stromnetz GmbH & Co. KG, DE, Murnau a. Staffelsee ⁶	33.9	Powergen Holdings B.V., NL, Rotterdam ²	100.0	REGAS Verwaltungs-GmbH, DE, Regensburg ²	50.0
ocean5 Business Software GmbH i. L., DE, Kiel ⁸	50.2	Powergen International, GB, Coventry ²	100.0	REGENSBURGER ENERGIE- UND WASSERVERSORGUNG AG, DE, Regensburg ⁶	35.5
Oebisfelder Wasser und Abwasser GmbH, DE, Oebisfelde ⁶	49.0	Powergen Limited, GB, Coventry ²	100.0	Regionale Energiewende Beteiligung Freyung-GmbH, DE, Freyung ⁶	33.3
Oer-Erkenschwick Netz GmbH & Co. KG, DE, Oer-Erkenschwick ⁶	49.0	Powergen Luxembourg Holdings S.À.R.L., LU, Luxembourg ¹	100.0	Regionetz GmbH, DE, Aschen ^{1, 9}	49.2
OIE Aktiengesellschaft, DE, Idar-Oberstein ¹	100.0	Powergen Power No. 1 Limited, GB, Coventry ²	100.0	RegioNetzMünchen GmbH & Co. KG, DE, Garching ⁶	50.0
OMNI Energy Kft., HU, Kiskunhalas ⁶	50.0	Powergen Power No. 2 Limited, GB, Coventry ²	100.0	RegioNetzMünchen Verwaltungs GmbH, DE, Garching ⁶	50.0
OOD E.ON Connecting Energies, RU, Moscow ⁶	50.0	Powergen UK Investments, GB, Coventry ²	100.0	Regnitzstromverwertung Aktiengesellschaft, DE, Erlangen ⁶	33.3
Orcan Energy AG, DE, Munich ⁶	32.7	Powerhouse B.V., NL, Amsterdam ¹	100.0	Renergie Stadt Wittlich GmbH, DE, Wittlich ⁶	30.0
Oschatz Netz GmbH & Co. KG, DE, Oschatz ²	74.9	prego services GmbH, DE, Saarbrücken ⁶	50.0	Reservekraft AS, NO, Lillestrøm ²	100.0
Oschatz Netz Verwaltungs GmbH, DE, Oschatz ²	100.0	PRENU Projektgesellschaft für Rationelle Energienutzung in Neuss mit beschränkter Haftung, DE, Neuss ³	50.0	rEVolution GmbH, DE, Essen ²	100.0
Oskarshamn Energi AB, SE, Oskarshamn ⁶	50.0	Projecta 14 GmbH, DE, Saarbrücken ⁶	50.0	REWAG REGENSBURGER ENERGIE- UND WASSERVERSORGUNG AG & CO KG, DE, Regensburg ⁶	35.5
Ostwestfalen Netz GmbH & Co. KG, DE, Bad Driburg ⁶	25.1	Propan Rheingas GmbH, DE, Brühl ⁶	27.5	Rhegio Dienstleistungen GmbH, DE, Rhede ⁶	24.9
OurGreenCar Sweden AB, SE, Malmö ⁶	30.0	Propan Rheingas GmbH & Co Kommanditgesellschaft, DE, Brühl ⁶	29.6	Rhein-Ahr-Energie Netz GmbH & Co. KG, DE, Grafschaft ⁶	25.1
PannonWatt Energetikai Megoldások Zrt., HU, Győr ⁶	49.9	PS Energy UK Limited, GB, Swindon ¹	100.0	RheinEnergie AG, DE, Cologne ⁶	20.0
pear.ai Inc., US, San Francisco ⁶	40.0	Purena Consult GmbH, DE, Wolfenbüttel ¹	100.0	Rheinland Westfalen Energiepartner GmbH, DE, Essen ²	100.0
PEEK GmbH, DE, Herrsching am Ammersee ⁸	50.0	Purena GmbH, DE, Wolfenbüttel ¹	94.1	Rhein-Main-Donau GmbH, DE, Landshut ⁶	22.5
PEG Infrastruktur AG, CH, Zug ¹²	100.0	QDTE GmbH, DE, Sarstedt ²	100.0	Rhein-Sieg Netz GmbH, DE, Siegburg ¹	100.0
Peißenberger Kraftwerksgesellschaft mit beschränkter Haftung, DE, Peißenberg ²	100.0	Qualitas-AMS GmbH, DE, Siegen ¹	100.0		
Peißenberger Wärme-gesellschaft mbH, DE, Peißenberg ²	100.0	Rain Biomasse Wärme-gesellschaft mbH, DE, Rain ⁶	59.9		
Peridot Verwaltungs GmbH, DE, Essen ²	100.0				

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name, location	Stake (%)	1.	2.	3.	4.
rhenag Rheinische Energie Aktiengesellschaft, DE, Cologne ¹	66.7	SEC Chojnice Sp. z o.o., PL, Szczecin ²	100.0	SERVICE plus Recycling GmbH, DE, Neumünster ²	100.0
RHENAGBAU Gesellschaft mit beschränkter Haftung, DE, Cologne ²	100.0	SEC Choszczno Sp. z o.o., PL, Choszczno ²	100.0	SEW Solarenergie Weissenfels GmbH & Co. KG, DE, Lützen ²	100.0
RIWA GmbH, DE, Kempten (Allgäu) ³	20.0	SEC D Sp. z o.o., PL, Szczecin ²	100.0	Shamrock Energie GmbH, DE, Herne ⁴	40.0
R-KOM Regensburger Telekommunikationsgesellschaft mbH & Co. KG, DE, Regensburg ⁵	20.0	SEC E Sp. z o.o., PL, Szczecin ²	100.0	SHW/RWE Umwelt Aqua Vodogradnja d.o.o., HR, Zagreb ⁶	50.0
R-KOM Regensburger Telekommunikationsverwaltungsgesellschaft mbH, DE, Regensburg ⁶	20.0	SEC Energia Sp. z o.o., PL, Szczecin ²	100.0	Siegener Versorgungsbetriebe GmbH, DE, Siegen ⁶	24.9
RL Besitzgesellschaft mbH, DE, Essen ¹	100.0	SEC F Sp. z o.o., PL, Szczecin ²	100.0	Skandinaviska Kraft AB, SE, Halmstad ⁷	100.0
RL Beteiligungsverwaltung beschr. haft. OHG, DE, Essen ¹	100.0	SEC G Sp. z o.o., PL, Szczecin ²	100.0	Skive GreenLab Biogas ApS, DK, Frederiksberg ⁸	50.0
RURENERGIE GmbH, DE, Düren ⁵	30.1	SEC H Sp. z o.o., PL, Szczecin ²	100.0	ŠKO-ENERGO FIN, s.r.o., CZ, Mladá Boleslav ⁵	42.5
Röthen Gasnetz GmbH & Co. KG, DE, Rügen ⁸	25.1	SEC I Sp. z o.o., PL, Szczecin ²	100.0	ŠKO-ENERGO, s.r.o., CZ, Mladá Boleslav ⁹	21.0
RWE Windpark Garzweiler GmbH & Co. KG, DE, Essen ⁵	49.0	SEC J Sp. z o.o., PL, Szczecin ²	100.0	Smart Energy for Industry GmbH, DE, Munich ²	100.0
RWW Rheinisch-Westfälische Wasserwerksgesellschaft mbH, DE, Mülheim an der Ruhr ¹	79.8	SEC K Sp. z o.o., PL, Szczecin ²	100.0	Smart Energy Plattling GmbH, DE, Munich ²	100.0
S.C. Salgaz S.A., RO, Salonta ²	53.8	SEC L Sp. z o.o., PL, Szczecin ²	100.0	Solar Energy Group S.p.A., IT, Pordenone ¹	100.0
SafeRadon GmbH, DE, Munich ²	100.0	SEC M Sp. z o.o., PL, Szczecin ²	100.0	Solar Service S.r.l., IT, Pordenone ²	100.0
Safetec Entsorgungs- und Sicherheitstechnik GmbH, DE, Heidelberg ²	100.0	SEC N Sp. z o.o., PL, Szczecin ²	100.0	Solar Supply Sweden AB, SE, Karlshamn ²	100.0
Safetec-Swiss GmbH, CH, Würenlingen ²	100.0	SEC NewGrid Sp. z o.o., PL, Szczecin ²	100.0	SolarProjekt Mainaschaff GmbH, DE, Mainaschaff ⁶	50.0
Sandersdorf-Brehna Netz GmbH & Co. KG, DE, Sandersdorf-Brehna ⁸	49.0	SEC O Sp. z o.o., PL, Szczecin ²	100.0	Solnet d.o.o., HR, Zagreb ²	100.0
SARIO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Würzburg KG, DE, Düsseldorf ^{2, 12}	0.0	SEC Obrót Sp. z o.o., PL, Szczecin ²	100.0	Senderjysk Biogas Bevføt A/S, DK, Vojens ⁶	50.0
Scharbeutz Energie- und Netzgesellschaft mbH & Co. KG, DE, Scharbeutz ¹	51.0	SEC P Sp. z o.o., PL, Szczecin ²	100.0	Senderjysk Biogas Løgumkloster ApS, DK, Bevføt ⁶	50.0
Schlauff herm GmbH, DE, Saarbrücken ²	75.0	SEC R Sp. z o.o., PL, Szczecin ²	100.0	SPG Solarpark Guben GmbH & Co. KG, DE, Lützen ²	100.0
Schleswig-Holstein Netz AG, DE, Quickborn ³	71.7	SEC Region Sp. z o.o., PL, Szczecin ²	100.0	SPIE Energy Solutions Harburg GmbH, DE, Hamburg ⁶	35.0
Schleswig-Holstein Netz Verwaltungs-GmbH, DE, Quickborn ¹	100.0	SEC Serwis Sp. z o.o., PL, Szczecin ²	100.0	SPX, s.r.o., SK, Žilina ⁶	33.3
SEC A Sp. z o.o., PL, Szczecin ²	100.0	SEC Zgorzelec Sp. z o.o., PL, Zgorzelec ²	75.0	SSW - Stadtwerke St. Wendel GmbH & Co. KG, DE, St. Wendel ¹	49.5
SEC B Sp. z o.o., PL, Szczecin ²	100.0	SEG Solarenergie Guben GmbH & Co. KG, DE, Guben ⁶	25.1	SSW Stadtwerke St. Wendel Geschäftsführungsgesellschaft mbH, DE, St. Wendel ⁶	49.5
SEC C Sp. z o.o., PL, Szczecin ²	100.0	SEG Solarenergie Guben Management GmbH, DE, Lützen ²	100.0	St. Clements Services Limited, GB, London ⁶	37.5
		Selm Netz GmbH & Co. KG, DE, Selm ⁶	25.1	Stadtentfaller GmbH, DE, Mönchengladbach ²	100.0
		SEN Solarenergie Nienburg GmbH & Co. KG, DE, Lützen ²	50.0	Stadtentwässerung Schwerte GmbH, DE, Schwerte ⁶	48.0
		SERVICE plus GmbH, DE, Neumünster ²	100.0	Städtische Betriebswerke Luckenwalde GmbH, DE, Luckenwalde ⁶	29.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name, location	Stake (%)	Name, location	Stake (%)	Name, location	Stake (%)
Städtische Werke Borna GmbH, DE, Borna ⁶	36.8	Stadtwerke Dülmen Dienstleistungs- und Beteiligungs-GmbH & Co. KG, DE, Dülmen ⁶	50.0	Stadtwerke Merzig Gesellschaft mit beschränkter Haftung, DE, Merzig ⁶	49.9
Städtische Werke Magdeburg GmbH & Co. KG, DE, Magdeburg ⁶	26.7	Stadtwerke Dülmen Verwaltungs-GmbH, DE, Dülmen ⁶	50.0	Stadtwerke Neunburg vorm Wald Strom GmbH, DE, Neunburg vorm Wald ⁶	24.9
Städtische Werke Magdeburg Verwaltungs-GmbH, DE, Magdeburg ⁶	26.7	Stadtwerke Düren GmbH, DE, Düren ^{1,9}	49.9	Stadtwerke Neuss Energie und Wasser Beteiligungs-GmbH, DE, Neuss ^{7,10}	51.0
Städtisches Wasserwerk Eschweiler GmbH, DE, Eschweiler ⁶	24.9	Stadtwerke Ebermannstadt Versorgungsbetriebe GmbH, DE, Ebermannstadt ⁶	25.0	Stadtwerke Nordfriesland GmbH, DE, Niebüll ⁶	49.9
Stadtnetze Neustadt a. Rhge. GmbH & Co. KG, DE, Neustadt a. Rhge. ⁶	24.9	Stadtwerke Eggenfelden GmbH, DE, Eggenfelden ⁶	49.0	Stadtwerke Oberkirch GmbH, DE, Oberkirch ⁶	33.3
Stadtnetze Neustadt a. Rhge. Verwaltungs-GmbH, DE, Neustadt a. Rhge. ⁶	24.9	Stadtwerke Emmerich GmbH, DE, Emmerich am Rhein ⁶	24.9	Stadtwerke Olching Stromnetz GmbH & Co. KG, DE, Olching ⁶	49.0
Stadtversorgung Pattensen GmbH & Co. KG, DE, Pattensen ⁶	49.0	Stadtwerke Essen Aktiengesellschaft, DE, Essen ⁶	29.0	Stadtwerke Olching Stromnetz Verwaltungs GmbH, DE, Olching ⁶	49.0
Stadtversorgung Pattensen Verwaltung GmbH, DE, Pattensen ⁶	49.0	Stadtwerke Frankfurt (Oder) GmbH, DE, Frankfurt (Oder) ⁶	39.0	Stadtwerke Parchim GmbH, DE, Parchim ⁶	25.2
Stadtwerk Verl Netz GmbH & Co. KG, DE, Verl ⁶	25.1	Stadtwerke Garbsen GmbH, DE, Garbsen ⁶	24.9	Stadtwerke Premnitz GmbH, DE, Premnitz ⁶	35.0
Stadtwerke - Strom Plauen GmbH & Co. KG, DE, Plauen ⁶	49.0	Stadtwerke Geesthacht GmbH, DE, Geesthacht ⁶	24.9	Stadtwerke Pritzwalk GmbH, DE, Pritzwalk ⁶	49.0
Stadtwerke Ahaus GmbH, DE, Ahaus ⁶	36.0	Stadtwerke Geldern GmbH, DE, Geldern ⁶	49.0	Stadtwerke Ratingen GmbH, DE, Ratingen ⁶	24.8
Stadtwerke Aschersleben GmbH, DE, Aschersleben ⁶	35.0	Stadtwerke Gescher GmbH, DE, Gescher ⁶	25.1	Stadtwerke Reichenbach/Vogtland GmbH, DE, Reichenbach im Vogtland ⁶	24.5
Stadtwerke Aue - Bad Schlema GmbH, DE, Aue-Bad Schlema ⁶	24.5	Stadtwerke GmbH Bad Kreuznach, DE, Bad Kreuznach ³	24.5	Stadtwerke Ribnitz-Damgarten GmbH, DE, Ribnitz-Damgarten ⁶	39.0
Stadtwerke Bad Bramstedt GmbH, DE, Bad Bramstedt ⁶	36.0	Stadtwerke Goch Netze GmbH & Co. KG, DE, Goch ³	25.1	Stadtwerke Roßlau Fernwärme GmbH, DE, Dessau-Roßlau ⁶	49.0
Stadtwerke Barth GmbH, DE, Barth ⁶	49.0	Stadtwerke Goch Netze Verwaltungsgesellschaft mbH, DE, Goch ⁶	25.1	Stadtwerke Saarlouis GmbH, DE, Saarlouis ⁵	49.0
Stadtwerke Bayreuth Energie und Wasser GmbH, DE, Bayreuth ⁶	24.9	Stadtwerke Haan GmbH, DE, Haan ⁶	25.1	Stadtwerke Schwarzenberg GmbH, DE, Schwarzenberg/Erzgeb. ⁶	27.5
Stadtwerke Bergen GmbH, DE, Bergen ⁶	49.0	Stadtwerke Husum GmbH, DE, Husum ⁶	49.9	Stadtwerke Schwedt GmbH, DE, Schwedt/Oder ⁶	37.8
Stadtwerke Bernburg GmbH, DE, Bernburg (Saale) ⁵	45.0	Stadtwerke Kamp-Lintfort GmbH, DE, Kamp-Lintfort ⁶	49.0	Stadtwerke Siegburg GmbH & Co. KG, DE, Siegburg ⁶	49.0
Stadtwerke Bitterfeld-Wolfen GmbH, DE, Bitterfeld-Wolfen ⁶	40.0	Stadtwerke Kerpen GmbH & Co. KG, DE, Kerpen ⁶	25.1	Stadtwerke Steinfurt, Gesellschaft mit beschränkter Haftung, DE, Steinfurt ⁶	33.0
Stadtwerke Blankenburg GmbH, DE, Blankenburg ⁶	30.0	Stadtwerke Kirm GmbH, DE, Kirm/Nahe ⁶	49.0	Stadtwerke Tornesch GmbH, DE, Tornesch ⁶	49.0
Stadtwerke Bogen GmbH, DE, Bogen ⁶	41.0	Stadtwerke Langenfeld GmbH, DE, Langenfeld ⁶	20.0	Stadtwerke Unna GmbH, DE, Unna ⁶	24.0
Stadtwerke Burgdorf GmbH, DE, Burgdorf ⁶	49.0	Stadtwerke Lingen GmbH, DE, Lingen (Ems) ⁴	40.0	Stadtwerke Vilshofen GmbH, DE, Vilshofen ⁶	41.0
Stadtwerke Castrop-Rauxel Stromnetz GmbH & Co. KG, DE, Castrop-Rauxel ¹	100.0	Stadtwerke Lübz GmbH, DE, Lübz ⁶	25.0	Stadtwerke Vlotho GmbH, DE, Vlotho ⁶	24.9
Stadtwerke Castrop-Rauxel Stromnetz Verwaltungs GmbH, DE, Castrop-Rauxel ¹	100.0	Stadtwerke Ludwigsfelde GmbH, DE, Ludwigsfelde ⁶	29.0	Stadtwerke Wadern GmbH, DE, Wadern ⁶	49.0
Stadtwerke Dillingen/Saar GmbH, DE, Dillingen ⁶	49.0	Stadtwerke Meerane GmbH, DE, Meerane ⁶	24.5	Stadtwerke Waltrop Netz GmbH & Co. KG, DE, Waltrop ⁶	25.1
Stadtwerke Duisburg Aktiengesellschaft, DE, Duisburg ⁶	20.0	Stadtwerke Merseburg GmbH, DE, Merseburg ⁵	40.0		

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Name, location	Stake (%)	Name, location	Stake (%)	Name, location	Stake (%)
Stadtwerke Weiburg GmbH, DE, Weiburg ¹	20.0	Stromnetz Gersthofen GmbH & Co. KG, DE, Gersthofen ¹	49.0	Stromnetzgesellschaft Barsinghausen GmbH & Co. KG, DE, Barsinghausen ¹	49.0
Stadtwerke Weidenfels GmbH, DE, Weidenfels ¹	24.5	Stromnetz Günzburg GmbH & Co. KG, DE, Günzburg ¹	49.0	Strom-Netzgesellschaft Bedburg GmbH & Co. KG, DE, Bedburg ¹	25.1
Stadtwerke Werl GmbH, DE, Werl ¹	25.1	Stromnetz Günzburg Verwaltungs GmbH, DE, Günzburg ¹	49.0	Stromnetzgesellschaft Bramsche mbH & Co. KG, DE, Bramsche ¹	25.1
Stadtwerke Wesel Strom-Netzgesellschaft mbH & Co. KG, DE, Wesel ¹	25.0	Stromnetz Hallbergmoos GmbH & Co. KG, DE, Hallbergmoos ¹	49.0	Stromnetzgesellschaft Datteln GmbH & Co. KG, DE, Datteln ¹	49.0
Stadtwerke Wismar GmbH, DE, Wismar ¹	49.0	Stromnetz Hallbergmoos Verwaltungs GmbH, DE, Hallbergmoos ¹	49.0	Strom-Netzgesellschaft Elsdorf GmbH & Co. KG, DE, Elsdorf ¹	25.1
Stadtwerke Wittenberge GmbH, DE, Wittenberge ¹	22.7	Stromnetz Hofheim GmbH & Co. KG, DE, Hofheim am Taunus ¹	49.0	Stromnetzgesellschaft Gescher GmbH & Co. KG, DE, Gescher ¹	25.1
Stadtwerke Wolfenbüttel GmbH, DE, Wolfenbüttel ¹	26.0	Stromnetz Hofheim Verwaltungs GmbH, DE, Hofheim am Taunus ¹	49.0	Strom-Netzgesellschaft Kolpingstadt Kerpen GmbH & Co. KG, DE, Kerpen ¹	25.1
Stadtwerke Wolmirstedt GmbH, DE, Wolmirstedt ¹	49.4	Stromnetz Kulmbach GmbH & Co. KG, DE, Kulmbach ¹	49.0	Strom-Netzgesellschaft Kreisstadt Berghem GmbH & Co. KG, DE, Berghem ¹	25.1
Stadtwerke Wülfrath Netz GmbH & Co. KG, DE, Wülfrath ¹	36.0	Stromnetz Kulmbach Verwaltungs GmbH, DE, Kulmbach ¹	49.0	Stromnetzgesellschaft Langenfeld mbH & Co. KG, DE, Langenfeld ¹	100.0
Stadtwerke Zeitz GmbH, DE, Zeitz ¹	24.8	Stromnetz Neckargemünd GmbH, DE, Neckargemünd ¹	49.9	Stromnetzgesellschaft Langenfeld Verwaltung GmbH, DE, Langenfeld ¹	100.0
STAWAG Abwasser GmbH, DE, Aachen ¹	100.0	Stromnetz Pulheim GmbH & Co. KG, DE, Pulheim ¹	25.1	Stromnetzgesellschaft Mettmann mbH & Co. KG, DE, Mettmann ¹	25.1
STAWAG Infrastruktur Monschau GmbH & Co. KG, DE, Monschau ¹	100.0	Stromnetz Pullach GmbH, DE, Pullach im Isartal ¹	49.0	Stromnetzgesellschaft Neuenhaus mbH & Co. KG, DE, Neuenhaus ¹	49.0
STAWAG Infrastruktur Monschau Verwaltungs GmbH, DE, Monschau ¹	100.0	Stromnetz Traunreut GmbH & Co. KG, DE, Traunreut ¹	49.0	Stromnetzgesellschaft Neuenhaus Verwaltungs-GmbH, DE, Neuenhaus ¹	49.0
STAWAG Infrastruktur Simmerath GmbH & Co. KG, DE, Simmerath ¹	100.0	Stromnetz Traunreut Verwaltungs GmbH, DE, Traunreut ¹	49.0	Stromnetzgesellschaft Neunkirchen-Seelscheid mbH & Co. KG, DE, Neunkirchen-Seelscheid ¹	49.0
STAWAG Infrastruktur Simmerath Verwaltungs GmbH, DE, Simmerath ¹	100.0	Stromnetz Verbandsgemeinde Katzenelnbogen GmbH & Co. KG, DE, Katzenelnbogen ¹	49.0	Stromnetzgesellschaft Schwalmtal mbH & Co. KG, DE, Schwalmtal ¹	51.0
STEAG Windpark Ullersdorf GmbH & Co. KG, DE, Jamlitz ¹	20.8	Stromnetz Verbandsgemeinde Katzenelnbogen Verwaltungs-gesellschaft mbH, DE, Katzenelnbogen ¹	49.0	Stromnetzgesellschaft Seelze GmbH & Co. KG, DE, Seelze ¹	49.0
Stibbe Kälte-Klima-Technik GmbH & Co. KG, DE, Garbsen ¹	100.0	Stromnetz VG Diez Verwaltungsgesellschaft mbH, DE, Altdiez ¹	49.0	Stromnetzgesellschaft Siegen GmbH & Co. KG, DE, Siegen ¹	25.1
Stoen Operator Sp. z o.o., PL, Warsaw ¹	100.0	Stromnetz Weiden i.d.OPf. GmbH & Co. KG, DE, Weiden i.d.OPf. ¹	49.0	Strom-Netzgesellschaft Voerde mbH & Co. KG, DE, Voerde ¹	25.1
Stollberg Netz GmbH & Co. KG, DE, Stollberg ¹	49.0	Stromnetz Weilheim GmbH & Co. KG, DE, Regensburg ¹	100.0	Stromnetzgesellschaft Windeck mbH & Co. KG, DE, Windeck ¹	49.9
Stollberg Netz Verwaltungs GmbH, DE, Stollberg ¹	100.0	Stromnetz Weilheim Verwaltungs GmbH, DE, Regensburg ¹	100.0	Stromnetzgesellschaft Wunstorf GmbH & Co. KG, DE, Wunstorf ¹	49.0
Strom Germering GmbH, DE, Germering ¹	90.0	Stromnetz Würmtal GmbH & Co. KG, DE, Planegg ¹	74.5	Stromversorgung Angermünde GmbH, DE, Angermünde ¹	49.0
Stromnetz Diez GmbH und Co. KG, DE, Diez ¹	25.1	Stromnetz Würmtal Verwaltungs GmbH, DE, Planegg ¹	100.0	Stromversorgung Penzberg GmbH & Co. KG, DE, Penzberg ¹	49.0
Stromnetz Diez Verwaltungsgesellschaft mbH, DE, Diez ¹	25.1	Stromnetze Peiner Land GmbH, DE, Ilsede ¹	49.0	Stromversorgung Pfaffenhofen a. d. Ilm GmbH & Co. KG, DE, Pfaffenhofen ¹	49.0
Stromnetz Essen GmbH & Co. KG i.Gr., DE, Essen ¹	100.0	Stromnetzgesellschaft Bad Salzdetfurth - Diekhöfen mbH & Co. KG, DE, Bad Salzdetfurth ¹	49.0		
Stromnetz Essen Verwaltung GmbH, DE, Essen ¹	100.0				
Stromnetz Euskirchen GmbH & Co. KG, DE, Euskirchen ¹	25.1				
Stromnetz Friedberg GmbH & Co. KG, DE, Friedberg ¹	49.0				

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Name, location	Stake (%)	Name, location	St.	Name, location	St.
Stromversorgung Pfaffenhofen a. d. Ilm Verwaltungs GmbH, DE, Pfaffenhofen ¹	49.0	SWT trian GmbH, DE, Trier ²	26.0	Überlandwerk Krumbach Gesellschaft mit beschränkter Haftung, DE, Krumbach ³	74.6
Stromversorgung Ruhpolding Gesellschaft mit beschränkter Haftung, DE, Ruhpolding ²	100.0	SWTE Netz GmbH & Co. KG, DE, Ibbenbüren ⁴	33.0	Überlandwerk Leinetal GmbH, DE, Gronau ⁵	48.0
Stromversorgung Unterschleißheim GmbH & Co. KG, DE, Unterschleißheim ⁶	49.0	SWTE Netz Verwaltungsgesellschaft mbH, DE, Ibbenbüren ⁴	33.0	Überlandwerk Mittelbaden GmbH & Co. KG, DE, Lahr ⁴	37.8
Stromversorgung Unterschleißheim Verwaltungs GmbH, DE, Unterschleißheim ⁶	49.0	Syna GmbH, DE, Frankfurt am Main ¹	100.0	Überlandwerk Mittelbaden Verwaltungs-GmbH, DE, Lahr ⁶	37.8
Stromverwaltung Schwalmtal GmbH, DE, Schwalmtal ⁸	51.0	Szczecińska Energetyka Ciepła Sp. z o.o., PL, Szczecin ¹	66.5	Ultra-Fast Charging Venture Scandinavia ApS, DK, Copenhagen ⁶	50.0
strotäg GmbH Strom aus Töging, DE, Töging am Inn ⁴	50.0	Szombathelyi Erőmű Zrt., HU, Budapest ¹	80.0	Umspannwerk Miltzow-Mannhagen GbR, DE, Sundhagen ⁶	26.8
StWB Stadtwerke Brandenburg an der Havel GmbH & Co. KG, DE, Brandenburg an der Havel ⁸	36.8	Szombathelyi Távhőszolgáltató Kft., HU, Szombathely ⁴	25.0	Union Grid s.r.o., CZ, Prague ⁶	34.0
StWB Verwaltungs GmbH, DE, Brandenburg an der Havel ⁶	36.8	Technische Werke Naumburg GmbH, DE, Naumburg (Saale) ⁹	47.0	Untere Iller GmbH, DE, Landslut ⁶	40.0
SüdWasser GmbH, DE, Erlangen ²	100.0	The Power Generation Company Limited, GB, Coventry ²	100.0	Untermain EnergieProjekt AG & Co. KG., DE, Kelsterbach ²	49.0
Südwestfalen Netz-Verwaltungsgesellschaft mbH, DE, Netphen ⁶	49.0	TNA Talsperren- und Grundwasser-Aufbereitungs- und Vertriebsgesellschaft mbH, DE, Nonnweiler ⁴	22.8	Untermain Erneuerbare Energien GmbH, DE, Raunheim ⁶	25.0
Süwag Energie AG, DE, Frankfurt am Main ¹	77.6	TRANSELEKTRO, s.r.o., SK, Košice ⁸	25.5	URANIT GmbH, DE, Jülich ⁴	50.0
Süwag Grüne Energien und Wasser AG & Co. KG, DE, Frankfurt am Main ¹	100.0	TreueNetz GmbH, DE, Lübeck ⁴	25.1	Utility Debt Services Limited, GB, Coventry ²	100.0
Süwag Management GmbH, DE, Frankfurt am Main ²	100.0	Triangeln 10 i Norrköping Fastighets AB, SE, Malmö ²	100.0	Vandebon B.V., NL, Amsterdam ¹	100.0
Süwag Vertrieb AG & Co. KG, DE, Frankfurt am Main ¹	100.0	Triangeln 11 AB, SE, Malmö ²	100.0	Vandebon Energie B.V., NL, Amsterdam ¹	100.0
SVH Stromversorgung Haar GmbH, DE, Haar ⁶	50.0	Triangeln 15 i Norrköping Fastighets AB, SE, Malmö ²	100.0	VEM Neue Energie Muldental GmbH & Co. KG, DE, Markkleeberg ⁶	50.0
SVI-Stromversorgung Ismaning GmbH, DE, Ismaning ⁸	25.1	Trinkwasserverbund Niederrhein TWN GmbH, DE, Grevenbroich ⁶	33.3	Versorgungsbetrieb Waldbüttelbrunn GmbH, DE, Waldbüttelbrunn ⁶	49.0
SVO Access GmbH, DE, Celle ¹	100.0	Trocknungsanlage Zolling GmbH & Co. KG, DE, Zolling ⁶	33.3	Versorgungsbetriebe Helgoland GmbH, DE, Helgoland ⁶	49.0
SVO Holding GmbH, DE, Celle ¹	50.1	Trocknungsanlage Zolling Verwaltungs GmbH, DE, Zolling ⁶	33.3	Versorgungskasse Energie (VVG) i. L., DE, Hanover ⁶	69.6
SVO Vertrieb GmbH, DE, Celle ¹	100.0	TWE Technische Werke der Gemeinde Ens Dorf GmbH, DE, Ens Dorf ⁶	49.0	Versuchsatomkraftwerk Kahl GmbH, DE, Karlstein ⁶	20.0
SVS-Versorgungsbetriebe GmbH, DE, Stadtholn ⁴	30.0	TWL Technische Werke der Gemeinde Losheim GmbH, DE, Losheim am See ⁶	49.9	Verteilnetz Plauen GmbH, DE, Plauen ¹	100.0
SWG Glasfaser Netz GmbH, DE, Geesthacht ⁶	33.4	TWM Technische Werke der Gemeinde Merchweiler Gesellschaft mit beschränkter Haftung, DE, Merchweiler ⁴	49.0	Verteilnetze Energie Weißenhorn GmbH & Co. KG, DE, Weißenhorn ⁶	35.0
SWN Stadtwerke Neustadt GmbH, DE, Neustadt bei Coburg ⁶	25.1	TWRS Technische Werke der Gemeinde Rehlingen-Siersburg GmbH, DE, Rehlingen-Siersburg ⁶	35.0	Verwaltungsgesellschaft Dorsten Netz mbH, DE, Dorsten ⁶	49.0
SWS Energie GmbH, DE, Stralsund ¹	49.0	TWS Technische Werke der Gemeinde Saarwellingen GmbH, DE, Saarwellingen ⁴	51.0	Verwaltungsgesellschaft Energie Weißenhorn GmbH, DE, Weißenhorn ¹	35.0
				Verwaltungsgesellschaft Energieversorgung Tümmendorfer Strand mbH, DE, Tümmendorfer Strand ²	51.0
				Verwaltungsgesellschaft GWK Dillingen mbH, DE, Dillingen ⁶	25.2

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Name, location	Stake (%)	Name, location	Stake (%)	Name, location	Stake (%)
Verwaltungsgesellschaft Scharbeutz Energie- und Netzgesellschaft mbH, DE, Scharbeutz ¹	51.0	Wärmeversorgung Schwaben GmbH, DE, Augsburg ²	100.0	Wendelsteinbahn Verteilnetz GmbH, DE, Brannenburg am Inn ²	100.0
Veszprém-Kögeneráció Energiatermelő Zrt., HU, Budapest ²	100.0	Wärmeversorgung Wachau GmbH, DE, Marktleiberg ³	49.0	werkkraft GmbH, DE, Munich ⁴	50.0
Visualix GmbH i. L., DE, Berlin ⁵	25.0	Wärmeversorgung Würselen GmbH, DE, Stolberg/Rhld. ²	100.0	Werne Netz GmbH & Co. KG, DE, Werne ⁶	49.0
VKB-GmbH, DE, Neunkirchen ¹	50.0	Wärmeversorgungsgesellschaft Königs Wusterhausen mbH, DE, Königs Wusterhausen ²	50.1	Westenergie AG, DE, Essen ¹	100.0
Volta Limburg B.V., NL, Schinnen ¹	100.0	Wasser- und Abwassergesellschaft Vienenburg mbH, DE, Goslar ⁸	49.0	Westenergie Aqua GmbH, DE, Mülheim an der Ruhr ^{1, 9}	100.0
Volta Participaties 1 BV, NL, Schinnen ¹	100.0	Wasserkraft Baierbrunn GmbH, DE, Unterschleißheim ⁶	50.0	Westenergie Breitband GmbH, DE, Essen ¹	100.0
Volta Service B.V., NL, Schinnen ¹	100.0	Wasserkraft Farchet GmbH, DE, Bad Tölz ²	60.0	Westenergie Metering GmbH, DE, Mülheim an der Ruhr ²	100.0
Volta Solar B.V., NL, Heerlen ¹	100.0	Wasserkraftnutzung im Landkreis Gifhorn GmbH, DE, Müden/Aller ⁶	50.0	Westenergie Netzservice GmbH, DE, Dortmund ¹	100.0
Volta Solar VOF, NL, Heerlen ¹	90.0	Wassernetzgesellschaft Erft GmbH & Co. KG, DE, Bergheim ⁸	51.0	Westenergie Rheinessen Beteiligungs GmbH, DE, Essen ^{1, 9}	100.0
VOLTARIS GmbH, DE, Maxdorf ⁶	50.0	Wasser-Netzgesellschaft Kolpingstadt Kerpen GmbH & Co. KG, DE, Kerpen ⁸	25.1	Westerwald-Netz GmbH, DE, Betzdorf ²	100.0
VSE - Windpark Merchingen GmbH & Co. KG, DE, Saarbrücken ²	100.0	Wasserverbund Niederrhein Gesellschaft mit beschränkter Haftung, DE, Moers ⁸	38.5	Westnetz Asset Komplementär GmbH, DE, Essen ²	100.0
VSE - Windpark Merchingen VerwaltungsGmbH, DE, Saarbrücken ²	100.0	Wasserversorgung Main-Taunus GmbH, DE, Frankfurt am Main ⁶	49.0	Westnetz GmbH, DE, Dortmund ¹	100.0
VSE Agentur GmbH, DE, Saarbrücken ²	100.0	Wasserversorgung Sarstedt GmbH, DE, Sarstedt ⁸	49.0	Westnetz Immobilien GmbH & Co. KG, DE, Essen ^{1, 9}	100.0
VSE Aktiengesellschaft, DE, Saarbrücken ¹	51.4	Wasserversorgung Sarstedt GmbH, DE, Sarstedt ⁸	49.0	Westnetz Kommunikationsleitungen GmbH & Co. KG, DE, Essen ¹	100.0
VSE Call centrum s.r.o., SK, Košice ²	100.0	Wasserwirtschafts- und Betriebsgesellschaft Grafenwöhr GmbH, DE, Grafenwöhr ⁸	29.0	WET Windenergie Trampe GmbH & Co. KG, DE, Lützen ²	100.0
VSE Ekoenergia, s.r.o., SK, Košice ²	100.0	Wasserzweckverband der Gemeinde Nailbach, DE, Nailbach ⁵	49.0	WEVG Salzgitter GmbH & Co. KG, DE, Salzgitter ²	50.2
VSE NET GmbH, DE, Saarbrücken ¹	100.0	WB Wärme Berlin GmbH, DE, Schönefeld ⁸	51.0	WEVG Verwaltungs GmbH, DE, Salzgitter ²	50.2
VSE Verteilnetz GmbH, DE, Saarbrücken ¹	100.0	WEA Schönerlinde GbR mbH Kiepsch & Bosse & Beteiligungsges. e.disnatur mbH, DE, Berlin ²	70.0	WGG Windenergie Großkorbetha GmbH & Co. KG, DE, Lützen ²	75.0
VSE-Stiftung Gemeinnützige Gesellschaft zur Förderung von Bildung, Erziehung, Kunst und Kultur mbH, DE, Saarbrücken ²	100.0	WeAre GmbH, DE, Berlin ⁶	20.0	wip Tiefbaugesellschaft mbH & Co. KG, DE, Mönchengladbach ¹	100.0
Východoslovenská distribučná, a.s., SK, Košice ¹	100.0	weeenergie GmbH, DE, Dresden ⁶	40.0	Willems Koeltechnik B.V., NL, Beek ²	100.0
Východoslovenská energetika a.s., SK, Košice ²	100.0	Weissmalkraftwerk Röhrenhof Aktiengesellschaft, DE, Bad Berneck ²	93.5	Windenergie Briesensee GmbH, DE, Neu Zauche ⁶	31.5
Východoslovenská energetika Holding a.s., SK, Košice ^{1, 9}	49.0	WEK Windenergie Kolkwitz GmbH & Co. KG, DE, Kolkwitz ²	100.0	Windenergie Frehne GmbH & Co. KG, DE, Lützen ⁵	41.0
Wärmeenergie Verwaltungs GmbH, DE, Essen ²	100.0	Welver Netz GmbH & Co. KG, DE, Walver ⁶	49.0	Windenergie Frehne Management GmbH, DE, Lützen ²	100.0
Wärmeversorgung Limburg GmbH, DE, Limburg an der Lahn ⁶	50.0	Wendelsteinbahn Gesellschaft mit beschränkter Haftung, DE, Brannenburg am Inn ²	100.0	Windenergie Leinetal GmbH & Co. KG, DE, Freden (Leine) ⁴	26.2
Wärmeversorgung Mühlen GmbH, DE, Mühlen (Geiselte) ⁸	49.0			Windenergie Leinetal Verwaltungs GmbH, DE, Freden (Leine) ⁹	24.9
Wärmeversorgung Schenefeld GmbH, DE, Schenefeld ⁶	40.0			Windenergie Merzig GmbH, DE, Merzig ⁶	20.0
				Windenergie Osterburg GmbH & Co. KG, DE, Osterburg (Altmark) ²	49.0

¹Consolidated affiliated company. ²Non-consolidated affiliated company for reasons of immateriality (valued at cost). ³Joint operations pursuant to IFRS 11. ⁴Joint ventures pursuant to IFRS 11. ⁵Associated company (valued using the equity method). ⁶Associated company (valued at cost for reasons of immateriality). ⁷Investments pursuant to Section 313 (2) No. 5 HGB. ⁸This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b. ⁹Control by virtue of company contract. ¹⁰No control by virtue of company contract. ¹¹Significant influence via indirect investments. ¹²Structured entity pursuant to IFRS 10 and 12. ¹³Affiliated company which is held by E.ON Pension Trust s.r.o. on behalf of MEDON Pensions GmbH & Co. KG. ¹⁴Other equity investment which is held by E.ON Pension Trust s.r.o. on behalf of MEDON Pensions GmbH & Co. KG.

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name, location	Stake (%)				
Windenergie Osterburg Verwaltungs GmbH, DE, Osterburg (Altmark) ¹	49.0	Windpark Mallnow GmbH & Co. KG, DE, Potsdam ²	100.0	WVG - Warsteiner Verbundgesellschaft mbH, DE, Warstein ³	25.1
Windenergie Schermbeck-Rüste GmbH & Co. KG, DE, Schermbeck ⁴	20.3	WINDPARK Mützenschen OHG, DE, Potsdam ²	77.8	WVL Wasserversorgung Losheim GmbH, DE, Losheim am See ⁵	49.9
Windenergiepark Heidenrod GmbH, DE, Heidenrod ⁶	45.0	Windpark Naundorf OHG, DE, Potsdam ²	66.7	WVM Wärmeversorgung Maßbach GmbH, DE, Maßbach ⁵	22.2
WINDENERGIEPARK WESTKÜSTE GmbH, DE, Kaiser-Wilhelm-Koog ⁷	80.0	Windpark Nohfelden-Eisen GmbH, DE, Nohfelden ⁸	50.0	WVW Wasser- und Energieversorgung Kreis St. Wendel Gesellschaft mit beschränkter Haftung, DE, St. Wendel ⁹	28.1
Windkraft Hochheim GmbH & Co. KG, DE, Lützen ²	90.0	Windpark Oberthal GmbH, DE, Oberthal ¹⁰	35.0	WWS Wasserwerk Saarwellingen GmbH, DE, Saarwellingen ¹¹	49.0
Windkraft Jerichow-Mangelsdorf I GmbH & Co. KG, DE, Burg ⁶	25.1	Windpark Paffendorf GmbH & Co. KG, DE, Bergheim ⁶	49.0	WWW Wasserwerk Wadern GmbH, DE, Wadern ¹²	49.0
Windpark Anhalt-Süd (Köthen) OHG, DE, Potsdam ²	83.3	Windpark Perl GmbH, DE, Perl ¹³	42.0	xtechholding GmbH, DE, Berlin ¹⁴	28.4
Windpark Büschdorf GmbH, DE, Perl ²	51.0	Windpark Verwaltungsgesellschaft mbH, DE, Lützen ²	100.0	Zagrebacke otpadne vode d.o.o., HR, Zagreb ¹⁵	48.5
Windpark Eschweiler Beteiligungs GmbH, DE, Stolberg/Rhld. ¹⁶	55.1	Windpark Wadern-Felsenberg GmbH, DE, Wadern ²	100.0	Zagrebacke otpadne vode-upravljanje i pogon d.o.o., HR, Zagreb ¹⁵	29.0
Windpark Hof Tetschow GmbH & Co. KG, DE, Potsdam ²	100.0	WKH Windkraft Hochheim Management GmbH, DE, Lützen ²	100.0	Západoslovenská energetika a.s. (ZSE), SK, Bratislava ¹⁷	49.0
Windpark Jüchen & NEW GmbH & Co. KG, DE, Jüchen ¹	51.0	WLN Wasserlabor Niederrhein GmbH, DE, Mönchengladbach ⁶	45.0	ZonnigBeheer B.V., NL, Lelystad ¹⁸	100.0
Windpark Jüchen & NEW Verwaltung GmbH, DE, Jüchen ²	51.0	WPB Windpark Börnicke GmbH & Co. KG, DE, Lützen ²	100.0	Zwickauer Energieversorgung GmbH, DE, Zwickau ¹⁹	27.0
Windpark Losheim-Britten GmbH, DE, Losheim am See ⁶	50.0	WPK Windpark Kraasa GmbH & Co. KG, DE, Lützen ²	100.0		
Windpark Lützen GmbH & Co. KG, DE, Lützen ²	100.0	WUN Pellets GmbH, DE, Wunsiedel ¹	25.1		

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⁷Investments pursuant to Section 313 (2) No. 5 HGB ⁸This company exercised its exemption option under Section 264 Paragraph 3 of the German Commercial Code or under Section 264b ⁹Control by virtue of company contract ¹⁰No control by virtue of company contract ¹¹Significant influence via indirect investments
¹²Structured entity pursuant to IFRS 10 and 12 ¹³Affiliated company which is held by E.ON Pension Trust s.r.o. on behalf of MEON Pensión GmbH & Co. KG ¹⁴Other equity investment which is held by E.ON Pension Trust s.r.o. on behalf of MEON Pensión GmbH & Co. KG

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Consolidated investment funds		Investments Pursuant to Section 313 (2) No. 5 HGB			
HANSEFONDS, DE, Düsseldorf ¹	100.0	BEW Bergische Energie- und Wasser-Gesellschaft mit beschränkter Haftung, DE, Wipperfurth ¹	19.5	35.4	6.4
MI-FONDS 178, DE, Frankfurt am Main ¹	100.0	Energieversorgung Limburg Gesellschaft mit beschränkter Haftung, DE, Limburg an der Lahn ²	10.0	28.3	3.6
MI-FONDS F55, DE, Frankfurt am Main ¹	100.0	e-werk Sachsenwald GmbH, DE, Reinbek ²	16.0	31.2	4.4
MI-FONDS G55, DE, Frankfurt am Main ¹	100.0	Herzo Werke GmbH, DE, Herzogenaurach ¹	19.9	20.3	-
MI-FONDS J55, DE, Frankfurt am Main ¹	100.0	infra fürth gmbh, DE, Fürth ¹	19.9	79.6	-
MI-FONDS K55, DE, Frankfurt am Main ¹	100.0	Nord Stream AG, CH, Zug ^{1, 14}	15.5	3,110.2	442.1
OB 2, DE, Düsseldorf ¹	100.0	PSI Software AG, DE, Berlin ²	17.8	89.8	4.8
OB 5, DE, Düsseldorf ¹	100.0	Stadtwerke Bamberg Energie- und Wasserversorgungs GmbH, DE, Bamberg ²	10.0	30.1	-
		Stadtwerke Detmold GmbH, DE, Detmold ¹	12.5	31.5	-
		Stadtwerke Hof Energie+Wasser GmbH, DE, Hof ²	19.9	22.1	-
		Stadtwerke Neuss Energie und Wasser GmbH, DE, Neuss ¹	17.5	88.3	-
		Stadtwerke Straubing Strom und Gas GmbH, DE, Straubing ¹	19.9	15.8	-
		Stadtwerke Wertheim GmbH, DE, Wertheim ¹	10.0	20.5	-
		SWT Stadtwerke Trier Versorgungs-GmbH, DE, Trier ²	18.7	56.4	-

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Other Information

Other Information

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Declaration of the Management Board

To the best of our knowledge, we declare that, in accordance with applicable financial reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the Group Management Report, which is combined with the management report of E.ON SE, provides a fair review of the development and performance of the business and the position of the E.ON Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Essen, March 7, 2022

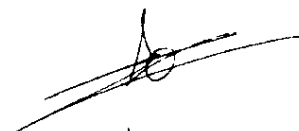
The Management Board



Birnbaum



König



Lammers



Ossadnik



Spieker

Rendering of the independent auditor's report

As a result of our audit, we have issued the following unqualified audit opinion:

Independent auditor's report

To E.ON SE, Essen

Report on the audit of the consolidated financial statements and the combined group management report

Opinions

We have audited the consolidated financial statements of E.ON SE and its subsidiaries (the Group) comprising the consolidated statement of income, the consolidated statement of recognised income and expenses, the consolidated balance sheet, the consolidated statement of cash flows and the consolidated statement of changes in equity and for the financial year from 1 January to 31 December 2021 and the notes to the financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of the Company and the Group (hereinafter also referred to as "combined group management report") of E.ON SE for the financial year from 1 January to 31 December 2021.

In accordance with the German legal requirements, we have not audited the contents of the elements of the combined group management report set out in the "Other information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the attached consolidated financial statements comply, in all material respects, with IFRS, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB and, in accordance with these requirements, give a true and fair view of the Group's net assets and financial position as at 31 December 2021 and of its results of operations for the financial year from 1 January to 31 December 2021 and
- the accompanying combined group management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the combined group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the combined group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter the "EU-AR"), taking into account the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibilities under those requirements and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law and have fulfilled our other German professional obligations in compliance with these requirements. Furthermore, we declare in accordance with Article 10 (2)(f) EU-AR that we have not provided any prohibited non-audit services referred to in Article 5 (1) EU-AR. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are such matters that, in our professional judgement, were the most significant in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were taken into account in connection with our audit of the consolidated financial statements as a whole and in forming our audit opinion; we do not provide a separate audit opinion on these matters.

Recognition and measurement of provisions for anticipated losses from sales-related gas and electricity supply contracts

Please refer to Section [1] and Section [26] in the notes to the consolidated financial statements for information on the accounting policies applied. Comments on the development of electricity and gas prices in the financial year can be found in the Business Report in the combined group management report.

RISK FOR THE FINANCIAL STATEMENTS

As at 31 December 2021, E.ON SE accounted for provisions for anticipated losses totalling EUR 9.5 billion from executory sales contracts in the miscellaneous provisions in the consolidated financial statements. E.ON SE additionally reported market values of EUR 21.7 billion in the operating receivables and other operating assets and market values of EUR 10.6 billion in the operating liabilities that are accounted for at fair value in accordance with the provisions of IFRS 9: Financial Instruments.

A requirement for recognising provisions for onerous contracts is that there is a current external obligation in which an outflow of resources embodying economic benefit is probable and which can be reliably estimated. The amount of the provisions is determined here based on the best estimate of the amount by which the unavoidable costs of fulfilling the contract will exceed the expected economic benefit of the contract, i.e. generally the agreed sales price in sales transactions. Both procurement transactions that are not accounted for as financial instruments in accordance with the own use regulations of IFRS 9 and the above-mentioned procurement transactions that are accounted for as financial instruments at their currently high positive market values are conducted in the E.ON Group for the Group's sales obligations to its electricity and gas customers. Direct allocation of procurement transactions to individual sales obligations is generally not possible for electricity and gas supply companies and thus also not possible in the E.ON Group.

The recognition and measurement of the recognised provisions for anticipated losses from executory sales contracts – in due consideration of the various procurement transactions of the E.ON Group – are consequently based on complex allocations and calculations for the sales portfolios of the E.ON Group as well as discretionary estimates by management, for example of anticipated contribution margins from the sales portfolios.

There is a risk for the consolidated financial statements that the provisions are not created or adequate provisions are not created.

OUR AUDIT APPROACH

As a first step, we gained an understanding of the process at the E.ON Group for recognising the above-mentioned provisions for onerous contracts.

We subsequently assessed the design, implementation and effectiveness of controls that the E.ON Group has set up to ensure that the data for calculating the provisions for onerous contracts is collected in full. If IT processing systems were used in order to identify and collate the relevant data, we worked together with our IT specialists to test the effectiveness of the regulations and procedures that relate to a large number of IT applications and support the effectiveness of IT controls. We additionally assessed the design and implementation of controls that the E.ON Group has set up in order to ensure that appropriate assumptions are made.

We additionally assessed the appropriateness of the key data and assumptions as well as of the Company's calculation model. To this end, we verified the recognition and allocations of the procurement transactions and also discussed the expected development of margins and earnings in the various sales portfolios of the E.ON Group with the people responsible for the planning. We also carried out reconciliation with other forecasts that are available within the Group,

e.g. the budget drawn up by the Board of Management and approved by the Supervisory Board and the medium-term planning. In addition, we assessed in sales markets of the E.ON Group selected on a risk-oriented basis the consistency of the assumptions relating to the sales volumes (and resulting unavoidable costs), e.g. in terms of possibilities for amending contracts, with the general regulatory conditions in these markets. In order to ensure that the valuation model used was mathematically accurate, we verified the Company's calculations on the basis of elements selected from a risk perspective.

OUR CONCLUSIONS

The calculations of the provisions for anticipated losses from executory sales transactions are appropriate. Overall, the assumptions made by management are reasonable.

Recoverability of goodwill

Please refer to Section [1] in the notes to the consolidated financial statements for information on the accounting policies applied. Disclosures on the assumptions used as well as on the amount of the goodwill can be found in Section [15] of the notes to the consolidated financial statements.

RISK FOR THE FINANCIAL STATEMENTS

The goodwill amounts to EUR 17,408 million as at 31 December 2021 and, at 97% of the Group equity, constitutes a significant proportion of the assets.

Goodwill is tested for impairment once a year without this requiring a specific reason. If indications of impairment arise in the course of the year, an ad hoc impairment test is additionally carried out during the year. The goodwill is allocated to the cash-generating units or groups of cash-generating units, which essentially correspond to the operating segments at the E.ON Group. For the goodwill impairment test, the carrying amount is compared with the recoverable

amount of the relevant cash-generating units or groups of cash-generating units. If the carrying amount exceeds the recoverable amount, an impairment loss has to be recognised. At E.ON, the recoverable amount is initially calculated as the fair value less costs to sell.

The goodwill impairment test is complex and based on a number of discretionary assumptions. These include the expected business and earnings performance of the operating segments for generally the next three to five years, the long-term growth rates that are assumed and the discount rate that is applied.

As a result of the impairment tests that were carried out, the Company did not identify any need for impairment.

There is a risk for the consolidated financial statements that impairment existing as at the reporting date was not identified. There is also a risk that the related disclosures in the notes are not complete.

OUR AUDIT APPROACH

To begin with, we gained an understanding of the process for assessing the recoverability of goodwill by getting explanations from staff of the finance organisation and by evaluating the Company's documentation. With the support of our valuation specialists, we assessed, among other things, the appropriateness of the key assumptions as well as of the Company's valuation model. To this end, we discussed and validated the expected business and earnings development as well as the assumed long-term growth rates with those responsible for the planning. We also carried out reconciliation with other forecasts that are available within the Group and the budget drawn up by the Board of Management and approved by

the Supervisory Board and the medium-term planning that has been acknowledged by Supervisory Board. We additionally assessed the consistency of the assumptions with external market forecasts.

We furthermore satisfied ourselves of the Company's planning accuracy by comparing plans from earlier financial years with the results actually realised and analysing any deviations. We compared the assumptions and data underlying the weighted average cost of capital, especially the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

To assess whether the implementation of the valuation model is methodically and mathematically appropriate, we verified the measurement carried out by the Company using our own calculations and analysed any deviations.

In order to take account of forecast uncertainty and the date of the impairment testing, which is before the financial reporting date, we investigated the impact of potential changes in the discount rate, earnings performance and the long-term growth rate on the recoverable amount by calculating alternative scenarios and comparing them with the values stated by the Company (sensitivity analysis). Finally, we assessed whether the disclosures in the notes regarding recoverability of goodwill are appropriate.

OUR CONCLUSIONS

The valuation model underlying the impairment test of the goodwill is appropriate and consistent with the applicable measurement principles.

The Company's assumptions and data underlying the measurement are appropriate.

The related disclosures in the notes are appropriate.

Other Information

Management and/or the Supervisory Board are responsible for the other information.

The other information comprises the following elements of the combined group management report which have not been audited:

- the separate combined non-financial report of the Company and the Group, which is referred to in the combined group management report and
- the combined corporate governance statement of the Company and the Group, which is contained in the "Corporate governance declaration" section of the combined group management report.

The other information additionally includes the other parts of the annual report. The other information does not include the consolidated financial statements, the disclosures in the combined group management report audited for content or our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined group management report do not cover the other information and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the disclosures in the combined group management report information audited for content or our knowledge obtained in the audit or
- otherwise appears to be materially misstated.

Responsibility of the management and the Supervisory Board for the consolidated financial statements and the combined group management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible

for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the combined group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the

knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU-AR and in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information and evaluate

the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be assumed to affect our independence and the safeguards put in place to protect against this.

From the matters that we have discussed with those charged with governance, we determine which matters were most important during the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the independent auditor's report, unless laws or other legal provisions preclude their public disclosure.

Other statutory and legal requirements

Report on the assurance of the electronic rendering of the consolidated financial statements and of the combined management report prepared for publication purposes in accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance on whether the electronic renderings of the consolidated financial statements and of the combined group management report contained in the „KA_EON_31.12.2021.zip“ (SHA256-Hashwert: 4dfe66fbcede74d8a3a64064bac6abaab28d446988a8c8a7e1f52b0582170797) prepared for publication purposes (hereinafter the "ESEF documents") comply in all material respects with the requirements of Section 328 (1) HGB relating to the electronic reporting format ("ESEF format"). In accordance with the German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and of the combined group management report contained in the file made available and prepared for publication purposes complies in all material respects requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined group management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the audit of the consolidated financial statements and the combined group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and of the combined group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)). Our responsibility therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for such internal control that they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL in accordance with the requirements of Articles 4 and 6 of Delegated Regulation (EU) 2019/815 as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering

Other disclosures in accordance with Article 10 EU-AR

We were elected as the auditor of the consolidated financial statements by the Annual General Meeting on 19 May 2021. We were engaged by the Audit and Risk Committee of the Supervisory Board on 13 December 2021. We have been the auditor of the consolidated financial statements of E.ON SE since the 2021 financial year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Audit Committee according to Article 11 EU-AR (audit report).

Other matter – Use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined group management report as well as the examined ESEF documents. The consolidated financial statements and combined group management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited combined group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

Responsible auditor

The auditor responsible for the audit is Gereon Lurweg.

Düsseldorf, 9 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Kneisel
Wirtschaftsprüfer
[German public auditor]

Lurweg
Wirtschaftsprüfer
[German public auditor]

Limited Assurance Report of the Independent Auditor regarding the combined separate non-financial report¹

To the Supervisory Board of E.ON SE, Essen

We have performed an independent limited assurance engagement on the combined separate non-financial report of E.ON SE and the E.ON Group (further "Company") for the period from January 1 to December 31, 2021.

Management's Responsibility

The legal representatives of the Company are responsible for the preparation of the combined separate non-financial report in accordance with §§ 315b, 315c in conjunction with §§ 289b to 289e HGB and with Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (further „EU Taxonomy Regulation“) and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the Company as disclosed in Section "EU Taxonomy" of the combined separate non-financial report.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the combined separate non-financial report and the use of assumptions and

estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the combined separate non-financial report that is free of – intended or unintended – material misstatements.

The EU Taxonomy Regulation and the supplementing Delegated Acts contain wordings and terms that are still subject to substantial uncertainties regarding their interpretation and for which not all clarifications have been published yet. Therefore, the legal representatives have included a description of their interpretation in Section "EU Taxonomy" of the combined separate non-financial report. They are responsible for its tenability. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations is subject to uncertainty.

Practitioner's Responsibility

It is our responsibility to express a conclusion on the combined separate non-financial report based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by IAASB. Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to

whether any matters have come to our attention that cause us to believe that the combined separate non-financial report of the Company for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with §§ 315b, 315c in conjunction with §§ 289b to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the legal representatives as disclosed in Section "EU Taxonomy" of the combined separate non-financial report. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor's own judgement.

Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for E.ON SE
- A risk analysis, including media research, to identify relevant information on E.ON SE's sustainability performance in the reporting period

¹Our engagement applied to the German version of the combined separate non-financial report 2021. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, and combating corruption and bribery matters
- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- Inspection of selected internal and external documents
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites
- Assessment of local data collection and reporting processes and reliability of reported data
- Assessment of the overall presentation of the disclosures
- Inquiries of responsible employees at Group level to obtain an understanding of the approach to identify relevant economic activities in accordance with EU taxonomy.
- Evaluation of the process for the identification of taxonomy-relevant economic activities and the corresponding disclosures in the combined separate non-financial report

The legal representatives have to interpret vague legal concepts in order to be able to compile the relevant disclosures according to Article 8 of the EU Taxonomy Regulation. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations and, correspondingly, our assurance thereof are subject to uncertainty.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

Independence and Quality Assurance on the Part of the Auditing Firm

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined separate non-financial report of E.ON SE for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with §§ 315b, 315c in conjunction with §§ 289b to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation disclosed in Section "EU Taxonomy" of the combined separate non-financial report.

Restriction of Use/General Engagement Terms

This assurance report is issued for purposes of the Supervisory Board of E.ON SE, Essen, only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of E.ON SE, Essen, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms notice of the provisions contained therein including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

Frankfurt am Main, March 9, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Glöckner
Wirtschaftsprüfer
[German Public Auditor]

Brokof
Wirtschaftsprüferin
[German Public Auditor]

Boards

Supervisory Board (and Information on Other Directorships)

Dr. Karl Ludwig Kley
 Chairman of the Supervisory Board, E.ON SE
 → Bayerische Motoren Werke AG¹ (until May 12, 2021)
 → Deutsche Lufthansa AG¹ (Chairman)

Erich Clementi
 Deputy Chairman of the Supervisory Board, E.ON SE
 → Deutsche Lufthansa AG¹

Christoph Schnitz
 Deputy Chairman of the Supervisory Board, E.ON SE;
 Member of the ver.di Federal Executive Committee; Federal Department Head, Financial Services, Utilities and Waste Management, Media, Arts, Industry and Telecommunications/IT
 → AXA Konzern AG
 Ruhrfestspiele Recklinghausen GmbH

Klaus Fröhlich
 Former member of the Management Board, Bayerische Motoren Werke AG

Ulrich Grillo
 Chief Executive Officer, Grillo-Werke AG
 → Rheinmetall AG² (Chairman)
 → Grillo Zinkoxid GmbH²
 → Zinacor S.A.²

Carolina Dybeck Happe
 Senior Vice President and Chief Financial Officer, General Electric Company (GE)

Monika Kriebler
 Chairperson of the Works Council of the Dortmund plant, E.ON Energie Deutschland GmbH

Eugen-Gheorghe Luha
 Chairman of the Gaz România gas trade union federation; Chairman of the Employees' Representatives of Romania; Member of the SE Works Council, E.ON SE

Stefan May
 Deputy Chairman of the Group Works Council, E.ON SE; Chairman of the General Works Council, Westenergie AG/Westnetz GmbH; Chairman of the Works Council of the Münster Region, Westnetz GmbH
 → Westenergie AG²
 → E.ON Pensionsfonds AG²

Szilvia Pinczésné Marton
 Chairwoman of the Works Council, E.ON Dél-dunántúli Áramhálózati Zrt.; Member of SE Works Council, E.ON SE

Miroslav Pelouch
 Deputy Chairman of the SE Works Council, E.ON SE; Chairman of the Association of Grassroots Organisations of the ECHO Energy Industry Trade Union Confederation in E.ON companies in the Czech Republic; Member of the Presidium of the Confederation of Trade Unions ECHO → E.ON Energie a.s.²
 EG.D a.s.² (since January 1, 2021, formerly E.ON Distribuce a.s.)

Rene Pohls
 Deputy Chairman of the SE Works Council, E.ON SE; Deputy Chairman of the Group Works Council, E.ON SE; Chairman of the Group Works Council, envia Mitteldeutsche Energie AG; Chairman of the Joint Central Works Council and the Joint Halle/Kabelsketal Works Council, envia Mitteldeutsche Energie AG, MITGAS Mitteldeutsche Gasversorgung GmbH, Mitteldeutsche Netzgesellschaft Strom mbH and Mitteldeutsche Netzgesellschaft Gas mbH
 → envia Mitteldeutsche Energie AG²

Andreas Schmitz
 Attorney
 → Scheidt & Bachmann GmbH (Chairman)
 → Commerzbank AG¹ (since January 1, 2021; until April 15, 2021)

Unless otherwise indicated, information is as of December 31, 2021 or as of the date on which membership in the E.ON SE Supervisory Board ended.

→ Directorships/memberships in other statutory supervisory boards

Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises

¹ Listed company

² E.ON Group directorships/memberships

Dr. Rolf Martin Schmitz

Chief Executive Officer, RWE AG (until April 30, 2021)
→ RWE Generation SE¹ (Chairman until February 28, 2021)
→ RWE Power AG² (Chairman until February 28, 2021)
→ RWE Renewables GmbH² (until February 28, 2021)
→ RWE Supply & Trading GmbH² (until February 28, 2021)
→ TÜV Rheinland AG
→ Encavis AG¹ (since May 27, 2021)
Jaeger Grund GmbH & Co. KG (Jaeger Gruppe, Chairman)
Kärntner Energieholding Beteiligungs GmbH
KELAG-Kärntner Elektrizitäts-AG

Fred Schulz

Chairman of the SE Works Council, E.ON SE;
Deputy Chairman of the Group Works Council, E.ON SE;
Chairman of the General Works Council, E.DIS AG;
Chairman of the East Region Works Council, E.DIS Netz GmbH
→ E.DIS AG²
- Szczecińska Energetyka Ciepła Sp. z o.o.²

Dr. Karen de Segundo Attorney

Elisabeth Wallbaum
Expert, SE Works Council E.ON SE and
E.ON Group Works Council

Deborah Wilkens

Management consultant

Ewald Woste

Management consultant
→ Bayernwerk AG²
→ GASAG AG
→ GreenCom Networks AG
Deutsche Energie-Agentur GmbH (dena)
(until October 19, 2021)
Energie Steiermark AG

Albert Zettl

Deputy Chairman of the SE Works Council, E.ON SE;
Chairman of the E.ON Group Works Council;
Chairman of the Division Works Council, Bayernwerk AG;
Chairman of the Eastern Bavaria Works Council, Bayernwerk Netz
GmbH
→ Bayernwerk AG²
→ E.ON Pensionsfonds AG²
→ Versorgungskasse Energie VVaG i. L.

Supervisory Board Committees

Executive Committee

Dr. Karl-Ludwig Kley, Chairman
Christoph Schmitz, Deputy Chairman
Erich Clementi
Ulrich Grillo
Fred Schulz
Albert Zettl

Audit and Risk Committee

Andreas Schmitz, Chairman
Fred Schulz, Deputy Chairman
Ulrich Grillo (since January 1, 2021)
René Pöhls
Elisabeth Wallbaum
Deborah Wilkens

Innovation and Sustainability Committee

Dr. Karen de Segundo, Chairperson
Stefan May, Deputy Chairman
Klaus Fröhlich
Monika Krebber
Eugen-Gheorghe Luha
Ewald Woste

Nomination Committee

Dr. Karl-Ludwig Kley, Chairman
Erich Clementi, Deputy Chairman
Dr. Karen de Segundo

¹ Unless otherwise indicated, information is as of December 31, 2021, or as of the date on which membership in the E.ON SE Supervisory Board ended.

² → Directorships/memberships in other statutory supervisory boards.

³ Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.

⁴ Listed company.

⁵ E.ON Group directorships/memberships.

Management Board (and Information on Other Directorships)

Dr.-Ing. Leonhard Binbaum (Chairman of the Management Board since April 1, 2021)

Born in 1967 in Ludwigshafen, Germany
Member of the Management Board since 2013
Strategy & Innovation, Human Resources, Communications & Political Affairs, Legal, Compliance & Corporate Security, Corporate Audit, Sustainability, Health/Safety, and Environment, PreussenElektra

→ innogy SE² (Chairman, until October 31, 2021)
→ Georgsmarienhütte Holding GmbH (Chairman since July 1, 2021)
Nord Stream AG (since April 1, 2021)

Dr. Johannes Teyssien (until March 31, 2021)

Born in 1959 in Hildesheim, Germany
Chairman of the Management Board since 2010
Member of the Management Board since 2004
Strategy & Innovation, Human Resources, Communications & Political Affairs, Legal, Compliance & Corporate Security, Corporate Culture, Corporate Audit, Sustainability, Health/Safety, and Environment

BP plc.¹ (since January 1, 2021)
Nord Stream AG (until March 31, 2021)

Dr. Thomas König

Born in 1965 in Finnentrop, Germany
Member of the Management Board since 2018
Energy Networks (including Turkey)
→ Avacon AG² (Chairman)
→ Bayernwerk AG² (Chairman, until December 2, 2021)
→ envia Mitteldeutsche Energie AG²
→ Westenergie AG²

E.ON Česká republika s.r.o.² (Chairman)
EG.D a.s.² (Chairman, formerly E.ON Distribuce a.s.)
E.ON Hungária Zrt.² (Chairman)
E.ON Sverige AB²
→ RheinEnergie AG
→ Stadtwerke Essen AG
Essener Wirtschaftsförderungsgesellschaft mbH

Patrick Lammers (since August 1, 2021)

Born in 1964 in Rotterdam, Netherlands
Member of the Management Board since August 1, 2021
Retail and Customer Solutions, Market Excellence, Energy Management, Marketing, Procurement
→ E.ON Energie Deutschland GmbH² (since August 1, 2021; Chairman, since August 10, 2021)
→ E.ON Sverige AB² (since August 1, 2021)
E.ON Energie A.S.² (Chairman, since August 16, 2021)
E.ON Italia S.p.A.² (since August 31, 2021)
Essent N.V.² (Chairman, since August 1, 2021)
E.ON România S.R.L.² (Chairman, since June 15, 2021)
ZUID NEDERLANDSE THEATERMAATSCHAPPIJ ("ZNTM") B.V.

Dr. Victoria Ossadnik (since April 1, 2021)

Born in 1968 in Frankfurt/Main, Germany
Member of the Management Board since April 1, 2021
Digital Technology, Internal Consulting
→ Commerzbank AG¹ (until May 18, 2021)
→ E.ON Digital Technology GmbH² (since May 19, 2021; Chairperson since May 24, 2021)
→ Linde plc.¹

Dr. Marc Spieker

Born in 1975 in Essen, Germany
Member of the Management Board since 2017
Finance, Investor Relations, Mergers & Acquisitions, Accounting, Controlling, Risk Management, Tax, S4 Transformation
→ Süwag Energie AG²
→ Westenergie AG²
→ Nord Stream AG

Dr. Karsten Wildberger (until July 31, 2021)

Born in 1969 in Gießen, Germany
Member of the Management Board since 2016
Retail and Customer Solutions, Market Excellence, Energy Management, Marketing, Digital Transformation & IT
→ E.ON Digital Technology GmbH² (Chairman, until April 11, 2021)
→ E.ON Energie Deutschland GmbH² (Chairman since April 21, 2021; until July 31, 2021)
E.ON Energie A.S.² (Chairman, until July 31, 2021)
E.ON Italia S.p.A.² (until July 21, 2021)
E.ON Sverige AB² (until July 31, 2021)
Essent N.V.² (Chairman, until June 30, 2021)

Unless otherwise indicated, information is as of December 31, 2021, or as of the date on which membership in the E.ON SE Management Board ended

→ Directorships/memberships in other statutory supervisory boards

→ Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises

¹Listed company

²E.ON Group directorships/memberships

Summary of Financial Highlights¹

	2019	2018	2017	20	2021
Sales and earnings					
Sales	37,965	30,084	41,284	60,944	77,358
Adjusted EBITDA ²	4,955	4,840	5,564	6,905	7,889
Adjusted EBIT ³	3,074	2,989	3,220	3,776	4,728
Net income/Net loss	4,180	3,524	1,792	1,270	5,905
Net income/Net loss attributable to shareholders of E.ON SE	3,925	3,223	1,550	1,017	4,691
Adjusted net income ²	1,427	1,505	1,526	1,638	2,549
Value measures					
ROCE (%)	10.6	10.4	8.3	6.2	7.8
Asset and capital structure					
Non-current assets	40,164	30,883	75,786	75,484	80,637
Current assets	15,786	23,441	22,294	19,901	89,102
Total assets	55,950	54,324	98,080	95,385	119,739
Equity	6,708	8,518	13,248	9,055	17,889
Capital stock	2,201	2,201	2,641	2,641	2,641
Minority interests without controlling influence	2,701	2,760	4,149	4,130	5,850
Non-current liabilities	35,198	30,545	58,982	61,761	61,830
Provisions	18,001	15,706	20,669	21,384	19,429
Financial liabilities	9,922	8,323	27,572	29,423	23,531
Other liabilities and other	7,275	6,516	10,741	10,954	13,779
Current liabilities	14,044	15,261	25,850	24,569	40,511
Provisions	2,041	2,117	4,019	3,904	11,782
Financial liabilities	3,099	1,563	3,841	3,418	6,536
Other liabilities and other	8,904	11,581	17,990	17,247	22,199
Total assets and liabilities	55,950	54,324	98,080	95,385	119,739

¹Adjusted for discontinued operations. ²Adjusted for non-operating effects. ³Fully includes the Renewables segment from January 1, 2018, to September 18, 2019, and innogy's business in the Czech Republic from September 18, 2019, to October 30, 2020. ⁴For the respective financial year, the 2021 figure is management's proposed dividend. ⁵Figures for 2019 were retrospectively adjusted for effects from the innogy purchase-price allocation and the recognition of failed joint-use transactions. ⁶Core workforce does not include apprentices, working students, or interns. This figure reports full-time equivalents ("FTE").

Summary of Financial Highlights¹

	2017	2018	2019	2020	2021
Cash flow, investments and financial ratios					
Cash provided by operating activities of continuing operations ¹	-2,952	2,853	2,965	5,313	4,069
Cash-effective investments	3,308	3,523	5,515	4,171	4,762
Equity ratio (%)	12	16	14	9	15
Economic net debt (at year-end)	19,248	16,560	38,895	40,736	38,773
Cash provided by operating activities of continuing operations as a percentage of sales	-	9.5	7.2	8.7	5.3
Stock and E.ON SE long-term ratings					
Earnings per share attributable to shareholders of E.ON SE (€)	1.84	1.49	0.68	0.40	1.80
Dividend per share ² (€)	0.30	0.43	0.46	0.47	0.49
Dividend payout	650	932	1,199	1,225	1,276
Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Standard & Poor's	BBB	BBB	BBB	BBB	BBB
Employees					
Employees (at year-end) ³	41,464	42,036	75,659	74,866	69,733

¹Adjusted for discontinued operations. ²Adjusted for non-operating effects. ³Fully includes the Renewables segment from January 1, 2018, to September 18, 2019, and innogy's business in the Czech Republic from September 18, 2019, to October 30, 2020. ⁴For the respective financial year, the 2021 figure is management's proposed dividend. ⁵Figures for 2019 were retrospectively adjusted for effects from the innogy purchase-price allocation and the recognition of fair-value-own-asset transactions. ⁶Core workforce does not include apprentices, working students, or interns. This figure reports full-time equivalents ("FTE").

Financial Calendar and Imprint

May 11, 2022	Quarterly Statement: January – March 2022
May 12, 2022	2022 Annual Shareholders Meeting
August 10, 2022	Half-Year Financial Report: January – June 2022
November 9, 2022	Quarterly Statement: January – September 2022
March 15, 2023	Release of the 2022 Annual Report
May 10, 2023	Quarterly Statement: January – March 2023
May 17, 2023	2023 Annual Shareholders Meeting
August 9, 2023	Half-Year Financial Report: January – June 2023
November 8, 2023	Quarterly Statement: January – September 2023

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Photos

Page 18: Image provided by IBM Quantum

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

This Annual Report contains certain forward-looking statements based on E.ON management's current assumptions and forecasts and other currently available information. Various known and unknown risks, uncertainties, and other factors could lead to material differences between E.ON's actual future results, financial situation, development, or performance and the estimates given here. E.ON assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.