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E.ON SE Financial Statements pursuant to German GAAP and Combined Group Management Report for the 2021 Financial Year

Contents

Page references in the Combined Group Management Report refer to the 2021 E.ON Annual Report.

E.ON SE's Financial Statements, the Combined Group Management Report and the Separate Combined Non-Financial Report for the 2021 fiscal year will be published in the German Federal Gazette ("Bundesanzeiger"). E.ON SE's management report is combined with that of the Group.

Combined Group Management Report

Combined Group Management Report

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's 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, particulary 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.

E.ON's Management System as of 2022

Most significant performance indicators

- Adjusted EBITDA
- Cash-effective investments
- Adjusted earnings per share based on adjusted Net Income ("EPS")

Significant performance indicators

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

Other performance indicators

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

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[1]

FTE[1]	Dec. 31, 2021	Dec. 31, 2020	+/- %
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**

[1]Core 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.

Core Workforce by Country[1]

	Headcount		FTE[2]	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
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	6,575
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	**72,169**	**77,488**	**69,733**	**74,866**

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

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).

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

Percentages	Dec. 31, 2021	Dec. 31, 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.

Employees by Age

Percentages	Dec. 31, 2021	Dec. 31, 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

	Headcount		Percentage of workforce	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 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

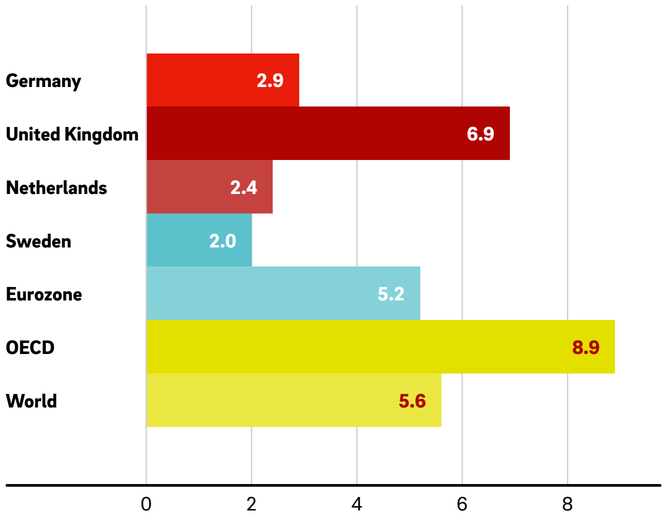
The global economy trended upward in 2021. The recovery's pace and scope depended on the success in combating the Covid-19 pandemic. Vaccination rates increased in advanced economies as the year moved forward, leading to a faster economic recovery, whereas access to vaccines remained limited in other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

Annual change in percent



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 recission 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 recission, 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 my 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, H_2 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 pacesetting 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, Disposals, 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 Stromnetzgesellschaft 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

€ in millions	Fourth quarter 2021	Fourth quarter 2020	Fourth quarter +/- %	Full year 2021	Full year 2020	Full year +/- %
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

	Fourth quarter			Full year		
€ in millions	2021	2020[1]	+/- %	2021	2020[1]	+/- %
Energy Networks	556	913	-39%	2,970	3,242	-8%
Customer Solutions	25	92	-73%	926	478	94%
Thereof EIS business	–	–	–	*237*	–	–
Corporate Functions/Other	-76	-39	-95%	-321	-363	12%
Consolidation	6	7	-14%	4	6	-33%
Adjusted EBIT from core business	**511**	**973**	**-47%**	**3,579**	**3,363**	**6%**
Non-Core Business	284	115	147%	1.144	413	177%
E.ON Group adjusted EBIT	**795**	**1,088**	**-27%**	**4,723**	**3,776**	**25%**

[1] Includes the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy 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, 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).

Reconciliation to Adjusted EBIT

	Fourth quarter		Full year	
€ in millions	2021	2020[1]	2021	2020[1]
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**	**-1,953**	**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**

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

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

€ in millions	Fourth quarter 2021	Fourth quarter 2020[1]	Full year 2021	Full year 2020[1]
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**

[1]Includes 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

	December 31	
€ in millions	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	**-24,675**	**-23,956**
Provisions for pensions	-6,082	-8,088
Asset-retirement obligations[2]	-8,016	-8,692
Economic net debt	**-38,773**	**-40,736**

[1]Bonds 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).
[2]This 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).

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.

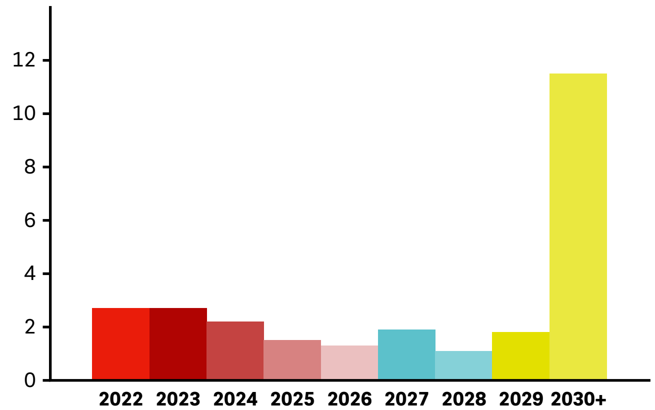
Financial Liabilities

€ in billions	December 31 2021	2020
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**

[1]Includes private placements.

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

€ in billions At December 31, 2021



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 SE Ratings

	Long term	Short term	Outlook
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

€ in millions	2021	2020	+/- %
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[1]

€ in millions	2021	2020
Operating cash flow	4,069	5,287
Operating cash flow before interest and taxes[2]	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

[1]From continuing operations.
[2]Excluding 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

€ in millions	Dec. 31, 2021	%	Dec. 31, 2020	%
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

	Germany		Sweden		East-Central Europe/ Turkey		Total	
Billion kWh	2021	2020	2021	2020	2021	2020	2021	2020
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 Networks

	Germany		Sweden		East-Central Europe/ Turkey		Total	
€ in millions	2021	2020	2021	2020	2021	2020	2021	2020
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

[1]Includes 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 Sales[1]

	Germany		United Kingdom		Netherlands/ Belgium		Other[2, 3]		Total	
Billion kWh	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
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**	**145.9**	**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	72.7	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.

Gas Sales[1]

	Germany		United Kingdom		Netherlands/ Belgium		Other[2, 3]		Total	
Billion kWh	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
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	38.0	13.6	31.9	11.2	10.7	9.1	2.5	1.2	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	31.2	158.1	142.6
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.

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

Customer Solutions

	Germany		United Kingdom		Netherlands/ Belgium		Other		Total		Thereof EIS
€ in millions	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
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	22,550	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

[1]Includes 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.

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

	PreussenElektra	
Billion kWh	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.

Non-Core Business

	PreussenElektra		Generation Turkey		Total	
€ in millions	2021	2020	2021	2020	2021	2020
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

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.

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)

	December 31	
€ in millions	2021	2020
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	2021	2020
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 also 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[1]

€ in billions	2022 (forecast)
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**

[1]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-Effective Investments: 2022 Plan

	€ in billions	Percentages
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**

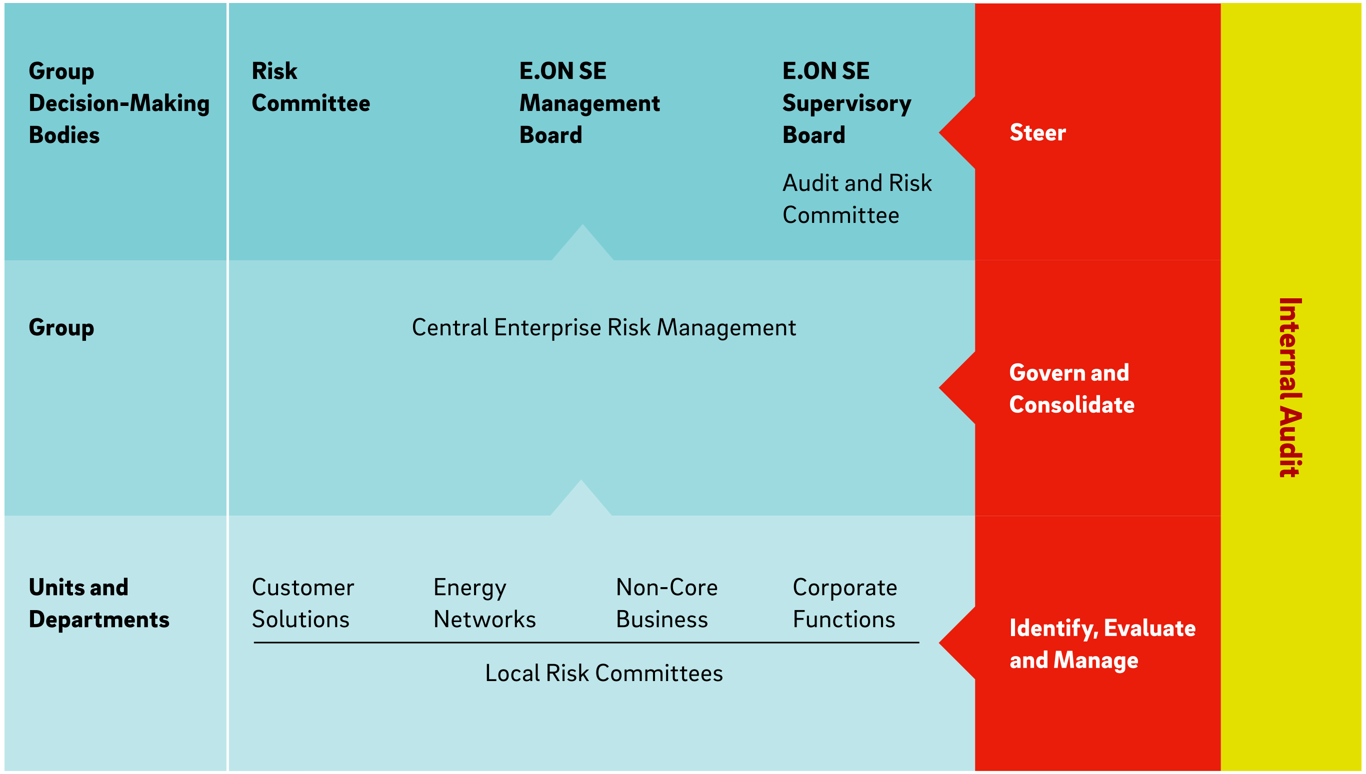
E.ON will make most of these investments in its Energy Networks segment, the backbone of a successful energy transition. Investments will go towards expanding, enhancing, and modernizing networks, switching equipment, and metering and control technology in order to ensure the reliable, uninterrupted,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

Risk category	Examples
Legal and regulatory risks	Policy and legal risks and chances, regulatory risks, risks from public consent processes
Operational and IT risks	IT and process risks and chances, risks and chances relating to 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 Classes

Low	x < €10 million
Moderate	€10 million ≤ x < €50 million
Medium	€50 million ≤ x < €200 million
Major	€200 million ≤ x < €1 billion
High	x ≥ €1 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	Worst case (5th percentile)	Best case (95th percentile)
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 impact of 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 disruption 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 Grouxp'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 derivates, 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—anonymously, if they wish—by means of a whistle-blower hotline. The Code of Conduct is published on the Internet. It is supplemented by ten Group-wide People Guidelines which explain in greater detail how employees can be sure that they are doing things right.

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, nameley 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 others 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 Krebber
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 countermotions 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 was not held as an in-person event in order to protect the Company's shareholders and employees. Instead, in accordance with the law it was held as a virtual Annual Shareholders Meeting without the physical participation of shareholders or their proxies.

As stipulated by German law, the Annual Shareholders Meeting votes to select the Company's independent auditor.

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

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:

Compensation component/rule	Most important changes effective from January 1, 2022
Annual bonus	• 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	• 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	• 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	• 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	• Extend the holding period for shares held under the Share Ownership Guidelines to two years after departure from the Management Board
Other contractual provisions	• 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.

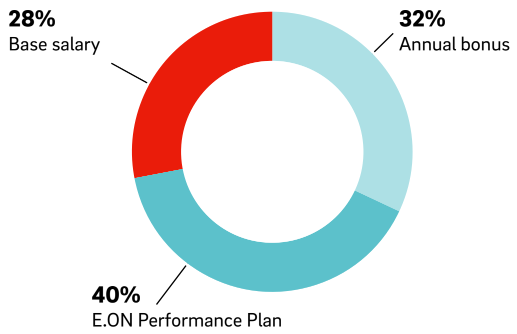
The new compensation system for the Management Board resolved by the Supervisory Board on March 23, 2021, and approved by the 2021 Annual Shareholders Meeting applies from January 1, 2022. The compensation system in place since January 1, 2017, was applied for the last time in the 2021 financial year ("Compensation system 2017").

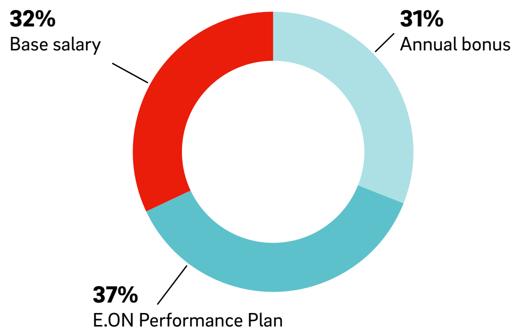
Furthermore, for the respective upcoming financial year, the Supervisory Board sets the target values used to measure the Management Board's performance for the performance criteria that are applied in the financial year.

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	Management Board Chairman	Ordinary Management Board members
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:

Principle	Implementation
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

Compensation component 2021	Metric/Parameter
Non-performance-based compensation	
Base salary	Fixed compensation paid out in 12 monthly installments
Fringe benefits	Chauffeur-driven company car, telecommunications equipment, insurance premiums, medical examination
Pension benefits	• Final-salary-based benefits[1] – Lifelong pension payment equaling a maximum of 75 percent of fixed compensation from the age of 60 – Pension payments for widows and children equaling 60 percent and 15 percent, respectively, of pension entitlement • Contribution-based benefits – Virtual contributions equaling 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 installments, or in a lump sum
Performance-based compensation	
Annual bonus	• Annual target bonus corresponds to about 45 percent of performance-based compensation • Amount of bonus depends on – 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)	• 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)	• 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 Teyssen.

Overview compensation components

Compensation component 2021	Metric/Parameter
Other compensation provisions	
Share Ownership Guidelines	• 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: – 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: • deliberate breaches of duty in the form of – 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

[2]The limitation to the remaining term of the service agreement applied in the 2021 financial year to Leonhard Birnbaum (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]The malus and clawback rules applied in the 2021 financial year to Leonhard Birnbaum (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

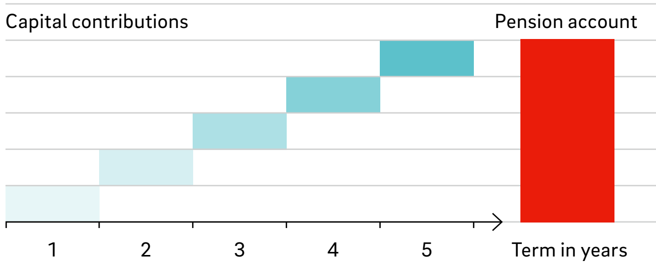
Management Board members receive their fixed compensation in twelve monthly payments.

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 lifelong 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 entitlements

	IAS 19	
	Service cost	Present value of pension entitlement
in €k	2021	2021
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.

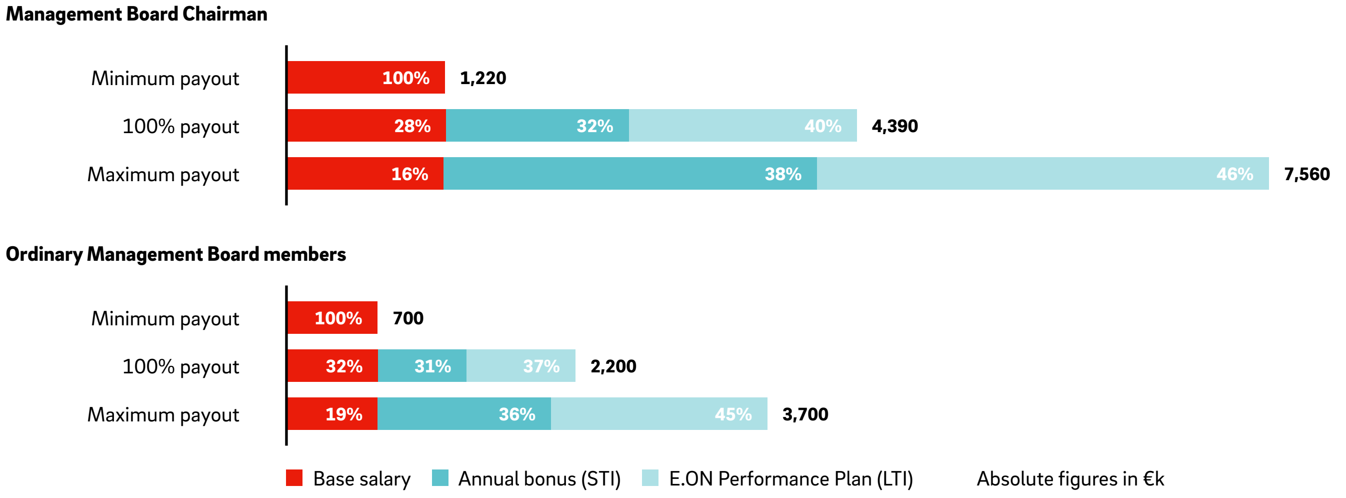
Management Board members already appointed at the time of the introduction of the pension substitute were granted a one-time option to switch to the pension substitute. They exercised this option collectively to switch to the new pension payment. Pension entitlements already acquired under the "Contribution 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:



Scenario	Explanation
Minimum payout	Bonus: 0% of the target amount; E.ON Performance Plan: 0% of the target amount
100% payout	Bonus: 100% of the target amount; E.ON Performance Plan: 100% of the target amount
Maximum payout	Bonus: 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:

Bonus
Target amount

×

Company Performance 0–200%
• Actual EPS versus budget

×

Individual Performance Factor 50–150%
Assessment of Management Board members' performance based on:
• Management Board's overall performance
• Individual performance (bonus/malus)

=

Bonus
Capped at 200% of the target amount
Paid out in cash

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.

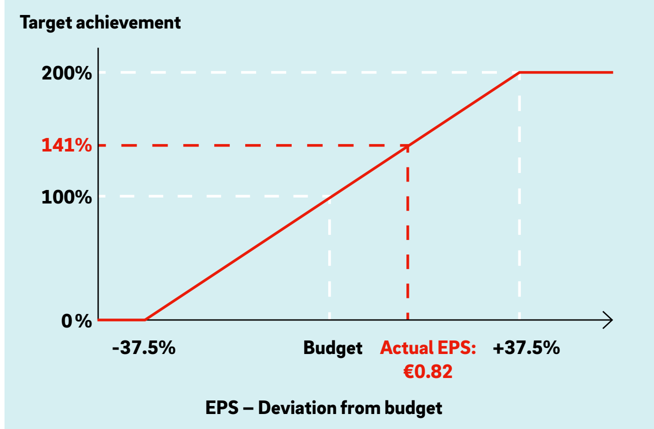
Company Performance

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.

Company Performance 2021



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

2021 targets	Assessment	Target achievement
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	• 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	• 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	• 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	• 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

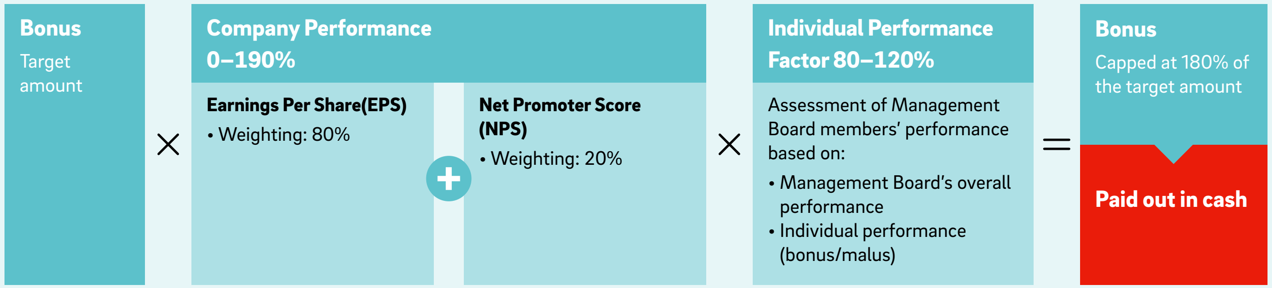
<table>
<tr><th></th><th colspan="2">Target amount</th><th colspan="3">Target achievement</th><th></th></tr>
<tr><th></th><th>Full-year basis</th><th>Prorated</th><th>Company performance</th><th>Individual performance factor</th><th>Total</th><th>Payout amount</th></tr>
<tr><td>Leonhard Birnbaum (Chairman since April 1, 2021)</td><td>€1,420,000[1]</td><td>€1,271,250[2]</td><td rowspan="7">141%</td><td>125%</td><td rowspan="5">176%</td><td>€2,237,400</td></tr>
<tr><td>Thomas König</td><td>€675,000</td><td>€675,000</td><td>125%</td><td>€1,188,000</td></tr>
<tr><td>Patrick Lammers (since August 1, 2021)</td><td>€675,000</td><td>€281,250</td><td>125%</td><td>€495,000</td></tr>
<tr><td>Victoria Ossadnik (since April 1, 2021)</td><td>€675,000</td><td>€506,250</td><td>125%</td><td>€891,000</td></tr>
<tr><td>Marc Spieker</td><td>€675,000</td><td>€675,000</td><td>125%</td><td>€1,188,000</td></tr>
<tr><td>Johannes Teyssen (until March 31, 2021)</td><td>€1,417,500</td><td>€354,375</td><td>100%</td><td rowspan="2">141%</td><td>€499,669</td></tr>
<tr><td>Karsten Wildberger (until July 31, 2021)</td><td>€675,000</td><td>€393,750</td><td>100%</td><td>€555,188</td></tr>
</table>

[1]Corresponds to the target amount for Leonhard Birnbaum as Management Board Chairman (since April 1, 2021) on a full-year basis.
[2]Corresponds to the sum of the respective pro rata target amounts as an ordinary Management Board member (until March 31, 2021; €206,250) 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 EPS[1] (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.

[1]Taking into account the annually determined fluctuation range defined from surplus or shortfalls in network revenues (regulatory net balances in the network business).



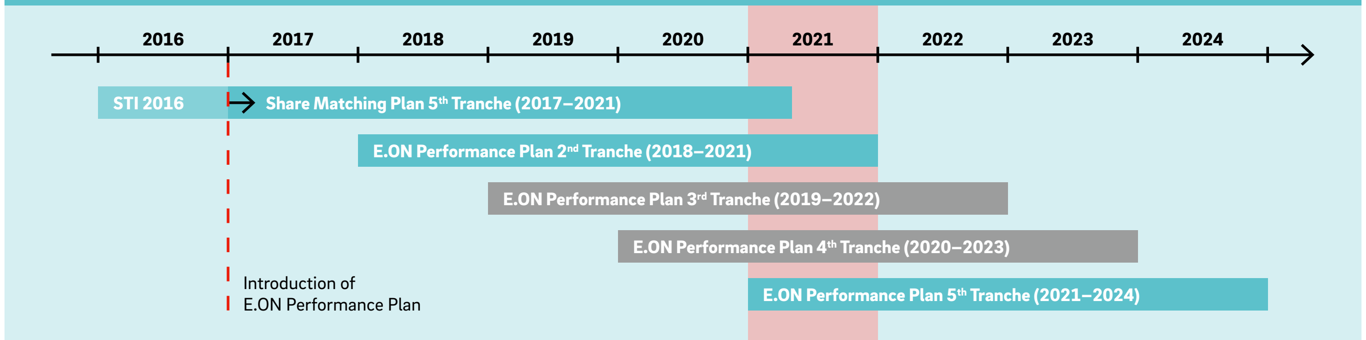
3.2.2. Long-Term Variable Compensation

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.

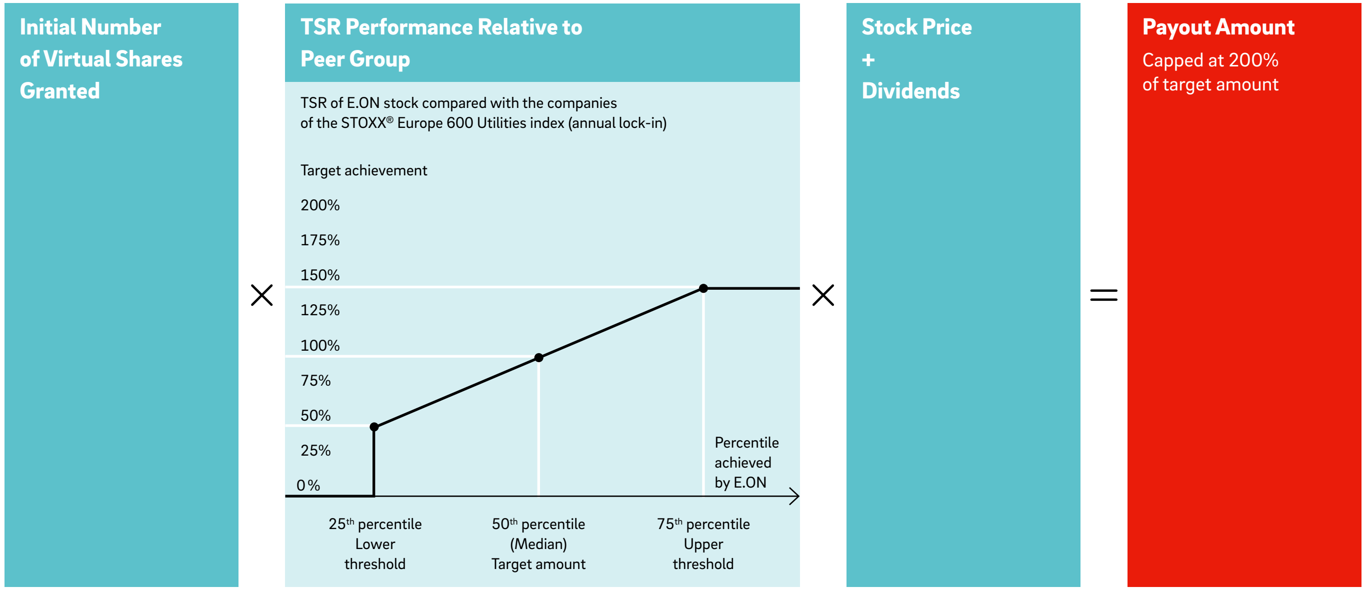
Due to the conversion of the E.ON Share Matching Plan to the E.ON Performance Plan in the 2017 financial year, the LTI component of the 2016 bonus also ended during the 2021 financial year. It was granted as the fifth and last tranche of the E.ON Share Matching Plan (2017–2021); its performance period ended in March 2021.

Overview of LTI Tranches



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, 5th Tranche (2021–2024)

		Grant	
	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

[1]Because 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.

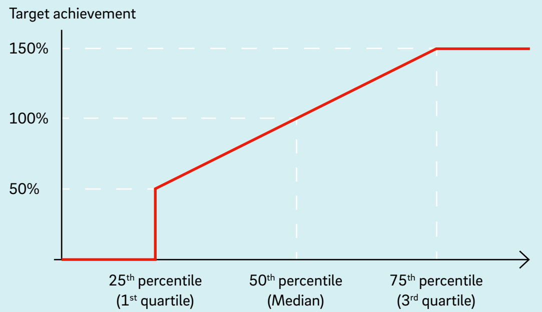
During a tranche's performance period, E.ON's TSR performance is measured once a year in comparison with the companies in the peer group and set for that year. E.ON SE's TSR performance in a given year determines the final number of one fourth of the virtual shares granted at the beginning of the performance 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:

Target achievement relative TSR 2018–2021



Position compared with the companies of the STOXX® Europe 600 Utilities

Financial year	E.ON's TSR performance	E.ON's position	Target achievement
2018	-7.5%	23th percentile	0%
2019	8.5%	14th percentile	0%
2020	6.4%	42nd percentile	85%
2021	26.3%	69th percentile	138%
Average target achievement relative TSR 2018–2021			**56%**

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.

E.ON Performance Plan, 2nd Tranche (2018–2021)

	Target amount		Grant		Calculation of payout			
	Full-year basis	Prorated	Fair value per share at grant	Number of performance shares granted	Final number of performance shares	Final share price	Cumulative dividends	Payout amount
Leonhard Birnbaum	€1,008,333	€1,008,333	€6.41	157,307	87,699	€11.141	€1.66	€1,122,635
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	€918,536
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.

Initial Number of Virtual Shares Granted

×

Total Target Achievement 0–150%

Total Shareholder Return (TSR)
- Weighting: 50%
- Relative comparison to the STOXX® Europe 600 Utilities index

\+

Return on Capital Employed (ROCE)
- Weighting: 25%
- Definition of annual strategy-based target values for the maturity period at the beginning of the performance period

\+

E.ON Sustainability Index
- Weighting: 25%
- Reflects the four most relevant ESG aspects at E.ON in each case
- Comprehensible and measurable targets are set for each of the four aspects

×

Share Price plus Dividends

=

Payout Amount
Cap at 200% of target amount

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)

	Grant			Calculation of payout		
	LTI component	Share price at grant	Number of virtual shares granted	Final share price	Cumulative dividends	Payout amount
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	€417,578

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

	Member of the Management Board since	Target		Status quo January 2022	
		in % of base salary	in €k	in €k	in % of base salary
Leonhard Birnbaum (Chairman since April 1, 2021)	July 1, 2013	200	2,440	2,446	201
Thomas König	June 1, 2018	150	1,050	1,066	152
Patrick Lammers	August 1, 2021	150	1,050	289	41
Victoria Ossadnik	April 1, 2021	150	1,050	151	22
Marc Spieker	January 1, 2017	150	1,050	1,437	205

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.

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.

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 prorated 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-percent target achievement.

Target compensation

	Leonhard Birnbaum (Chairman and Chief Executive Officer) Management Board member since July 1, 2013; Chairman since April 1, 2021		
	2021		2020
	in €k	in %	in €k
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, 4th Tranche (2020–2023)	–		*1,008*
"LTI innogy" (2020–2021)	–		*125*
Performance Plan, 5th Tranche (2021–2024)	*1,750*	*39*	–
Total	**4,150**	**–**	**2,865**
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

	Thomas König (Chief Operating Officer—Networks) since June 1, 2018			Patrick Lammers (Chief Operating Officer—Commercial) since August 1, 2021		
	2021		2020	2021		2020
	in €k	in %	in €k	in €k	in %	in €k
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, 4th Tranche (2020–2023)	*–*		*825*	*–*		*–*
Performance Plan, 5th Tranche (2021–2024)[1]	*825*	*33*	*–*	*344*	*29*	*–*
Total	**2,246**	**–**	**2,246**	**941**	**–**	**–**
Service cost	260	10	252	240	20	–
Total compensation	**2,506**	**100**	**2,498**	**1,181**	**100**	**–**

[1]Because 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.

Target compensation

	Victoria Ossadnik (Chief Operating Officer—Digital) since April 1, 2021			Marc Spieker (Chief Financial Officer) since January 1, 2017		
	2021		2020	2021		2020
	in €k	in %	in €k	in €k	in %	in €k
Base salary	525	21	–	700	28	700
Fringe benefits	15	1	–	50	2	53
One-year variable compensation						
2020 bonus	*–*		*–*	*–*		*675*
2021 bonus	*506*	*20*	*–*	*675*	*27*	*–*
Multi-year variable compensation						
Performance Plan, 4th Tranche (2020–2023)	*–*		*–*	*–*		*825*
Performance Plan, 5th 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**

[1]Because Victoria Ossadnik 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

	Leonhard Birnbaum (Chairman and Chief Executive Officer) Management Board member since July 1, 2013; Chairman since April 1, 2021		
	2021		2020
	in €k	in %	in €k
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, 4th Tranche (2016–2020)	–		*1,918*
Share Matching Plan, 5th Tranche (2017–2021)	*680*		–
Performance Plan, 1st Tranche (2017–2020)	–		*1,078*
Performance Plan, 2nd 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

	Thomas König (Chief Operating Officer—Networks) since June 1, 2018			Patrick Lammers (Chief Operating Officer—Commercial) since August 1, 2021		
	2021		2020	2021		2020
	in €k	in %	in €k	in €k	in %	in €k
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, 4th Tranche (2016–2020)	–		–	–		–
Share Matching Plan, 5th Tranche (2017–2021)	–	*22*	–	–		–
Performance Plan, 1st Tranche (2017–2020)	–		–	–		–
Performance Plan, 2nd 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

	Victoria Ossadnik (Chief Operating Officer—Digital) since April 1, 2021			Marc Spieker (Chief Financial Officer) since January 1, 2017		
	2021		2020	2021		2020
	in €k	in %	in €k	in €k	in %	in €k
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, 4th Tranche (2016–2020)	–		–	–		–
Share Matching Plan, 5th Tranche (2017–2021)	–		–	–		–
Performance Plan, 1st Tranche (2017–2020)	–		–	–		*882*
Performance Plan, 2nd 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

	Johannes Teyssen (Chairman and Chief Executive Officer) until March 31, 2021[2]			Karsten Wildberger (Chief Operating Officer—Commercial) until July 31, 2021		
	2021		2020	2021		2020
	in €k	in %	in €k	in €k	in %	in €k
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, 4th Tranche (2016–2020)	–		*3,295*	–		*896*
Share Matching Plan, 5th Tranche (2017–2021)	*1,169*		–	*418*		–
Performance Plan, 1st Tranche (2017–2020)	–		*1,853*	–		*882*
Performance Plan, 2nd Tranche (2018–2021)[1]	*1,929*	*79*	–	–	*30*	–
Compensation awarded and due pursuant to Section 162 AktG	**3,915**	**100**	**7,868**	**1,411**	**100**	**3,218**
Service cost	–	–	911	176	–	299

[1]Due 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.
[2]In addition to the compensation components presented here for his active service until March 31, 2021, Johannes Teyssen 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

	Klaus-Dieter Maubach until March 31, 2013		Bernhard Reutersberg until June 30, 2016		Michael Sen until March 31, 2017	
	in €k	in %	in €k	in %	in €k	in %
Multi-year variable compensation *Share Matching Plan, 5th Tranche (2017–2021)*	*–*	*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

	Regine Stachelhaus until June 30, 2013		Johnannes Teyssen until March 31, 2021		Mike Winkel until May 31, 2015	
	in €k	in %	in €k	in %	in €k	in %
Multi-year variable compensation *Share Matching Plan, 5th Tranche (2017–2021)*	*–*	*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 contradistinction 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 162 AktG

	Fixed compensation			Committee compensation			Attendance fees			Compensation from affiliated companies			Total compensation	
	2021		2020	2021		2020	2021		2020	2021		2020	2021	2020
	in €k	in %	in €k	in €k	in %	in €k	in €k	in %	in €k	in €k	in %	in €k	in €k	in €k
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	259
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 Pöhls	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	2021 in €k	2020 in €k	Change 2021/2020 in %
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

[1]The 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

	Membership in Management Board/ Supervisory Board	2021 in €k	2020 in €k	Change 2021/2020 in %
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

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	• Climate protection • Sustainable customer solutions
Employee matters	• Occupational health and safety • Working conditions and employee development • Diversity and inclusion
Social matters	• Security of supply • Customer orientation
Human rights	• Human rights and supplier management
Anti-corruption	• 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 (iii)
- Intangible assets pursuant to IAS 38.118 (e) (i)
- Investment property pursuant to IAS 40.76 (a) and (b), IAS 40.79 (d) (i) and (ii)
- Agriculture pursuant to IAS 41.50 (b) and (e)
- Leasing pursuant to IFRS 16.53 (h).

Group investments consist of additions to fixed assets plus additions to property, plant, and equipment and intangible assets from business combinations, which are shown 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 €190.0 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

€ in millions	Q1–Q4 2021
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[1]

Q1–Q4 2021 € in millions	Taxonomy-eligible investments					EU taxonomy ratios		
	Taxonomy-aligned	Not taxonomy-aligned	Total	Not taxonomy-eligible	Total	% taxonomy-eligible (of total)	% taxonomy-aligned (of total)	% taxonomy-aligned (of 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**

[1]Based 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

	Taxonomy-eligible operating expenses					EU taxonomy ratios		
Q1–Q4 2021 € in millions	Taxonomy-aligned	Not taxonomy-aligned	Total	Not taxonomy-eligible	Total	% taxonomy-eligible (of total)	% taxonomy-aligned (of total)	% taxonomy-aligned (of eligible)
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**	**61**	**60**	**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

	Taxonomy-eligible revenues					EU taxonomy ratios		
Q1–Q4 2021 € in millions	Taxonomy-aligned	Not taxonomy-aligned	Total	Not taxonomy-eligible	Total	% taxonomy-eligible (of total)	% taxonomy-aligned (of total)	% taxonomy-aligned (of eligible)
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**	**99**
Non-Core Business	0	0	0	307	307	0	0	–
E.ON Group	**13,614**	**188**	**13,802**	**63,556**	**77,358**	**18**	**18**	**99**

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.

CO_2e Emissions

Total CO_2 equivalents in million metric tons	2021	2020	2019
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)[6, 7, 8]	5.73	6.09	–
Scope 3: Indirect emissions from all other business operations[2, 9, 10]	100.38	107.96[11]	120.27
Total (location-based)	**107.99**	**116.37**	**129.08**
Total (market-based)	**109.82**	**117.98**	**–**

[1]The external global warming potential ("GWP") sources used are the Department for Business, Energy & Industrial Strategy ("BEIS", formerly DEFRA), Naturvårdsverkets, the GHG Protocol, the Överenskommelse Värmemarknadskommittén 2021, and the IPCC AR5 report.
[2]From 2019 onward, emissions from power and heat generation are divided into emissions from plants owned and operated by E.ON (Scope 1) and emissions from plants leased to, and operated by, customers (Scope 3). This improves E.ON's ability to manage its emissions and make progress toward its targets more transparent.
[3]Prior-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 in operations at Energy Networks in Romania.
[4]Prior-year figures were adjusted due to corrections of biogenic emissions.
[5]The external GWP source used is the International Energy Agency ("IEA").
[6]Excludes E.ON's consumption of district heating due to the immateriality of the quantity compared with the other Scope 2 categories.
[7]The external GWP sources used are the IEA and the Association of Issuing Bodies ("AIB").
[8]First-time reporting of market-based Scope 2 emissions in 2020.
[9]The external GWP sources used include the IEA, the IPCC AR5 report, Department for BEIS (formerly DEFRA), Naturvårdsverkets, the GHG Protocol, and the Överenskommelse Värmemarknadskommittén 2021. Furthermore, primary data from external travel service providers were used for the calculation.
[10]Scope 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.
[11]Prior-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 CO_2e 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. TThe 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.

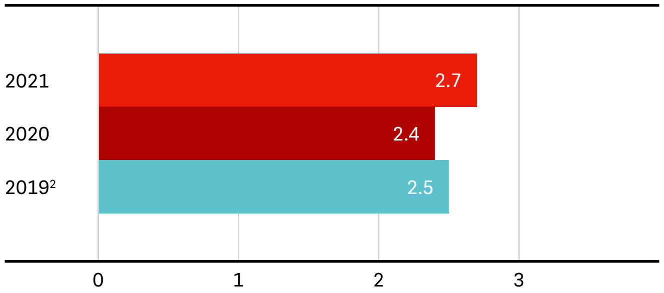
In several countries where E.ON operates, employees who have questions or concerns about their physical or mental health can contact a free, independent, and strictly confidential health advisory service (employee assistance program). In Germany, this service is a central component of the Group Works 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.

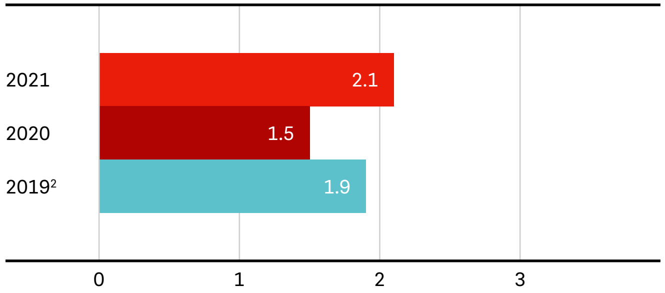
Employee TRIF[1]



[1]TRIF 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.
[2]Includes innogy from October 1 to December 31, 2019.

Employee TRIF of 2.7 in 2021 was higher than the 2020 figure (2.4).

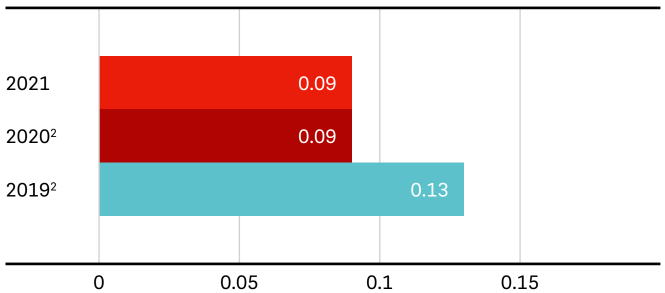
Employee LTIF[1]



[1]Lost time injury frequency measures work-related accidents resulting in lost time per million hours of work.
[2]Includes innogy 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[1]



[1]Serious incidents and fatalities measures accidents and incidents that have caused serious or fatal injuries and that surpass a predefined severity threshold per million hours of work.
[2]Data 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.

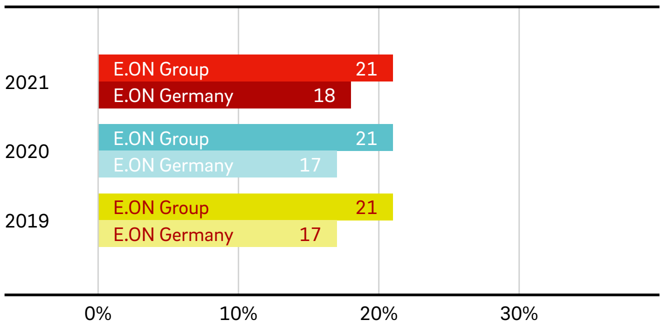
In line with E.ON's mostly decentralized approach to HR, business units address diversity in their particular cultural context. This gives them the opportunity to address challenges and develop programs that reflect the country or regions where they operate. Diversity is managed by Group HR/Executive 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[1]



[1]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[1]

			2021			2020			2019
Minutes per customer	Scheduled	Unscheduled	Total	Scheduled	Unscheduled	Total	Scheduled	Unscheduled	Total
Germany[2]	7	15	22	7	16	22	8	17	25
Sweden	26	91	116	25	121	146	22	100	122
Hungary[2]	117	58	175	117	61	178	128	59	187
Czech Republic[3]	134	47	182	145	47	192	154	50	205
Romania	297	259	556	288	358	646	339	465	804
Slovakia[3, 4]	70	58	128	143	65	208	176	79	255
Poland[2]	7	38	45	9	44	53	11	56	68

[1]Figures are for the respective previous year: 2021 for 2020, 2020 for 2019, and so forth. Totals may deviate due to rounding.
[2]Unscheduled figures do not include force majeure events.
[3]Unscheduled figures do not include force majeure events and vandalism.
[4]DSO 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 PreussenElektra 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 predefined 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.

Financial Statements of E.ON SE

Financial Statements of E.ON SE

Balance Sheet of E.ON SE — Assets

		December 31,			
€ in millions	Note	2021	2021	2020	2020
Intangible assets	(1)		21.5		45.8
Property, plant and equipment	(1)		13.4		14.8
Financial assets					
Shares in affiliated companies	(2)		43,966.4		43,597.3
Other financial assets	(3)		2,092.1		2,091.3
Fixed assets	(4)		**46,093.4**		**45,749.2**
Receivables and other assets					
Receivables from affiliated companies	(5)		12,553.3		10,797.7
Other assets	(6)		707.3		647.8
Securities	(7)		1,550.1		–
Liquid funds	(8)		1,666.1		2,646.6
Current assets			**16,476.8**		**14,092.1**
Accrued expenses	(9)		**61.4**		**65.7**
Asset surplus after offsetting of benefit obligations	(10)		**4.2**		**4.0**
Total assets			**62,635.8**		**59,911.0**

Balance Sheet of E.ON SE — Equity and Liabilities

		December 31,			
€ in millions	Note	2021	2021	2020	2020
Capital stock	(11)	2,641.3		2,641.3	
Accounting value of treasury shares		-32.3		-33.9	
Issued capital			2,609.0		2,607.4
Additional paid-in capital	(12)		3,657.1		3,657.1
Retained earnings	(13)		2,619.4		2,254.4
Net income available for distribution	(14)		2,554.5		2,123.9
Shareholders' equity	(15)		**11,440.0**		**10,642.8**
Provisions for pensions		438.6		405.3	
Right of recourse ("Freistellungsanspruch")		-335.1		-326.0	
	(16)		103.5		79.3
Provisions for taxes	(17)		298.6		391.5
Other provisions	(18)		652.5		765.7
Provisions			**1,054.6**		**1,236.5**
Bonds			13,731.5		11,621.1
Bank loans			1,042.3		218.2
Liabilities to affiliated companies			34,714.1		35,682.7
Miscellaneous liabilities			408.2		248.5
Liabilities	(19)		**49,896.1**		**47,770.5**
Deferred income	(20)		**245.1**		**261.2**
Total shareholders' equity and liabilities			**62,635.8**		**59,911.0**

Income Statement of E.ON SE

		January 1 to December 31,	
€ in millions	Note	2021	2020
Investment result	(21)	2,107.4	2,404.6
Interest income (net)	(22)	-26.3	24.0
Sales	(23)	51.5	34.5
Other operating income	(24)	2,322.1	3,674.7
Cost of materials	(25)	-32.4	-14.5
Personnel expenses	(26)	-225.7	-150.6
Amortization and depreciation of fixed intangible assets and property, plant and equipment		-26.4	-3.4
Other operating expenses	(27)	-2,189.8	-4,164.0
Income taxes	(28)	-39.4	308.7
After-tax results		**1,941.0**	**2,114.0**
Other taxes	(29)	65.1	-0.2
Net income		**2,006.1**	**2,113.8**
Profit carryforward from the prior year	(14)	898.4	10.1
Transfer to retained earnings	(13)	-350.0	–
Net income available for distribution	(14)	**2,554.5**	**2,123.9**

Notes to the Financial Statements of E.ON SE

Basis of Presentation

E.ON SE, Essen, is registered at Essen District Court under number HRB 28196.

The annual financial statements have been prepared in accordance with the provisions of the German Commercial Code ("HGB") and the Directive on the status of the European Company (SE) in conjunction with the German Stock Corporation Act ("AktG"), the German Energy Industry Act ("EnWG") and the law on metering point operation and data communication in intelligent energy networks (Measuring Point Operation Act – MsbG).

E.ON SE is a large corporation as defined in Section 267 (3) HGB.

Individual balance sheet and income statement items have been combined in order to improve the clarity of the presentation, in accordance with Section 265 (7) no. 2 HGB. These items are stated and explained separately in the Notes. The income statement is prepared using the nature-of-expense method. The structure of the income statement has been changed to improve the clarity of the presentation in accordance with Section 265 (6) HGB. In order to highlight the character of E.ON SE as a holding company, derogations from the classification scheme pursuant to Section 275 (2) HGB have been made in that the combined items of investment result and interest income have been placed ahead of the remaining items.

The annual financial statements are prepared in euros (€) and amounts are stated in millions of euros. Rounded-off amounts of less than €0.1 million will be stated at €0.0 million and zero values at €– million.

Accounting and Disclosure Policies

Intangible assets acquired against payment recognized within non-current assets and property, plant and equipment and goodwill are recognized at acquisition or production cost, less scheduled depreciation. Unless otherwise specified, the useful lives applied correspond to the average useful lives. Additions to property, plant and equipment are depreciated over their average useful lives using exclusively the straight-line method. Fixed assets are depreciated pro rata temporis.

Average useful life assumptions are as follows:

Useful Lives of Property, Plant and Equipment

Intangible assets	2 to 3 years
Buildings	7 to 33 years
Technical equipment and machinery	10 to 20 years
Other equipment, fixtures and office equipment	3 to 20 years

Depreciable assets with costs of up to €250 are expensed in full in the year of acquisition. A collective item is formed for asset additions if the acquisition costs for the individual asset amount to more than €250 and up to €1,000. One-fifth of the respective collective item is written down and recognized in income in the year it is created and in each of the subsequent four fiscal years.

Shares in affiliated companies, equity interests and non-current securities are generally recognized at cost or at their fair value, if lower. Acquisitions and mergers are recognized at book values or fair values. Interest-bearing loans are carried at their nominal values; long-term interest-free and low-interest loans and receivables are carried at present value.

If the carrying amount of property, plant and equipment measured in accordance with these principles exceeds their fair value at the balance sheet date, impairments are recognized if the impairment is expected to be permanent. If the reason for the impairment no longer applies, the impairment is reversed up to a maximum of the amortized cost.

Receivables and other assets are stated at their nominal values less appropriate valuation allowances (fair value). All identifiable individual risks are taken into account. Current securities are recognized at cost or at the lower of their market price or redemption value.

Occupational retirement benefit obligations toward employees and semiretirement pension credits and long-term working-time accounts are covered by corresponding funds invested in fund units and fixed-term deposits or liquid funds. There are also claims from reinsured pension obligations against Allianz Lebensversicherungs-AG, Berlin. The fund units are administered in trust for E.ON SE by E.ON Pension Trust e.V., Essen, and Willis Tower Watson Treuhand GmbH, Reutlingen, and the fixed-term deposits covering the semiretirement pension credits by Energie-Sicherungstreuhand e.V., Hanover, as well as CommerzTrust e. V., Frankfurt a. M.

Guarantee fund assets are measured at fair value. Guarantee fund assets are divided into assets listed on an active market (approximately 45 percent) and assets not listed on an active market (approximately 55 percent). The fair value of guarantee fund assets that are listed on an active market was derived by the designated administration companies from market prices. For assets not listed on an active market, the values were derived using generally accepted valuation methods, such as the discounted cash flow method for property valuations, and industry-specific assumptions as of the balance sheet date. The respective administration company or the experts commissioned by it determine the valuation assumptions, such as interest rates.

The invested assets are designated exclusively for the fulfillment of pension obligations and are shielded from all other creditors. They are offset against the respective underlying obligations pursuant to Section 246 (2) HGB. The associated expense and income from interest effects and from the assets to be offset are treated in a similar manner. The resulting accumulated benefit obligation is recognized under provisions. Any surplus in the fair value of the guarantee fund assets over the benefit obligations is recognized as "Asset surplus after offsetting of benefit obligations" in a separate line on the balance sheet.

Liquid funds are measured at fair value. Cash, current bank accounts and contingencies denominated in foreign currencies are translated at the exchange rates applicable on the balance sheet date. Pursuant to Section 256a HGB, assets and liabilities denominated in foreign currency and having a residual term of one year or less are translated at the mid-market spot rate applicable on the balance sheet date. Other foreign-currency items are measured at the rate applicable on the date of the business transaction, except that the rate on the balance sheet date is used if it produces a lower valuation (assets) or a higher valuation (liabilities). If hedged items are aggregated with hedges to form closed positions, the hedged rate is used for the valuation.

Amounts paid during the fiscal year for expenses incurred after the balance sheet date are recognized on the assets side as prepaid expenses. The option to capitalize loan discounts was exercised. Liabilities are amortized over their terms according to schedule.

Derivative financial instruments are used to hedge against interest and currency risks arising from booked, open and planned underlying transactions. Booked and open underlying transactions are aggregated with their associated hedges in portfolios that are separated by currency and interest hedging instrument for each currency (macro-hedges). Transactions contained in a portfolio are valued separately at the balance sheet date. The following valuation methods and assumptions are used to determine market values:

- Foreign exchange forwards and swaps are valued at the forward rate on the balance sheet date.
- Depending on their structure, currency options are measured using either the Black-Scholes model or binomial models.
- Instruments used to hedge interest risks are measured by discounting future cash flows using market interest rates over the remaining terms of the instruments. Interest rate swap amounts are recognized in the income statement on the date of payment or accrual on the balance sheet date.

The valuation of the portfolio is derived from the difference between market values and costs. According to accounting principles under the German Commercial Code, the negative valuation of a portfolio requires the establishment of a provision for anticipated losses from open transactions, while a positive valuation result is disregarded. In addition, hedging transactions may be allocated directly to booked and open underlying transactions and aggregated with them into hedges (micro-hedges). E.ON SE accounts for these hedges using the net hedge presentation method.

E.ON SE has established risk management guidelines for the use of derivative financial instruments. Credit risks arising from the use of derivative financial instruments are systematically monitored and controlled throughout the E.ON Group.

Pensions and similar obligations are measured using the internationally recognized projected unit credit method. In this method, the amount of the pension obligations is derived from the benefit entitlement earned as of the balance sheet date, taking into account future wage and salary growth rates/career trends and pension increase rates. Because of the application of Section 253 (2) HGB, pension obligations and obligations similar to pensions that are valued as pension components are discounted using the mid-market interest rate for the past ten years as published by the Deutsche Bundesbank, with an assumed residual term of 15 years.

The 2018 G version of the Klaus Heubeck biometric tables ("Richttafeln") are used as a basis for the actuarial calculations to determine the provisions. The final age used for measurement purposes is the earliest possible age limits under the statutory retirement pension system in Germany, taking into account the provisions of the Retirement Pension Age Limit Adjustment Act ("RV-Altersgrenzenanpassungsgesetz") of April 20, 2007. For employees who have concluded early-retirement or semiretirement arrangements, the contractually agreed final age is taken into account. Furthermore, fluctuation probabilities customary in the industry are also applied.

Actuarial Assumptions

	2021	2020
Wage and salary growth rates/career trends	2.35% p. a.	2.35% p. a.
Salary/career trend partial retirement obligations and potential partial retirement obligations	2.35% p. a.	2.10% p. a.
Pension increase rate	1.60% p. a.	1.60% p. a.
Discount rate for pensions and similar obligations	1.87% p. a.	2.30% p. a.
Discount rate for early-retirement obligations and potential early-retirement obligations	0.45% p. a.	0.64% p. a.

With effect from December 31, 2006, MEON Pensions GmbH & Co. KG (MEON) entered into an agreement for the assumption of a collateral promise towards active employees and their beneficiaries, together with the assumption of benefit obligations towards the Company (co-assumption of liability). MEON has indemnified the Company internally against liability for the benefit obligations specified in the agreement. In return for this right of recourse, the Company transferred assets of equivalent value to MEON. The indemnity claim is measured in the same manner as the underlying benefit obligation.

The indemnity claim is openly netted against the pension provisions.

Provisions for taxes and other provisions take into account all identifiable and uncertain obligations. These provisions are recognized at settlement amounts that are determined through reasonable commercial estimates. Future increases in prices and costs are also included in other provisions if sufficient objective indications are available concerning such increases. Provisions with a residual term of more than one year are discounted at the average market interest rate for the past seven years that corresponds to their residual term. Provisions with a term of more than 50 years are discounted at an interest rate derived from the Ultimate Forward Rate (UFR) concept of the European Insurance and Occupational Pensions Authority (EIOPA). In view of the sharp decline in average interest rates over the past several years, this measurement method leads to a more accurate presentation of the net assets and results of operations of E.ON SE.

Liabilities are recognized at their settlement amount on the balance sheet date. Pension obligations are recognized at present value using a mid-market interest rate for the past seven fiscal years that is appropriate for the term. The values of liabilities from financial guarantee contracts correspond to the loan amounts as measured on the balance sheet date.

Income before the balance sheet date that represents income for a specific period after that date is recognized as deferred income.

Pursuant to Section 274 (1) HGB, deferred taxes are determined for temporary differences between valuations of assets, liabilities and accruals for financial accounting under HGB and for tax accounting purposes. E.ON SE takes into account not only the differences from its own balance sheet items, but also those carried by subsidiaries that are part of its tax group. In this respect, deferred taxes may be recognized for temporary differences of the tax group companies in the annual financial statements of E.ON SE only for as long as the tax group is expected to continue to exist.

In addition to these temporary differences, tax loss carryforwards and interest expense carryforwards are also taken into account. Deferred taxes are determined based on the combined income tax rate, currently 31 percent. The combined income tax rate includes corporate income tax, trade tax and the solidarity surcharge. For partnership interests, however, deferred taxes arising from temporary differences are calculated using a different combined income tax rate that includes only the corporate income tax and solidarity surcharge; this rate is currently 16 percent.

Deferred taxes are netted for presentation on the balance sheet (Section 274 (1), sentence 3 HGB). If the net result is a tax credit (credit balance), the recognition option pursuant to Section 274 (1), sentence 2 HGB is not exercised. A net tax liability is presented on the balance sheet as a deferred tax liability. In the income statement, any change in the deferred taxes reported on the balance sheet is presented under "Income taxes" on a separate line. The net result for 2021 is a deferred tax asset, which is not included on the balance sheet.

Notes on the Balance Sheet

(1) Intangible Assets and Property, Plant and Equipment

The change in intangible assets and property, plant and equipment in the amount of €25.7 million is mainly due to the amortization of goodwill.

Scheduled depreciation of intangible assets and property, plant and equipment totaled €26.4 million in the fiscal year.

(2) Shares in Affiliated Companies

The increase in shares in affiliated companies totaled €369.1 million, of which €368.0 million relates to the write-up in the carrying amount of E.ON Italia S.p.A.

A list of the shareholdings of E.ON SE as of December 31, 2021, is included as part of these Notes. Section 286 (3) no. 1 HGB has been applied in that only those holdings that are individually or collectively material to the overall assessment of the assets, financial position and earnings situation are listed.

(3) Other Financial Assets

Other financial assets break down as follows:

Other Financial Assets

€ in millions	2021	2020
Loans to affiliated companies	2,066.3	2,081.2
Investments	8.9	10.0
Non-current securities	16.9	–
Other loans	0.0	0.1
Total	**2,092.1**	**2,091.3**

The increase in non-current securities relates entirely to securities held to hedge partial retirement obligations.

(4) Fixed Assets

The classification and development of the items summarized on the balance sheet are shown in the following table:

Development of Fixed Assets of E.ON SE

€ in millions	Acquisition and production costs				Write-downs					Book values	
	January 1, 2021	Additions	Disposals	December 31, 2021	January 1, 2021	Additions	Disposals	Write-ups	December 31, 2021	December 31, 2021	December 31, 2020
Concessions acquired for consideration, commercial proprietary rights and similar rights	2.3	0.7	–	3.0	0.3	1.1	–	–	1.4	1.6	2.0
Goodwill	46.4	–	–	46.4	2.6	23.9	–	–	26.5	19.9	43.8
Intangible assets	**48.7**	**0.7**	**–**	**49.4**	**2.9**	**25.0**	**–**	**–**	**27.9**	**21.5**	**45.8**
Real estate, leasehold rights and buildings, including buildings on land owned by third parties	6.9	–	–	6.9	1.1	–	–	–	1.1	5.8	5.8
Technical equipment and machinery	4.1	–	0.1	4.0	0.1	0.6	0.1	–	0.6	3.4	4.0
Other plant, fixtures, furniture and office equipment	14.8	–	–	14.8	10.9	0.8	–	–	11.7	3.1	3.9
Prepayments and assets under construction	1.1	–	–	1.1	–	–	–	–	–	1.1	1.1
Property, plant and equipment	**26.9**	**–**	**0.1**	**26.8**	**12.1**	**1.4**	**0.1**	**–**	**13.4**	**13.4**	**14.8**
Shares in affiliated companies	46,481.5	1.2	0.1	46,482.6	2,884.2	–	–	368.0	2,516.2	43,966.4	43,597.3
Long-term loans to affiliated companies	2,081.2	0.4	15.3	2,066.3	–	–	–	–	–	2,066.3	2,081.2
Investments	10.0	–	1.1	8.9	–	–	–	–	–	8.9	10.0
Non-current securities	–	16.9	–	16.9	–	–	–	–	–	16.9	–
Other long-term loans	0.1	–	0.1	0.0	0.0	–	0.0	–	0.0	0.0	0.1
Financial assets	**48,572.8**	**18.5**	**16.6**	**48,574.7**	**2,884.2**	**–**	**0.0**	**368.0**	**2,516.2**	**46,058.5**	**45,688.6**
Fixed assets	**48,648.4**	**19.2**	**16.7**	**48,650.9**	**2,899.2**	**26.4**	**0.1**	**368.0**	**2,557.5**	**46,093.4**	**45,749.2**

(5) Receivables from Affiliated Companies

Receivables from affiliated companies primarily relate to receivables from intragroup financing of €11,565.9 million (prior year: €7,352.8 million). The item trade receivables totals €27.2 million (prior year: €20.5 million) and other receivables totals €1,250.7 million (prior year: €3,424.4 million).

As in the previous year, all of the receivables have a residual term of up to one year.

(6) Other Assets

Other assets, as in the previous year, all have a residual term of up to one year.

The tax receivables in the amount of €503.0 million included in this item relate to tax refund and interest claims. Corporate income tax and solidarity surcharge totaling €105.9 million is attributable to 2021.

(7) Securities

The increase in securities is primarily attributable to the purchase of money market funds in the amount of €1,550.0 million in the reporting year.

(8) Liquid Funds

Liquid funds of €1,666.1 million reported as of the balance sheet date consist mainly of cash at banks. Liquid funds in the amount of €613.1 million are restricted.

(9) Accrued Expenses

This item results primarily from discounts of €59.3 million (prior year: €63.0 million) on bonds issued and loans granted by affiliated companies. The decrease is mainly due to planned reversals.

(10) Asset Surplus after Offsetting of Benefit Obligations

The offsetting of the guarantee fund assets against the corresponding pension obligations has produced a surplus, which breaks down as follows:

Asset Surplus after Offsetting of Benefit Obligations

	December 31,	
€ in millions	2021	2020
Benefit obligations[1]		
Settlement amount	*0.5*	*0.6*
Fair value of guarantee fund assets		
Fund units	*4.7*	*4.6*
Net value	**4.2**	**4.0**

1Benefit obligations secured by the Past Service Trust Agreement.

The acquisition costs of the guarantee fund assets from the Past Service Trust Agreement amount to €4.2 million as of December 31, 2021 (prior year: €4.0 million).

(11) 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 (prior year: €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 71 a 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 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 at market terms with a credit institution or an entity operating pursuant to

Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) KWG or on the market. No shares were acquired in the reporting year using this purchase model.

To improve clarity, the following discussion of the development of the Company's treasury shares is presented using whole euro amounts.

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. 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 withdrawn from the treasury and issued to employees at a weighted average purchase price of €19.60 per share.

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), equivalent to 1.22 percent or €32,323,628 of the capital stock. Of the 32,323,628 E.ON treasury shares existing as of December 31, 2021, 5,952,439 shares originated from the share buyback program implemented in 2001 and 2002, and 24,339,280 shares came from the buyback program implemented in 2007. An additional 30,446 shares stem from the intragroup purchase of EBY Port 1 GmbH in 2003. 2,001,463 shares related to the intragroup purchase of E.ON Sechzehnte Verwaltungs GmbH in 2016.

No scrip dividend was offered in the 2021 fiscal year.

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 until May 27, 2025, to increase 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.

At the Annual Shareholders Meeting of May 28, 2020, shareholders approved a conditional capital increase (with the option to exclude shareholders' subscription rights) in the amount of up to €264.0 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, 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 aforementioned 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 the option, fulfill their obligation to convert or exercise the 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 has not been used.

Information on Stockholders of E.ON SE

The following notice pursuant to Section 33 (1) of the German Securities Trading Act ("WpHG") concerning changes in voting rights has been received:

Information on Stockholders of E.ON SE

Reporting entity	Date of notice	Threshold	Achieved, over or under threshold	Gained voting rights on	Allocation	Voting rights Percentages	Voting rights 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, Germany	Jan. 15, 2021	3%	Over	Jan. 12, 2021	indirect	3.02	79,741,442[3]
RWE Aktiengesellschaft, Essen, Germany[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[3]

1Voluntary Group notification with threshold impact only at subsidiary level; falling below 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 3.0 percent or more of the voting rights as indicated in the voting rights notification received: GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH.

(12) Additional Paid-in Capital

The additional paid-in capital remains unchanged at €3,657.1 million.

(13) Retained Earnings

Retained earnings in 2021 amount to €2,619.4 million (prior year: €2,254.4 million) and are made up of legal reserves of €45.3 million (prior year: €45.3 million) and other retained earnings of €2,574.1 million (prior year: €2,209.1 million). The increase in retained earnings is due to the transfer of €350.0 million from current net income in 2021 and the sale of treasury shares under the employee stock purchase program in 2021.

In order to fulfill retirement benefit obligations, funds have been invested as restricted, bankruptcy-remote assets in fund units administered in trust by E.ON Pension Trust e. V., Essen, or by Willis Towers Watson Treuhand GmbH, Reutlingen. There are also claims from reinsured pension obligations against Allianz Lebensversicherungs-AG, Berlin. In accordance with Section 253 (1) HGB, they are measured at fair value. At the balance sheet date, this amounted to €531.1 million and, taking into account deferred tax liabilities of €2.0 million, exceeded the acquisition cost of €464.1 million by €65.0 million. This difference of €65.0 million is fully due to increases in value. Taking into account deferred tax assets, also in the amount of €2.0 million, which are based on uncertain earnings and which are taken into account by netting against deferred tax liabilities, this results in a dividend-restricted amount of €67.0 million (prior year: €30.6 million).

The amount of the difference between the recognition of provisions for pension obligations based on the corresponding average market interest rate for the past ten fiscal years (1.87 percent p. a.) and the recognition of these provisions based on the corresponding average market interest rate for the past seven fiscal years (1.35 percent p.a.) amount to €94.7 million (prior year: €114.9 million) as of December 31, 2021, for E.ON SE.

The dividend-restricted amounts totaling €161.7 million (prior year: €145.5 million) mentioned above are fully covered by a sufficient amount of available reserves.

Accordingly, there is no restriction preventing payment in 2022 of the proposed dividend distribution, which is projected to be in the amount of €1,278.4 million.

(14) Net Income Available for Distribution

Net income available for distribution includes profit carried forward of €898.4 million from the prior year.

(15) Stockholders' Equity

The following table summarizes the changes in stockholders' equity:

Stockholders' Equity

€ in millions	Issued capital	Additional paid-in capital	Retained earnings	Net income available for distribution	2021 Total	2020 Total
As of January 1	2,607.4	3,657.1	2,254.4	2,123.9	10,642.8	9,728.4
Dividend of E.ON SE for the previous year	–	–	–	-1,225.5	-1,225.5	-1,199.4
Transfers to retained earnings from net income for the year	–	–	350.0	-350.0	–	–
Change in treasury shares	1.6	–	15.0	–	16.6	–
Net income	–	–	–	2,006.1	2,006.1	2,113.8
As of December 31	**2,609.0**	**3,657.1**	**2,619.4**	**2,554.5**	**11,440.0**	**10,642.8**

(16) Provisions for Pensions

The pension obligations cover the benefit obligations to towards former employees and employees still working. They are generally funded by the employer and, through deferral of compensation, in part by the employees.

The reported pension obligations, as well as the provisions for electricity allowances, are offset on the balance sheet against the right of recourse against MEON, in the amount of €335.1 million.

Provisions for Pensions[1]

€ in millions	December 31, 2021	December 31, 2020
Settlement amount	965.1	864.5
Fair value of guarantee fund assets		
Reinsurance	*12.0*	*7.7*
Fund units	*514.5*	*451.5*
Total	**438.6**	**405.3**

1Pension obligations not hedged by the Past Service Trust Agreement.

Acquisition costs of the guarantee fund assets total €460.0 million in the reporting year (prior year: €429.9 million). Guarantee fund assets are measured at fair value.

Please see Note 13 for more information on the difference in accordance with Section 253 (6) HGB.

(17) Provisions for Taxes

Tax provisions relate to taxes for previous years in the amount of €269.3 million. Trade tax of €29.3 million relate to 2021.

(18) Other Provisions

Other provisions break down as follows:

Other Provisions

€ in millions	December 31, 2021	December 31, 2020
Environmental remediation obligations	296.9	301.2
Other personnel reserves	151.7	151.8
Provisions for anticipated losses	69.4	49.0
Tax-related interest	59.4	144.0
Various other reserves	75.1	119.7
Total	**652.5**	**765.7**

The provision for environmental improvement and remediation obligations relates to possible remediation measures arising from the operation of abandoned mines of predecessor companies.

The reduction in the provision for tax-related interest results from the final assessment for the years 2008 to 2010.

(19) Liabilities

The following table provides a breakdown of liabilities:

Liabilities

	December 31, 2021				December 31, 2020			
		With a remaining term of				With a remaining term of		
€ in millions	Total	≤ 1 year	1 to 5 years	> 5 years	Total	≤ 1 year	1 to 5 years	> 5 years
Bonds	13,731.5	2,760.4	4,659.0	6,312.1	11,621.1	750.0	5,000.0	5,871.1
Banks	1,042.3	1,042.3	–	–	218.2	218.2	–	–
Accounts payable	28.5	28.5	–	–	11.3	11.3	–	–
Affiliated companies	34,714.1	28,864.7	1,011.9	4,837.5	35,682.7	30,944.8	910.0	3,827.9
Other liabilities	379.7	379.7	–	–	237.2	237.2	–	–
of which from taxes	*370.8*	*370.8*	–	–	*63.2*	*63.2*	–	–
Total	**49,896.1**	**33,075.6**	**5,670.9**	**11,149.6**	**47,770.5**	**32,161.5**	**5,910.0**	**9,699.0**

In 2021, E.ON SE issued new bonds and notes in the amount of €2,860.4 million and repaid bonds in the amount of €750.0 million. Overall, the remaining maturities of the bonds reported here are between less than 1 and 22 years.

Liabilities to affiliated companies result from intragroup financing (€34,345.1 million; prior year: €34,066.1 million), trade payables (€123.8 million; prior year: €89.2 million) and other liabilities (€245.2 million; prior year: €1,527.4 million). Liabilities from intragroup financing includes receivables from profit transfer amounting to €1,450.0 million (prior year: €32.3 million); other liabilities contains liabilities from loss transfers amounting to €6.8 million (prior year: €1,282.0 million).

Liabilities to affiliated companies relate to liabilities to E.ON Energie AG (€8,792.5 million; prior year: €9,427.6 million), to E.ON International Finance B.V. (€3. 533.3 million; prior year: €3,569.7 million), to E.ON Beteiligungsholding GmbH (€2,841.1 million; prior year: €2,773.5 million), and to E.ON International Participations N.V. (€2,246.5 million; prior year: €2,513.3 million).

Trade payables and other liabilities were combined in the balance sheet under other liabilities.

Contingencies and Other Financial Obligations

Contingent liabilities consist of the following:

Contingencies

	December 31,	
€ in millions	2021	2020
Contingent liabilities arising from abstract guarantees	23,503.2	25,333.8
Toward affiliated companies	*2,953.6*	*2,946.0*
Contingent liabilities arising from guarantees bound to a principal obligation (*Bürgschaften*)	195.1	202.7
Toward affiliated companies	–	–
Total	**23,698.3**	**25,536.5**

Of the contingent liabilities arising from abstract guarantees, an amount of €14,245.0 million relates to repayment guarantees made to holders of bonds issued by E.ON International Finance B.V. During the 2021 fiscal year, the repayment guarantees decreased by €1,104.2 million, mainly due to the repayment of two bonds by E.ON International Finance B.V. Furthermore, E.ON SE has provided guarantees in connection with the disposal of activities of the E.ON Group. Of these, €982.1 million relates to guarantees where a contractual restriction for specific guaranteed events such as indemnification for environmental damage, costs for remediation of damages or obligations arising from litigation applies. The abstract guarantees of the Company also include the liquidity assistance guarantee toward MEON in the amount of €2,953.6 million arising from the implementation of the CTA. In addition, there are liabilities as of December 31, 2021, from guarantees bound to a principal obligation under German law; these essentially consist of contractual obligations.

E.ON SE has entered into these contingencies in order to support Group companies in their operations, to secure the fulfillment of pension obligations toward active and former employees and to enable disposals of activities.

E.ON SE normally only enters into contingencies in connection with its own operations or the operations of affiliated companies, and then only after intensively evaluating the risks. E.ON SE currently continues to provide collateral in the amount of €701.8 million for the parts of the Renewables business transferred to RWE, which are still to be repaid or assumed by RWE Group companies in the short term.

Up to the time the annual financial statements are prepared, the knowledge gained from the assessment of the risks is included in the assessment of the contingencies and their underlying obligations. E.ON SE assumes that the companies that originally assume them are able to meet all of their obligations. Accordingly, the risk of E.ON SE assuming responsibility is classified as unlikely for all of the contingencies described.

Other financial obligations amounted to €161.9 million as of December 31, 2021. Of this amount, €92.2 million relates to obligations toward affiliated companies.

Derivative Financial Instruments

In the context of its international activities, E.ON SE is exposed to currency, interest and equity price risks. This risk is managed using a systematic risk management system. E.ON SE plays a central role as regards the management of currencies and interest rates, using internal transactions within the Group to bundle risk positions and hedge them in the external market. By taking these actions, E.ON SE largely eliminates risk positions.

Derivative Financial Instruments

€ in millions Instrument	December 31, 2021 Nominal volume	December 31, 2021 Fair value (Market value)	December 31, 2020 Nominal volume	December 31, 2020 Fair value (Market value)
Micro-hedge foreign exchange risk				
Cross-currency and interest rate/cross-currency swaps with banks	*3,825.6*	*-650.6*	*2,687.8*	*-1,018.9*
Macro-hedge foreign exchange risk	**30,736.0**	**12.1**	**33,525.0**	**16.5**
Forward transactions with banks	*15,486.3*	*192.5*	*15,106.1*	*22.7*
Forward transactions with affiliated companies	*10,063.5*	*-180.0*	*13,792.8*	*37.2*
Cross-currency and interest rate/cross-currency swaps with banks	*2,582.2*	*829.7*	*2,339.0*	*899.2*
Cross-currency and interest rate/cross-currency swaps with affiliated companies	*2,604.0*	*-830.1*	*2,287.1*	*-942.6*
Micro-hedge interest rate risk				
Interest rate swaps with banks	*4,000.0*	*-1,219.7*	*3,800.0*	*-1,369.7*
Macro-hedge interest rate risk	**630.0**	**37.1**	**1,420.8**	**-131.1**
Interest rate swaps with banks	*0.0*	*0.0*	*495.4*	*-189.6*
Interest rate swaps with affiliated companies	*630.0*	*37.1*	*925.4*	*58.5*
Total	**39,191.6**	**-1,821.1**	**41,433.6**	**-2,503.2**

Foreign Exchange Risk

Interest rate/cross-currency swaps with a total nominal value of €3,825.6 million were entered into to hedge Group loans and bonds in foreign currencies that were granted by E.ON International Finance B.V. For each of its micro-hedges, E.ON SE protects itself against the risk of variable cash flows arising from changes in exchange rates. As of December 31, 2021, Group loans with a maximum term of 19 years were recognized in corresponding valuation units.

The net currency position (before hedging) resulting primarily from E.ON SE's short-term underlying financial and operating transactions is combined with the respective offsetting currency hedging transactions to form a macro-hedge valuation unit for each currency. The maximum term of the transactions is 18 years. The total nominal volume of all currency-specific portfolios was €34,129.1 million as of December 31, 2021 (of which €30,736.0 million related to pending transactions, €4,226.1 million to liabilities and €833.0 million to assets). The foreign-currency portfolio of E.ON SE is nearly

100 percent hedged. As of the reporting date, the cumulative surplus on losses in currency hedging transactions was recognized in the form of a €36.8 million provision (prior year: €0.4 million).

Interest Risk
In the context of cash flow hedging, the net interest position (before hedging) resulting from E.ON SE's underlying financial and operating transactions is aggregated with the offsetting interest rate hedging transactions into macro-hedges. The maximum term of the transactions is 2 years. Underlying and hedging transactions are valued for this purpose based on the underlying discounted cash flows. The total nominal volume was €630.0 million as of December 31, 2021 (all of which related to pending transactions). The interest rate from existing risk positions and future financing was hedged by means of interest rate swaps within the framework of micro-hedges. The total nominal volume of derivative financial instruments included in the valuation units both as hedged items and hedging transactions amounts to €4,000.0 million. The corresponding expected borrowings relate, after the borrowings carried out in 2017, to the years after 2021, for terms of a maximum of 26 years, and are considered highly probable from a financial planning perspective. The interest rate hedges had a valuation surplus as of the reporting date.

The underlying transactions combined into the valuation units represent highly homogeneous risks. It is therefore to be expected that the opposing changes in value of the underlying transactions and their hedges will in future virtually offset, and that the hedges will thus be highly effective.

For micro-hedge valuation units, effectiveness is assessed using the critical-terms-match method, since the main parameters for the instruments used are identical. The amount of existing ineffectiveness is computed by cumulative application of the dollar-offset method. The existing risk management framework is used to constantly monitor the macro-hedge valuation units, confining them within corresponding limits.

The total volume of risk hedged in these valuation units is €3,746.2 million. Of this total, €2,420.0 million is attributable to foreign exchange risk and €1,326.2 million to interest risk.

(20) Deferred Income
Deferred income mainly includes the fair value difference of the bonds transferred from innogy SE during fiscal year 2020. The deferred income of €243.9 million (prior year: €259.9 million) recognized in this connection will be reversed on a pro rata basis over the remaining terms.

Notes on the Income Statement

(21) Investment Result
The table below provides details of income from equity investments:

Investment Result

€ in millions	2021	2020
Income from companies in which equity investments are held	2.8	4.3
From affiliated companies	*2.8*	*4.3*
Income from profit transfer	2,111.3	3,682.4
Expense from loss transfer	-6.7	-1,282.1
Total	**2,107.4**	**2,404.6**

Income from profit transfers resulted primarily from the income of E.ON Energie AG of €1,384.7 million, the income of E.ON Beteiligungen GmbH of €661.3 million, and the income of E.ON Finanzanlagen GmbH of €65.3 million.

Expense from loss transfers recognized in 2021 primarily relates to E.ON US Holding GmbH in the amount of €6.2 million.

(22) Interest Result

Net interest result breaks down as follows:

Interest Result

€ in millions	2021	2020
Income from other securities and long-term loans included in financial assets	77.7	63.1
From affiliated companies	*77.7*	*63.1*
Other interest and similar income	218.9	309.0
From affiliated companies	*74.7*	*59.5*
Interest and similar expenses	-322.9	-348.1
Paid to affiliated companies	*-90.0*	*-134.3*
Accretion of discounted provisions	*-74.0*	*-99.1*
Total	**-26.3**	**24.0**

Other interest and similar income includes negative interest income in the amount of €13.2 million (prior year: €9.3 million) and interest income relating to previous periods amounting to €136.7 million (prior year: €254.5 million).

Other interest and similar expenses includes negative interest expenses of €155.0 million (prior year: €120.0 million).

The expense from the accretion of provisions consists mainly of the accretion of the provision for environmental remediation obligations of €29.7 million (prior year: €41.7 million) as well as the effects of changes in interest rates on provisions for pensions in the amount of €88.1 million (prior year: €67.6 million) and net income resulting from the corresponding guarantee fund assets in the amount of €44.8 million (prior year: €11.4 million).

(23) Sales

Sales mainly comprise income from the passthrough of personnel expenses and income from intragroup rental and service agreements.

(24) Other Operating Income

Other operating income breaks down as shown in the following table:

Other Operating Income

€ in millions	2021	2020
Exchange-rate differences	1,199.7	3,028.0
Cross-currency / Interest-rate swaps and currency options	489.6	362.5
Reversal of provisions	90.1	49.6
Miscellaneous	542.7	234.6
Total	**2,322.1**	**3,674.7**

Of the income from exchange rate differences reported, €500.0 million (prior year: €1,550.0 million) originated from relationships with affiliated companies and €699.7 million (prior year: €1,478.0 million) from external relationships.

Income from the reversal of provisions represents income unrelated to the accounting period. The adjustment of the provision for environmental remediation obligations included in this item amounts to €29.4 million.

Other income includes other operating income from the write-up of financial assets amounting to €368.0 million.

(25) Cost of Materials

The cost of materials of €32.4 million (prior year: €14.5 million) relates exclusively to expenses for purchased services and is directly related to the income recorded under sales.

(26) Personnel Expenses

The following table shows the structure of personnel expenses:

Personnel Expenses

€ in millions	2021	2020
Salaries	190.9	123.6
Social security contributions, pension costs and other employee benefits	34.8	27.0
Of which for pensions	*19.5*	*15.7*
Total	**225.7**	**150.6**

The increase in personnel expenses is mainly due to the increase in the number of employees, performance-related benefits and the increased expense for share-based payments.

(27) Other Operating Expenses

Other operating expenses break down as follows:

Other Operating Expenses

€ in millions	2021	2020
Exchange-rate differences	1,170.3	3,110.1
Cross-currency / Interest-rate swaps and currency options	534.1	408.4
Services and third-party services	249.2	208.9
Consulting and audit fees	65.5	130.8
Miscellaneous expenses	170.7	305.8
Total	**2,189.8**	**4,164.0**

Of the expenses from exchange rate differences reported, €706.8 million (prior year: €1,424.4 million) originated from relationships with affiliated companies and €463.5 million (prior year: €1,685.7 million) from external relationships.

(28) Income Taxes

Income taxes resulted in total tax expense of €39.4 million during the reporting year, which relates to both the current year and previous years. Corporation tax plus solidarity surcharge of €78.7 million and trade tax of €65.7 million is attributable to the year 2021. Tax income for previous years amounted to €105.0 million, primarily from amended tax declarations.

Overall, as of December 31, 2021, E.ON SE expects future tax relief from temporary accounting differences — both its own and those of the companies in its consolidated tax group — as well as from interest expense carryforwards. The calculation of these deferred tax assets took place on the basis of a combined income tax rate of 31 percent (E.ON SE and its consolidated tax group companies) and 16 percent (partnership interests; the tax rate only takes into account corporate income tax and the solidarity surcharge).

Deferred tax liabilities primarily result from valuation differences in property, plant and equipment. Because the pension obligations before offsetting with guarantee fund assets result in a higher obligation in financial statements as opposed to their valuation for tax purposes, the result of this difference is a deferred tax asset. Additional deferred tax assets result primarily from goodwill, provisions that cannot be recognized for tax purposes, including those for anticipated losses and in the nuclear power segment and from deferred tax assets. Overall, there is a surplus of deferred tax assets over deferred tax liabilities. Section 274 (1), sentence 2, HGB does offer a recognition option for the recoverable portion of a surplus of deferred tax assets, but the surplus is not considered recoverable and is therefore not included on the balance sheet.

(29) Other taxes

The income from other taxes results entirely from prior years.

Other Disclosures

Employees

The average number of persons permanently employed by E.ON SE in the 2021 fiscal year was 999 (prior year: 801). The employees are divided into Corporate Headquarters (801 employees), E.ON SE Customer Solutions (100 employees), E.ON SE Customer Solutions (100 employees) and E.ON SE Energy Networks Germany (98 employees).

The increase in head count compared with the previous year is primarily attributable to the transfer of employees from innogy SE at the end of 2020.

Starting in the 2021 fiscal year, there has been a change in the calculation of head count from the absolute number of employees to full-time employees (FTE). Part-time positions are included on a pro rata basis. Apprentices, interns and student trainees are not included.

The figures for the previous year have been adjusted accordingly for reasons of comparability.

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:

Auditor Fees

€ in millions	2021	2020
Audit services	29	32
Germany	*21*	*23*
Other attestation services	4	7
Germany	*4*	*6*
Tax consulting services	1	1
Germany	*1*	*1*
Other services	0	2
Germany	*0*	*2*
Total	**34**	**42**
Germany	*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 Statement.

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.

Statement of Compliance Pursuant to Section 161 of the German Stock Corporation Act

On December 14, 2021, the Management Board and Supervisory Board of E.ON SE issued a statement of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) and published it on the Internet at www.eon.com to make it permanently accessible to the Company's stockholders.

Disclosures on Certain Business Transactions Pursuant to Section 6b (2) EnWG

In the 2021 fiscal year, E.ON SE did business with affiliated and associated companies. Contracts with such entities resulted in expenses totaling €286.8 million and income totaling €190.6 million. They primarily relate to IT services (expenses: €125.4 million), property (expenses: €14.5 million; income: €5.7 million), provision of external personnel (expenses: €8.9 million) and other consulting and service agreements (expenses: €138.0 million; income €184.9 million).

Corporate financing activities resulted in expenses of €956.4 million, income of €736.2 million, interest expense of €93.5 million and interest income of €152.7 million.

Subsequent Events

Corporate Bonds Issued

In January 2022, E.ON SE issued two corporate bonds with a total volume of €1.3 billion.

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 indirectly held by E.ON Pension Trust e.V. for the account of MEON Pensions GmbH & Co. KG. 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.

Disclosures on the Boards

Board Compensation

Supervisory Board

The total compensation for 2021 of the members of the Supervisory Board amounts to €5.0 million (prior year: €5.1 million).

The compensation system for the Supervisory Board is described in the Compensation Report.

As in the prior year, there were no loans to members of the Supervisory Board in the 2021 fiscal year.

The members of the Supervisory Board, along with additional directorships held, are listed on pages **152 et seq.**

Management Board

Total compensation of the Management Board amounts to €15.9 million (2020: €13.2 million, based on the total compensation of the Management Board reported in the 2020 annual report), which in addition to base salary, bonuses and other compensation elements, also includes a share-based component. The total compensation of the individual members of the Management Board breaks down as follows:

Compensation of the Management Board

	Fixed annual compensation		Bonus		Other compensation		Value of share-based payment[1]		Total	
in €K	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Leonhard Birnbaum (Chairman since April 1, 2021)	1,115,000	464,444	2,237,400	489,725	13,991	11,403	1,750,000	1,008,333	5,116,391	1,973,905
Thomas König	700,000	700,000	1,188,000	688,500	45,899	46,233	825,000	825,000	2,758,899	2,259,733
Patrick Lammers (since August 1, 2021)[2]	291,667	–	495,000	–	24,734	–	343,750	–	1,155,151	–
Victoria Ossadnik (since April 1, 2021)	525,000	–	891,000	–	15,373	–	825,000	–	2,256,373	–
Marc Spieker	700,000	700,000	1,188,000	688,500	50,297	52,699	825,000	825,000	2,763,297	2,266,199
Johannes Teyssen (until March 31, 2021)	310,000	1,240,000	499,669	1,445,850	6,919	34,684	–	1,732,500	816,588	4,453,034
Karsten Wildberger (until July 31, 2021)	408,333	700,000	555,188	688,500	29,916	51,010	–	825,000	993,437	2,264,510
Total	**4,050,000**	**3,804,444**	**7,054,257**	**4,001,075**	**187,129**	**196,029**	**4,568,750**	**5,215,833**	**15,860,136**	**13,217,381**

1The fair value for the share-based compensation from the fifth tranche of the E.ON Performance Plan totaled €7.65 per virtual E.ON share.
2Because Patrick Lammers was not a member of the Management Board on the allocation date of April 1, 2021, his allocation was made on the basis of a prorated target amount.

The members of the Management Board of E.ON SE were granted fifth-tranche virtual shares under the E.ON Performance Plan in 2021 (2020: fourth tranche of the E.ON Performance Plan) with a value of €4.6 million (prior year: €5.2 million) and 597,226 shares (prior year: 661,911).

Further information on the compensation of active members of the Management Board, and on the compensation system for the Board, can be found in the Compensation Report.

As in 2020, there were no loans to members of the Management Board in the 2021 fiscal year.

The total compensation paid to former members of the Management Board and to their beneficiaries amounted to €10.1 million (2020: €12.8 million).

A provision of €175.8 million (prior year: €142.4 million) is recognized for pension obligations toward former members of the Management Board and their beneficiaries. The right of recourse under the collateral promise agreement with MEON is offset against this provision on the face of the balance sheet.

The members of the Management Board, along with additional directorships held, are listed on page 154.

Boards

Supervisory Board (and Information on Other Directorships)

Dr. Karl-Ludwig Kley
Chairman of the Supervisory Board, E.ON SE
→ Bayerische Motoren Werke AG[1] (until May 12, 2021)
→ Deutsche Lufthansa AG[1] (Chairman)

Erich Clementi
Deputy Chairman of the Supervisory Board, E.ON SE
→ Deutsche Lufthansa AG[1]

Christoph Schmitz
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 Excetutive Officer, Grillo-Werke AG
→ Rheinmetall AG[1] (Chairman)
→ Grillo Zinkoxid GmbH[2]
→ Zinacor S.A.[2]

Carolina Dybeck Happe
Senior Vice President and Chief Financial Officer, General Electric Company (GE)

Monika Krebber
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 AG[2]
→ E.ON Pensionsfonds AG[2]

Szilvia Pinczésné Márton
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.)

René Pöhls
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 AG[2]

Andreas Schmitz
Attorney
→ Scheidt & Bachmann GmbH (Chairman)
→ Commerzbank AG[1] (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 SE[2] (Chairman until February 28, 2021)
→ RWE Power AG[2] (Chairman until February 28, 2021)
→ RWE Renewables GmbH[2] (until February 28, 2021)
→ RWE Supply & Trading GmbH[2] (until February 28, 2021)
→ TÜV Rheinland AG
→ Encavis AG[1] (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 AG[2]
→ Szczecińska Energetyka Cieplna 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 AG[2]
→ 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 AG[2]
→ E.ON Pensionsfonds AG[2]
→ 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

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.

Management Board (and Information on Other Directorships)

Dr.-Ing. Leonhard Birnbaum (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 SE[2] (Chairman, until October 31, 2021)
- Georgsmarienhütte Holding GmbH (Chairman since July 1, 2021)
- Nord Stream AG (since April 1, 2021)

Dr. Johannes Teyssen (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 AG[2] (Chairman)
- Bayernwerk AG[2] (Chairman, until December 2, 2021)
- envia Mitteldeutsche Energie AG[2]
- Westenergie AG[2]
- 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 AB[2]
- 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 GmbH[2] (since August 1, 2021; Chairman, since August 10, 2021)
- E.ON Sverige AB[2] (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 AG[1] (until May 18, 2021)
- E.ON Digital Technology GmbH[2] (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 AG[2]
- Westenergie AG[2]
- 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 GmbH[2] (Chairman, until April 11, 2021)
- E.ON Energie Deutschland GmbH[2] (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 AB[2] (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.
[1]Listed company.
[2]E.ON Group directorships/memberships.

Dividend Proposal

The Management Board proposes to the Annual Shareholders Meeting that the €2,554,505,765.11 in net income available for distribution for the 2021 fiscal year be used as follows:

€	
Net income for the year	2,006,062,842.12
Profit carried forward from the prior year	898,442,922.99
Transfer to retained earnings	-350,000,000.00
Net income available for distribution	**2,554,505,765.11**
Distribution of a dividend of €0.49 per share with dividend rights	1,278,407,634.28
Carryforward to new account	**1,276,098,130.83**

The dividend proposal takes into account the dividend-paying shares at the time the annual financial statements were prepared on March 7, 2022.

Other Information

Disclosures Pursuant to Section 285 No. 11, 11a and 11b HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name	Location	Stake %	Equity € in millions	Earnings € in millions
Abfallwirtschaft Rendsburg-Eckernförde GmbH[6]	DE, Borgstedt	49.0	14.0	2.2
Abfallwirtschaft Südholstein GmbH - AWSH -[6]	DE, Elmenhorst	49.0	11.0	2.3
Alsdorf Netz GmbH[6, 12]	DE, Alsdorf	50.1	12.2	–
Alt Han Company Limited[6]	GB, London	21.0	-25.2	-14.4
Artelis S.A.[1]	LU, Luxembourg	90.0	38.2	2.3
AV Packaging GmbH[1]	DE, Munich	0.0	16.5	-0.3
Avacon AG[1]	DE, Helmstedt	61.5	1,265.8	106.0
Avacon Beteiligungen GmbH[1, 12]	DE, Helmstedt	100.0	61.0	–
Avacon Connect GmbH[1, 12]	DE, Laatzen	100.0	4.1	–
Avacon Hochdrucknetz GmbH[1, 12]	DE, Helmstedt	100.0	14.5	–
Avacon Natur GmbH[1, 12]	DE, Sarstedt	100.0	30.6	–
Avacon Netz GmbH[1, 12]	DE, Helmstedt	100.0	1,187.6	–
AVU Aktiengesellschaft für Versorgungs-Unternehmen[4]	DE, Gevelsberg	50.0	92.1	9.0
Bayerische Bergbahnen-Beteiligungs-Gesellschaft mbH[1]	DE, Gundremmingen	100.0	27.7	0.0
Bayerische-Schwäbische Wasserkraftwerke Beteiligungsgesellschaft mbH[1]	DE, Gundremmingen	62.2	58.9	4.5
Bayernwerk AG[1, 12]	DE, Regensburg	100.0	1,637.7	–
Bayernwerk Gashochdrucknetz GmbH & Co. KG[1]	DE, Regensburg	100.0	36.5	3.5
Bayernwerk Natur GmbH[1]	DE, Unterschleißheim	100.0	88.3	2.6
Bayernwerk Netz GmbH[1, 12]	DE, Regensburg	100.0	1,182.6	–
Bayernwerk Portfolio Verwaltungs GmbH[1]	DE, Regensburg	100.0	20.4	9.5
BDK Budapesti Dísz- és Közvilágítási Korlátolt Felelősségű Társaság[4]	HU, Budapest	50.0	30.7	1.6
BEW Bergische Energie- und Wasser-Gesellschaft mit beschränkter Haftung[7]	DE, Wipperfürth	19.5	35.4	6.4
BEW Netze GmbH[6]	DE, Wipperfürth	61.0	11.1	-0.2
BMV Energie GmbH & Co. KG[6]	DE, Fürstenwalde/Spree	25.6	17.1	0.3
Broadband TelCom Power, Inc.[1]	US, Santa Ana	100.0	52.9	8.0
BTB-Blockheizkraftwerks, Träger- und Betreibergesellschaft mbH Berlin[1, 12]	DE, Berlin	100.0	2.2	–
Cegecom S.A.[1]	LU, Luxembourg	100.0	10.7	0.8
Celle-Uelzen Netz GmbH[1, 12]	DE, Celle	97.5	92.5	–
Coromatic Holding AB[1]	SE, Bromma	100.0	18.2	1.0
DD Turkey Holdings S.à r.l.[1]	LU, Luxembourg	100.0	1,340.7	74.5
Delgaz Grid S.A.[1]	RO, Târgu Mureş	56.1	638.7	-11.4
Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG[6, 14]	DE, Gorleben	42.5	1.7	1.2
DigiKoo GmbH[2, 12]	DE, Essen	100.0	2.5	–
Dorsten Netz GmbH & Co. KG[6]	DE, Dorsten	49.0	14.4	1.5
Dortmunder Energie- und Wasserversorgung Gesellschaft mit beschränkter Haftung[5]	DE, Dortmund	39.9	188.8	–
Dutchdelta Finance S.à r.l.[1]	LU, Luxembourg	100.0	1,181.1	-0.2
E WIE EINFACH GmbH[1, 12]	DE, Cologne	100.0	50.0	–
E.DIS AG[1]	DE, Fürstenwalde/Spree	67.0	1,327.3	83.6
E.DIS Netz GmbH[1, 12]	DE, Fürstenwalde/Spree	100.0	817.0	–
e.discom Telekommunikation GmbH[1, 12]	DE, Rostock	100.0	27.0	–

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Disclosures Pursuant to Section 285 No. 11, 11a and 11b HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name	Location	Stake %	Equity € in millions	Earnings € in millions
e.disnatur Erneuerbare Energien GmbH[1, 12]	DE, Potsdam	100.0	3.2	–
e.distherm Wärmedienstleistungen GmbH[1]	DE, Potsdam	100.0	34.6	1.7
e.kundenservice Netz GmbH[1]	DE, Hamburg	100.0	67.9	32.5
E.ON 11. Verwaltungs GmbH[2, 12]	DE, Essen	100.0	0.0	–
E.ON 45. Verwaltungs GmbH[2, 12, 16]	DE, Essen	100.0	0.0	–
E.ON 46. Verwaltungs GmbH[2, 12, 16]	DE, Essen	100.0	0.0	–
E.ON 51. Verwaltungs GmbH[2, 12]	DE, Essen	100.0	0.0	–
E.ON 52. Verwaltungs GmbH[2, 12]	DE, Essen	100.0	0.0	–
E.ON 53. Verwaltungs GmbH[2, 12]	DE, Essen	100.0	0.0	–
E.ON Accounting Solutions GmbH (formerly E.ON Business Services Regensburg GmbH)[1, 11, 12]	DE, Regensburg	100.0	4.0	–
E.ON Beteiligungen GmbH[1, 11, 12]	DE, Essen	100.0	18,179.1	–
E.ON Beteiligungsholding GmbH[1, 11, 12]	DE, Essen	100.0	3,895.0	–
E.ON Bioerdgas GmbH[1, 12]	DE, Essen	100.0	0.0	–
E.ON Business Solutions GmbH[1, 12]	DE, Essen	100.0	0.0	–
E.ON Business Solutions S.r.l.[1]	IT, Milan	100.0	35.8	0.6
E.ON Česká republika, s.r.o.[1]	CZ, České Budějovice	100.0	202.5	8.2
E.ON Control Solutions Limited[1]	GB, Coventry	100.0	11.7	-0.3
E.ON Country Hub Germany GmbH[1, 11, 12]	DE, Berlin	100.0	2.0	–
E.ON Dél-dunántúli Áramhálózati Zrt.[1]	HU, Pécs	100.0	104.6	17.1
E.ON Dél-dunántúli Gázhálózati Zrt.[1]	HU, Pécs	100.0	16.7	5.0
E.ON Digital Technology GmbH[1, 12]	DE, Hanover	100.0	557.2	–
E.ON Drive Infrastructure GmbH[1, 12]	DE, Essen	100.0	0.0	–
E.ON edis Contracting GmbH[2, 12]	DE, Fürstenwalde/Spree	100.0	5.2	–
E.ON edis energia Sp. z o.o.[1]	PL, Warsaw	100.0	119.2	7.6
E.ON Energia S.p.A.[1]	IT, Milan	100.0	271.9	25.6
E.ON Energiamegoldások Kft.[1]	HU, Budapest	100.0	15.8	16.1
E.ON Energidistribution AB[1]	SE, Malmö	100.0	97.6	-0.0
E.ON Energie 38. Beteiligungs-GmbH[1, 11, 12]	DE, Munich	100.0	740.7	–
E.ON Energie AG[1, 11, 12]	DE, Düsseldorf	100.0	3,258.0	–
E.ON Energie Deutschland GmbH[1, 12]	DE, Munich	100.0	82.6	–
E.ON Energie Deutschland Holding GmbH[1, 12]	DE, Munich	99.9	1,347.3	–
E.ON Energie Dialog GmbH[2, 12]	DE, Potsdam	100.0	2.5	–
E.ON Energie România S.A.[1]	RO, Târgu Mureş	68.2	233.4	-1.2
E.ON Energie, a.s.[1]	CZ, České Budějovice	100.0	274.5	55.4
E.ON Energiinfrastruktur AB[1]	SE, Malmö	100.0	309.2	3.6
E.ON Energilösningar AB[1]	SE, Malmö	100.0	102.1	-3.5
E.ON Energy Markets GmbH[1, 12]	DE, Essen	100.0	5.0	–
E.ON Energy Projects GmbH[1, 12]	DE, Munich	100.0	21.6	–
E.ON Energy Solutions GmbH[1, 12]	DE, Essen	100.0	121.4	–
E.ON Energy Solutions Limited[1]	GB, Coventry	100.0	825.3	-209.1
E.ON Észak-dunántúli Áramhálózati Zrt.[1]	HU, Győr	100.0	178.0	26.5
E.ON Finanzanlagen GmbH[1, 11, 12]	DE, Düsseldorf	100.0	5,017.2	–
E.ON Finanzholding SE & Co. KG[1, 11, 14]	DE, Essen	100.0	30.1	4.3
E.ON Fünfundzwanzigste Verwaltungs GmbH[1, 11, 12]	DE, Düsseldorf	100.0	6,935.2	–
E.ON Gas Mobil GmbH[2, 12]	DE, Essen	100.0	0.0	–
E.ON Gastronomie GmbH[1, 11, 12]	DE, Essen	100.0	0.3	–
E.ON Gazdasági Szolgáltató Kft.[1]	HU, Győr	100.0	15.3	4.7
E.ON Group Innovation GmbH[2, 12]	DE, Essen	100.0	0.1	–
E.ON Gruga Geschäftsführungs-gesellschaft mbH[1, 11, 12]	DE, Düsseldorf	100.0	92.1	–
E.ON Gruga Objektgesellschaft mbH & Co. KG[1, 11]	DE, Essen	100.0	185.4	2.0

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Disclosures Pursuant to Section 285 No. 11, 11a and 11b HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name	Location	Stake %	Equity € in millions	Earnings € in millions
E.ON Grund&Boden Beteiligungs GmbH[1]	DE, Essen	100.0	133.9	-1.1
E.ON Grund&Boden GmbH & Co. KG[1]	DE, Essen	100.0	139.5	4.5
E.ON Hungária Energetikai Zártkörűen Működő Részvénytársaság[1, 15]	HU, Budapest	75.0	751.7	-100.3
E.ON Hydrogen GmbH[2, 12]	DE, Munich	100.0	0.0	–
E.ON Iberia Holding GmbH[1, 11, 12]	DE, Düsseldorf	100.0	0.0	–
E.ON impulse GmbH[1, 11, 12]	DE, Essen	100.0	0.0	–
E.ON Inhouse Consulting GmbH[2, 12]	DE, Essen	100.0	1.0	–
E.ON Innovation Co-Investments Inc.[1, 15]	US, Wilmington	100.0	35.0	-2.5
E.ON Insurance Services GmbH[2, 12]	DE, Essen	100.0	0.0	–
E.ON INTERNATIONAL FINANCE B.V.[1]	NL, 's-Hertogenbosch	100.0	569.8	1.1
E.ON International Participations N.V. (formerly innogy International Participations N.V.)[1]	NL, 's-Hertogenbosch	100.0	4,162.9	-3,551.6
E.ON Italia S.p.A.[1]	IT, Milan	100.0	296.8	6.5
E.ON Közép-dunántúli Gázhálózati Zrt.[1]	HU, Nagykanizsa	99.9	44.5	6.2
E.ON Metering GmbH[2, 12]	DE, Munich	100.0	10.0	–
E.ON NA Capital Inc.[1, 15]	US, Wilmington	100.0	42.3	153.7
E.ON Next Energy Limited[1]	GB, Coventry	100.0	63.4	-39.4
E.ON Nutzenergie GmbH[2, 12]	DE, Essen	100.0	0.0	–
E.ON Pensionsfonds Holding GmbH[2, 12]	DE, Essen	100.0	3.0	–
E.ON Polska S.A.[1, 15]	PL, Warsaw	100.0	407.4	62.4
E.ON Portfolio Solutions GmbH[1, 12]	DE, Munich	100.0	0.0	–
E.ON Power Plants Belgium BV[1]	BE, Mechelen	100.0	25.6	4.3
E.ON Produzione S.p.A.[1]	IT, Milan	100.0	135.6	16.6
E.ON Real Estate GmbH[1, 12]	DE, Essen	100.0	0.0	–
E.ON România S.R.L.[1]	RO, Târgu Mureş	100.0	491.9	8.7
E.ON Ruhrgas GPA GmbH[1, 11, 12]	DE, Essen	100.0	219.9	–
E.ON Ruhrgas Portfolio GmbH[1, 11, 12]	DE, Essen	100.0	1,827.6	–
E.ON Sechzehnte Verwaltungs GmbH[1, 11, 12]	DE, Düsseldorf	100.0	90.7	–
E.ON Service GmbH[2, 12]	DE, Essen	100.0	3.4	–
E.ON Slovensko, a.s.[1]	SK, Bratislava	100.0	408.6	28.1
E.ON Solutions GmbH[1, 12]	DE, Essen	100.0	0.1	–
E.ON Stiftung gGmbH[2]	DE, Essen	100.0	42.5	-3.0
E.ON UK Energy Markets Limited[1]	GB, Coventry	100.0	22.2	2.2
E.ON UK Heat Limited[1]	GB, Coventry	100.0	18.9	-3.2
E.ON UK Holding Company Limited[1]	GB, Coventry	100.0	1,699.6	-94.4
E.ON UK Infrastructure Services Limited[1]	GB, Coventry	100.0	75.1	-3.5
E.ON UK plc[1]	GB, Coventry	100.0	5,770.7	381.0
E.ON UK Steven's Croft Limited[1]	GB, Coventry	100.0	17.3	4.8
E.ON US Corporation[1, 15]	US, Wilmington	100.0	169.1	247.8
E.ON US Holding GmbH[1, 11, 12]	DE, Düsseldorf	100.0	1,168.9	–
E.ON Vermögensverwaltungs GmbH[1, 11, 12]	DE, Essen	100.0	1,720.6	–
EBERnetz GmbH & Co. KG[6]	DE, Ebersberg	49.0	14.8	2.4
EBY Immobilien GmbH & Co KG[2]	DE, Regensburg	100.0	13.8	11.2
EBY Port 1 GmbH[1]	DE, Munich	100.0	92.5	-0.0
EBY Port 3 GmbH[1]	DE, Regensburg	100.0	142.8	0.7
Economy Power Limited[1]	GB, Coventry	100.0	27.0	–
EG.D, a.s.[1]	CZ, Brno	100.0	1,990.0	134.8
ElbEnergie GmbH[1, 12]	DE, Seevetal	100.0	8.1	–
ELE Verteilnetz GmbH[1, 12]	DE, Gelsenkirchen	100.0	1.2	–
Elektrizitätswerk Schwandorf GmbH[2]	DE, Schwandorf	100.0	22.9	0.1
Elmű-Émász Energiaszolgáltató Zrt.[1]	HU, Budapest	100.0	-19.1	-17.2
Emscher Lippe Energie GmbH[1, 8]	DE, Gelsenkirchen	49.9	51.1	21.7

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Disclosures Pursuant to Section 285 No. 11, 11a and 11b HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name	Location	Stake %	Equity € in millions	Earnings € in millions
Energetyka Cieplna Opolszczyzny S.A.[5]	PL, Opole	46.7	62.5	4.8
Energie und Wasser Potsdam GmbH[5]	DE, Potsdam	35.0	117.8	–
Energie Vorpommern GmbH[6]	DE, Trassenheide	49.0	14.8	1.6
Energiedirect B.V.[1, 15]	NL, 's-Hertogenbosch	100.0	11.6	5.0
Energienetze Berlin GmbH[1, 12]	DE, Berlin	100.0	0.0	–
EnergieRegion Taunus - Goldener Grund - GmbH & Co. KG[6]	DE, Bad Camberg	49.0	21.3	1.1
EnergieRevolte GmbH[2, 12]	DE, Düren	100.0	0.1	–
Energieversorgung Alzenau GmbH (EVA)[6]	DE, Alzenau	69.5	13.0	1.7
Energieversorgung Guben GmbH[5]	DE, Guben	45.0	17.4	–
Energieversorgung Limburg Gesellschaft mit beschränkter Haftung[7]	DE, Limburg an der Lahn	10.0	28.3	3.6
Energieversorgung Oberhausen Aktiengesellschaft[5, 10]	DE, Oberhausen	10.0	35.3	–
Energieversorgung Sehnde GmbH[6]	DE, Sehnde	30.0	10.1	0.7
Energiewacht B.V.[1, 15]	NL, Zwolle	100.0	86.0	-1.0
energis GmbH[1]	DE, Saarbrücken	71.9	137.3	23.3
energis-Netzgesellschaft mbH[1, 12]	DE, Saarbrücken	100.0	151.5	–
Enerjisa Enerji A.Ş.[4]	TR, Istanbul	40.0	469.6	103.5
Enerjisa Üretim Santralleri A.Ş.[4]	TR, Istanbul	50.0	432.8	91.6
Enervolution GmbH[2, 12]	DE, Bochum	100.0	0.0	–
ENRO Ludwigsfelde Netz GmbH[2, 12]	DE, Ludwigsfelde	100.0	0.0	–
envia Mitteldeutsche Energie AG[1]	DE, Chemnitz	57.9	1,955.3	139.5
envia TEL GmbH[1]	DE, Markkleeberg	100.0	29.7	0.1
envia THERM GmbH[1, 12]	DE, Bitterfeld-Wolfen	100.0	69.5	–
enviaM Beteiligungsgesellschaft Chemnitz GmbH[1, 12]	DE, Chemnitz	100.0	56.4	–
enviaM Beteiligungsgesellschaft mbH[1]	DE, Essen	100.0	175.6	31.6
eprimo GmbH[1, 12]	DE, Neu-Isenburg	100.0	4.6	–
EPS Polska Holding Sp. z o.o.[1]	PL, Warsaw	100.0	21.3	0.8
e-regio GmbH & Co. KG[5]	DE, Euskirchen	40.5	109.3	21.5
ESK GmbH[2, 12]	DE, Dortmund	100.0	0.1	–
ESN Sicherheit und Zertifizierung GmbH[2, 12]	DE, Schwentinental	100.0	0.5	–
Essent EnergieBewust Holding B.V.[1, 15]	NL, 's-Hertogenbosch	100.0	111.1	-8.1
Essent Energy Infrastructure Solutions B.V.[1, 15]	NL, 's-Hertogenbosch	100.0	13.2	0.3
Essent IT B.V.[1, 15]	NL, 's-Hertogenbosch	100.0	-12.5	-1.1
Essent N.V.[1, 15]	NL, 's-Hertogenbosch	100.0	3,329.5	-1,825.9
Essent Nederland B.V.[1, 15]	NL, 's-Hertogenbosch	100.0	1,270.2	244.1
Essent Retail Energie B.V.[1, 15]	NL, 's-Hertogenbosch	100.0	135.5	100.5
Essent Rights B.V.[1, 15]	NL, 's-Hertogenbosch	100.0	611.0	5.5
Essent Sales Portfolio Management B.V.[1, 15]	NL, 's-Hertogenbosch	100.0	232.2	251.5
EVIP GmbH[1, 12]	DE, Bitterfeld-Wolfen	100.0	11.3	–
e-werk Sachsenwald GmbH[7]	DE, Reinbek	16.0	31.2	4.4
EWR Aktiengesellschaft[5, 10]	DE, Worms	1.3	92.0	–
EWR Dienstleistungen GmbH & Co. KG[5]	DE, Worms	25.0	179.6	–
EWR GmbH[5]	DE, Remscheid	20.0	83.8	–
EWV Energie- und Wasser-Versorgung GmbH[1]	DE, Stolberg/Rhld.	53.7	57.2	18.4
EZV Energie- und Service GmbH & Co. KG Untermain[6]	DE, Wörth am Main	28.9	13.1	2.7
FEV Europe GmbH[1, 11, 12]	DE, Essen	100.0	90.7	–
FEV Future Energy Ventures Israel Ltd[2, 15]	IL, Tel Aviv	100.0	12.5	-1.6
FEV US LLC[1, 15]	US, Palo Alto	100.0	51.4	1.0
Free Electrons LLC[2, 14, 15]	US, Palo Alto	100.0	0.1	-0.0

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Name	Location	Stake %	Equity € in millions	Earnings € in millions
Freiberger Stromversorgung GmbH (FSG)[6]	DE, Freiberg	30.0	13.2	1.7
FSO GmbH & Co. KG[4, 14]	DE, Oberhausen	50.0	21.6	5.7
Future Energy Ventures Management GmbH[1, 11, 12]	DE, Essen	100.0	190.0	–
Gas- und Wasserwerke Bous - Schwalbach GmbH[5]	DE, Bous	49.0	15.6	2.7
GASAG AG[5]	DE, Berlin	36.9	572.8	54.4
GasLINE Telekommunikationsnetz-gesellschaft deutscher Gasversorgungs-unternehmen mbH & Co. KG[5]	DE, Straelen	20.0	92.9	24.5
Gasversorgung im Landkreis Gifhorn GmbH[1]	DE, Gifhorn	95.0	20.3	1.8
Gasversorgung Unterfranken Gesellschaft mit beschränkter Haftung[5]	DE, Würzburg	49.0	49.5	7.7
Gelsenberg GmbH & Co. KG[1, 11, 14]	DE, Düsseldorf	100.0	154.0	0.2
Gelsenwasser Beteiligungs-GmbH[2, 12]	DE, Munich	100.0	0.0	–
Gemeindewerke Wedemark GmbH[6]	DE, Wedemark	49.0	12.6	0.5
Gemeinschaftskernkraftwerk Grohnde GmbH & Co. oHG[1, 14]	DE, Emmerthal	100.0	153.4	21.7
Gemeinschaftskraftwerk Weser GmbH & Co. oHG.[1, 14]	DE, Emmerthal	66.7	163.8	0.7
Gesellschaft für Energie und Klimaschutz Schleswig-Holstein GmbH[6]	DE, Kiel	33.3	13.0	-2.2
GHD Bayernwerk Natur GmbH & Co. KG[2, 14]	DE, Dingolfing	75.0	4.6	-0.1
GISA GmbH[6]	DE, Halle (Saale)	23.9	13.1	1.7
GNS Gesellschaft für Nuklear-Service mbH[6]	DE, Essen	48.0	35.6	9.6
GREEN GECCO Beteiligungsgesellschaft mbH & Co. KG[6]	DE, Troisdorf	20.7	36.5	2.0
GrønGas Partner A/S[6]	DK, Hirtshals	50.0	10.3	0.8
GSH Green Steam Hürth GmbH[1, 12]	DE, Munich	100.0	0.0	–
GWG Grevenbroich GmbH[1]	DE, Grevenbroich	100.0	23.7	2.0
GWG Kommunal GmbH[2, 12]	DE, Grevenbroich	89.9	3.3	–
HanseGas GmbH[1, 12]	DE, Quickborn	100.0	66.1	–
HanseWerk AG[1]	DE, Quickborn	66.5	549.9	52.9
HanseWerk Natur GmbH[1, 12]	DE, Hamburg	100.0	59.0	–
Harzwasserwerke GmbH[5]	DE, Hildesheim	20.8	101.6	7.1
Heizwerk Holzverwertungsgenossen-schaft Stiftland eG & Co. oHG[6, 14]	DE, Neualbenreuth	50.0	0.9	0.1
Heliatek GmbH[6]	DE, Dresden	41.7	39.9	-18.1
Herzo Werke GmbH[7]	DE, Herzogenaurach	19.9	20.3	–
HGC Hamburg Gas Consult GmbH[2, 12]	DE, Hamburg	100.0	3.1	–
Holsteiner Wasser GmbH[6]	DE, Neumünster	50.0	10.3	2.3
Induboden GmbH[2]	DE, Düsseldorf	100.0	13.8	0.1
Induboden GmbH & Co. Grundstücks-gesellschaft oHG[2, 14]	DE, Essen	100.0	11.8	-0.2
Industriekraftwerk Greifswald GmbH[6]	DE, Kassel	49.0	17.9	1.7
infra fürth gmbh[7]	DE, Fürth	19.9	79.6	–
InfraServ - Bayernwerk Gendorf GmbH[6]	DE, Burgkirchen a.d.Alz	50.0	17.4	0.2
innogy Benelux Holding B.V.[1, 15]	NL, 's-Hertogenbosch	100.0	-2,161.1	-2,047.8
innogy e-mobility US LLC[1]	US, Delaware	100.0	77.0	-0.5
innogy Finance B.V.[1]	NL, 's-Hertogenbosch	100.0	12.6	2.0
innogy SE[1, 11, 12]	DE, Essen	100.0	400.1	–
innogy Slovensko s.r.o.[1]	SK, Bratislava	100.0	11.1	10.7
Kalmar Energi Holding AB[4]	SE, Kalmar	50.0	17.4	1.1
KAWAG AG & Co. KG[6, 14]	DE, Pleidelsheim	49.0	21.1	0.9
Kemkens Groep B.V.[5, 15]	NL, Oss	49.0	50.9	11.1

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Name	Location	Stake %	Equity € in millions	Earnings € in millions
Kernkraftwerk Brokdorf GmbH & Co. oHG[1, 14]	DE, Hamburg	80.0	153.4	31.7
Kernkraftwerk Brunsbüttel GmbH & Co. oHG[5, 14]	DE, Hamburg	33.3	32.4	14.5
Kernkraftwerk Krümmel GmbH & Co. oHG[3, 14]	DE, Hamburg	50.0	102.2	30.8
Kernkraftwerk Stade GmbH & Co. oHG[1, 14]	DE, Hamburg	66.7	30.7	5.7
Kernkraftwerke Isar Verwaltungs GmbH[1, 12]	DE, Essenbach	100.0	1.0	–
KEW Kommunale Energie- und Wasserversorgung Aktiengesellschaft[5]	DE, Neunkirchen	28.6	74.1	10.9
KGW - Kraftwerk Grenzach-Wyhlen GmbH[1, 12]	DE, Munich	100.0	9.2	–
Konsortium Energieversorgung Opel beschränkt haftende oHG[4, 9, 14]	DE, Karlstein	66.7	18.3	5.7
Kraftwerk Burghausen GmbH[2, 12]	DE, Munich	100.0	4.8	–
Kraftwerk Hattorf GmbH[1, 12]	DE, Munich	100.0	0.0	–
Kraftwerk Marl GmbH[1, 12]	DE, Munich	100.0	0.1	–
Kraftwerk Neuss GmbH[2, 12, 16]	DE, Munich	100.0	0.0	–
Kraftwerk Plattling GmbH[1, 12]	DE, Munich	100.0	0.3	–
KURGAN Grundstücks-Verwaltungs-gesellschaft mbH & Co. oHG i.L.[2, 14]	DE, Grünwald	90.0	0.1	-0.0
LandE GmbH[1]	DE, Wolfsburg	69.6	185.1	22.8
Lechwerke AG[1]	DE, Augsburg	89.9	559.8	116.6
Leitungspartner GmbH[1, 12]	DE, Düren	100.0	0.1	–
LEW Anlagenverwaltung Gesellschaft mit beschränkter Haftung[1]	DE, Gundremmingen	100.0	295.7	13.5
LEW Beteiligungsgesellschaft mbH[1]	DE, Gundremmingen	100.0	460.7	9.6
LEW Netzservice GmbH[1, 12]	DE, Augsburg	100.0	0.1	–
LEW Service & Consulting GmbH[1, 12]	DE, Augsburg	100.0	1.3	–
LEW Verteilnetz GmbH[1, 12]	DE, Augsburg	100.0	600.6	–
LEW Wasserkraft GmbH[1, 12]	DE, Augsburg	100.0	24.7	–
LSW Holding GmbH & Co. KG[5, 9]	DE, Wolfsburg	57.0	41.7	18.4
MAINGAU Energie GmbH[5]	DE, Obertshausen	46.6	68.8	25.9
medl GmbH[5]	DE, Mülheim an der Ruhr	39.0	21.8	–
Melle Netze GmbH & Co. KG[6]	DE, Melle	50.0	15.8	1.9
MEON Pensions GmbH & Co. KG[1, 11, 14]	DE, Essen	100.0	2,033.1	52.2
MITGAS Mitteldeutsche Gasversorgung GmbH[1]	DE, Halle (Saale)	75.4	130.5	38.5
Mitteldeutsche Netzgesellschaft Gas HD mbH[2, 12]	DE, Halle (Saale)	100.0	0.0	–
Mitteldeutsche Netzgesellschaft Gas mbH[1, 12]	DE, Halle (Saale)	100.0	0.0	–
Mitteldeutsche Netzgesellschaft Strom mbH[1, 12]	DE, Halle (Saale)	100.0	294.8	–
Mittlere Donau Kraftwerke AG[6]	DE, Landshut	40.0	23.8	–
MNG Stromnetze GmbH & Co. KG[6]	DE, Lüdinghausen	25.1	20.7	3.1
Murrhardt Netz AG & Co. KG[6, 14]	DE, Murrhardt	49.0	2.8	0.2
Nebelhornbahn-Aktiengesellschaft[6]	DE, Oberstdorf	20.1	13.0	-3.0
Netzgesellschaft Hildesheimer Land GmbH & Co. KG[6]	DE, Giesen	49.0	16.5	1.4
Netzgesellschaft Osnabrücker Land GmbH & Co. KG[4]	DE, Bohmte	50.0	58.0	5.6
Netzgesellschaft Rietberg-Langenberg GmbH & Co. KG[6]	DE, Rietberg	25.1	12.1	1.7
Netzgesellschaft Schwerin mbH (NGS)[6]	DE, Schwerin	40.0	17.3	1.1
Netzgesellschaft Südwestfalen mbH & Co. KG[6]	DE, Netphen	49.0	12.2	1.7
Neumünster Netz Beteiligungs-GmbH[1, 12]	DE, Neumünster	50.1	25.6	–

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NEW AG[1, 8]	DE, Mönchengladbach	38.4	175.9	–
NEW Netz GmbH[1, 12]	DE, Geilenkirchen	100.0	143.8	–
NEW Niederrhein Energie und Wasser GmbH[1, 12]	DE, Mönchengladbach	100.0	15.9	–
NEW NiederrheinWasser GmbH[1, 12]	DE, Viersen	100.0	46.6	–
NEW Re GmbH[2]	DE, Mönchengladbach	95.5	27.6	-0.0
NEW Tönisvorst GmbH[1, 12]	DE, Tönisvorst	98.7	19.3	–
NEW Viersen GmbH[1, 12]	DE, Viersen	100.0	13.3	–
NIS Norddeutsche Informations-Systeme Gesellschaft mbH[2, 12]	DE, Schwentinental	100.0	2.2	–
Nord Stream AG[18]	CH, Zug	15.5	3,110.2	442.1
NordNetz GmbH[2, 12]	DE, Quickborn	100.0	0.2	–
Npower Commercial Gas Limited[1]	GB, Swindon	100.0	70.2	-9.2
Npower Gas Limited[1]	GB, Swindon	100.0	-25.8	7.6
Npower Group Business Services Limited[1]	GB, Swindon	100.0	-16.7	5.5
Npower Group Limited[1]	GB, Swindon	100.0	-182.4	-7.9
Npower Limited[1]	GB, Swindon	100.0	228.0	167.5
Npower Northern Limited[1]	GB, Swindon	100.0	-749.7	78.7
OIE Aktiengesellschaft[1, 12]	DE, Idar-Oberstein	100.0	58.1	–
OOO E.ON Connecting Energies[6]	RU, Moscow	50.0	24.9	2.1
PEG Infrastruktur AG[17]	CH, Zug	100.0	636.8	52.2
PFALZWERKE AKTIENGESELLSCHAFT[5]	DE, Ludwigshafen am Rhein	26.7	264.4	13.7
Plin-Projekt d.o.o.[2]	HR, Nova Gradiška	100.0	15.2	0.5
Portfolio EDL GmbH[1, 11, 12]	DE, Helmstedt	100.0	0.1	–
Powergen Holdings B.V.[2]	NL, Rotterdam	100.0	983.1	2.5
Powerhouse B.V.[1, 15]	NL, Amsterdam	100.0	41.1	-16.9
PreussenElektra GmbH[1, 12]	DE, Hanover	100.0	245.2	–
Projecta 14 GmbH[5]	DE, Saarbrücken	50.0	37.2	1.0
Propan Rheingas GmbH & Co Kommanditgesellschaft[6, 13]	DE, Brühl	29.6	16.2	2.8
PS Energy UK Limited[1]	GB, Swindon	100.0	-75.3	-53.6
PSI Software AG[7]	DE, Berlin	17.8	89.8	4.8
Purena GmbH[1]	DE, Wolfenbüttel	94.1	49.5	5.7
Recklinghausen Netzgesellschaft mbH & Co. KG[5]	DE, Recklinghausen	49.9	17.9	1.0
Regionetz GmbH[1, 8]	DE, Aachen	49.2	119.5	–
RegioNetzMünchen GmbH & Co. KG[6]	DE, Garching	50.0	11.2	1.4
rEVUlution GmbH[2, 12]	DE, Essen	100.0	8.1	–
REWAG REGENSBURGER ENERGIE- UND WASSERVERSORGUNG AG & CO KG[5]	DE, Regensburg	35.5	108.0	20.9
RheinEnergie AG[5]	DE, Cologne	20.0	914.4	0.0
Rheinland Westfalen Energiepartner GmbH[2, 12]	DE, Essen	100.0	5.4	–
Rhein-Main-Donau GmbH[5]	DE, Landshut	22.5	112.1	–
Rhein-Sieg Netz GmbH[1, 12]	DE, Siegburg	100.0	20.8	–
rhenag Rheinische Energie Aktiengesellschaft[1]	DE, Cologne	66.7	142.6	28.4
RHENAGBAU Gesellschaft mit beschränkter Haftung[2, 12]	DE, Cologne	100.0	4.1	–
RL Besitzgesellschaft mbH[1]	DE, Essen	100.0	115.0	14.6
RL Beteiligungsverwaltung beschr. haft. OHG[1, 14]	DE, Essen	100.0	356.7	28.1
RURENERGIE GmbH[6]	DE, Düren	30.1	14.9	0.4
RWW Rheinisch-Westfälische Wasserwerksgesellschaft mbH[1]	DE, Mülheim an der Ruhr	79.8	76.5	5.0
SafeRadon GmbH[2, 12]	DE, Munich	100.0	0.0	–
Schleswig-Holstein Netz AG[1, 12]	DE, Quickborn	71.7	549.3	–

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Schleswig-Holstein Netz Verwaltungs-GmbH[1, 12]	DE, Quickborn	100.0	0.0	–
SEC Energia Sp. z o.o.[2]	PL, Szczecin	100.0	13.7	1.0
SERVICE plus GmbH[2, 12]	DE, Neumünster	100.0	32.2	–
Siegener Versorgungsbetriebe GmbH[6]	DE, Siegen	24.9	26.6	5.0
Skive GreenLab Biogas ApS[6]	DK, Frederiksberg	50.0	12.4	0.9
Sønderjysk Biogas Bevtoft A/S[6]	DK, Vojens	50.0	14.4	0.1
SSW - Stadtwerke St. Wendel GmbH & Co KG.[5]	DE, St. Wendel	49.5	20.2	1.7
Städtische Betriebswerke Luckenwalde GmbH[6]	DE, Luckenwalde	29.0	14.7	2.0
Städtische Werke Magdeburg GmbH & Co. KG[5]	DE, Magdeburg	26.7	232.4	50.5
Stadtnetze Neustadt a. Rbge. GmbH & Co. KG[6]	DE, Neustadt a. Rbge.	24.9	17.3	2.4
Stadtwerke Ahaus GmbH[6]	DE, Ahaus	36.0	11.3	–
Stadtwerke Aschersleben GmbH[6]	DE, Aschersleben	35.0	18.6	3.5
Stadtwerke Aue - Bad Schlema GmbH[6]	DE, Aue-Bad Schlema	24.5	14.3	2.1
Stadtwerke Bamberg Energie- und Wasserversorgungs GmbH[7]	DE, Bamberg	10.0	30.1	–
Stadtwerke Bayreuth Energie und Wasser GmbH[5]	DE, Bayreuth	24.9	29.6	–
Stadtwerke Bernburg GmbH[5]	DE, Bernburg (Saale)	45.0	32.8	–
Stadtwerke Bitterfeld-Wolfen GmbH[6]	DE, Bitterfeld-Wolfen	40.0	20.7	0.3
Stadtwerke Blankenburg GmbH[6]	DE, Blankenburg	30.0	10.1	1.1
Stadtwerke Detmold GmbH[7]	DE, Detmold	12.5	31.5	–
Stadtwerke Duisburg Aktiengesellschaft[5]	DE, Duisburg	20.0	206.4	3.0
Stadtwerke Dülmen Dienstleistungs- und Beteiligungs-GmbH & Co. KG[4, 14]	DE, Dülmen	50.0	27.6	4.8
Stadtwerke Düren GmbH[1, 8]	DE, Düren	49.9	26.3	3.0
Stadtwerke Emmerich GmbH[6]	DE, Emmerich am Rhein	24.9	12.1	–
Stadtwerke Essen Aktiengesellschaft[5]	DE, Essen	29.0	135.8	–
Stadtwerke Frankfurt (Oder) GmbH[5]	DE, Frankfurt (Oder)	39.0	36.3	1.5
Stadtwerke Garbsen GmbH[6]	DE, Garbsen	24.9	30.4	2.4
Stadtwerke Geesthacht GmbH[6]	DE, Geesthacht	24.9	22.7	3.6
Stadtwerke Geldern GmbH[6]	DE, Geldern	49.0	13.9	3.4
Stadtwerke GmbH Bad Kreuznach[5]	DE, Bad Kreuznach	24.5	39.9	–
Stadtwerke Haan GmbH[6]	DE, Haan	25.1	20.5	0.7
Stadtwerke Hof Energie+Wasser GmbH[7]	DE, Hof	19.9	22.1	–
Stadtwerke Husum GmbH[6]	DE, Husum	49.9	16.1	1.3
Stadtwerke Kamp-Lintfort GmbH[5]	DE, Kamp-Lintfort	49.0	14.9	3.7
Stadtwerke Kerpen GmbH & Co. KG[6]	DE, Kerpen	25.1	13.3	2.5
Stadtwerke Langenfeld GmbH[6]	DE, Langenfeld	20.0	10.9	1.0
Stadtwerke Lingen GmbH[4]	DE, Lingen (Ems)	40.0	14.0	–
Stadtwerke Ludwigsfelde GmbH[6]	DE, Ludwigsfelde	29.0	13.0	2.2
Stadtwerke Meerane GmbH[6]	DE, Meerane	24.5	15.1	1.8
Stadtwerke Merseburg GmbH[5]	DE, Merseburg	40.0	26.4	0.3
Stadtwerke Merzig Gesellschaft mit beschränkter Haftung[5]	DE, Merzig	49.9	15.9	–
Stadtwerke Neuss Energie und Wasser GmbH[7]	DE, Neuss	17.5	88.3	–
Stadtwerke Neuss Energie und Wasser Beteiligungs-GmbH[7, 9, 13]	DE, Neuss	51.0	16.4	0.1
Stadtwerke Nordfriesland GmbH[6]	DE, Niebüll	49.9	14.0	1.8
Stadtwerke Parchim GmbH[6]	DE, Parchim	25.2	10.1	2.0
Stadtwerke Ratingen GmbH[5]	DE, Ratingen	24.8	75.6	3.7

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Disclosures Pursuant to Section 285 No. 11, 11a and 11b HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name	Location	Stake %	Equity € in millions	Earnings € in millions
Stadtwerke Reichenbach/Vogtland GmbH[6]	DE, Reichenbach im Vogtland	24.5	14.2	1.3
Stadtwerke Saarlouis GmbH[5]	DE, Saarlouis	49.0	41.0	1.0
Stadtwerke Schwarzenberg GmbH[6]	DE, Schwarzenberg/Erzgeb.	27.5	15.3	1.5
Stadtwerke Schwedt GmbH[6]	DE, Schwedt/Oder	37.8	24.2	–
Stadtwerke Steinfurt, Gesellschaft mit beschränkter Haftung[6]	DE, Steinfurt	33.0	13.7	1.0
Stadtwerke Straubing Strom und Gas GmbH[7]	DE, Straubing	19.9	15.8	–
Stadtwerke Unna GmbH[6]	DE, Unna	24.0	16.6	–
Stadtwerke Vilshofen GmbH[6]	DE, Vilshofen	41.0	10.8	1.6
Stadtwerke Weißenfels GmbH[6]	DE, Weißenfels	24.5	24.6	3.4
Stadtwerke Wertheim GmbH[7]	DE, Wertheim	10.0	20.5	–
Stadtwerke Wismar GmbH[5]	DE, Wismar	49.0	41.9	4.1
Stadtwerke Wolfenbüttel GmbH[6]	DE, Wolfenbüttel	26.0	16.4	–
Stadtwerke Zeitz GmbH[6]	DE, Zeitz	24.8	21.5	3.1
STAWAG Abwasser GmbH[2, 12]	DE, Aachen	100.0	0.0	–
STEAG Windpark Ullersdorf GmbH & Co. KG[6]	DE, Jamlitz	20.8	19.2	1.4
Stoen Operator Sp. z o.o.[1]	PL, Warsaw	100.0	612.2	36.6
Stromnetzgesellschaft Windeck mbH & Co. KG[6]	DE, Windeck	49.9	10.8	-0.0
StWB Stadtwerke Brandenburg an der Havel GmbH & Co. KG[5]	DE, Brandenburg an der Havel	36.8	78.2	16.6
Süwag Energie AG[1]	DE, Frankfurt am Main	77.6	691.8	53.2
Süwag Grüne Energien und Wasser AG & Co. KG[1, 12, 14]	DE, Frankfurt am Main	100.0	6.4	–
Süwag Vertrieb AG & Co. KG[1, 12, 14]	DE, Frankfurt am Main	100.0	0.7	–
SVO Holding GmbH[1]	DE, Celle	50.1	60.3	19.5
SVO Vertrieb GmbH[1, 12]	DE, Celle	100.0	1.3	–
SVS-Versorgungsbetriebe GmbH[4]	DE, Stadtlohn	30.0	29.4	2.8
SWN Stadtwerke Neustadt GmbH[6]	DE, Neustadt bei Coburg	25.1	14.4	–
SWS Energie GmbH[5]	DE, Stralsund	49.0	15.4	–
SWT Stadtwerke Trier Versorgungs-GmbH[7]	DE, Trier	18.7	56.4	–
SWTE Netz GmbH & Co. KG[5]	DE, Ibbenbüren	33.0	10.7	4.1
Syna GmbH[1, 12]	DE, Frankfurt am Main	100.0	573.0	–
Szczecińska Energetyka Cieplna Sp. z o.o.[1]	PL, Szczecin	66.5	42.8	5.7
Szombathelyi Távhőszolgáltató Kft.[6]	HU, Szombathely	25.0	10.0	0.0
Technische Werke Naumburg GmbH[6]	DE, Naumburg (Saale)	47.0	11.9	–
TraveNetz GmbH[5]	DE, Lübeck	25.1	117.5	–
Trocknungsanlage Zolling GmbH & Co. KG[6]	DE, Zolling	33.3	17.9	-0.7
Überlandwerk Leinetal GmbH[6]	DE, Gronau	48.0	15.9	2.7
Überlandwerk Mittelbaden GmbH & Co. KG[4]	DE, Lahr	37.8	94.2	6.5
Ultra-Fast Charging Venture Scandinavia ApS[6]	DK, Copenhagen	50.0	19.7	-0.8
Untermain EnergieProjekt AG & Co. KG.[6, 14]	DE, Kelsterbach	49.0	1.9	0.0
URANIT GmbH[4]	DE, Jülich	50.0	70.4	147.4
Vandebron Energie B.V.[1, 15]	NL, Amsterdam	100.0	-39.9	9.0
Versorgungskasse Energie (VVaG) i. L.[6]	DE, Hanover	69.6	51.7	–
Verteilnetz Plauen GmbH[1, 12]	DE, Plauen	100.0	0.0	–
VKB-GmbH[1]	DE, Neunkirchen	50.0	42.8	1.6
Volta Limburg B.V.[1, 15]	NL, Schinnen	100.0	30.8	2.5
VSE Aktiengesellschaft[1]	DE, Saarbrücken	51.4	210.1	17.6
VSE NET GmbH[1]	DE, Saarbrücken	100.0	14.8	2.7
VSE Verteilnetz GmbH[1, 12]	DE, Saarbrücken	100.0	53.0	–

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Disclosures Pursuant to Section 285 No. 11, 11a and 11b HGB of Companies in Which Equity Investments Are Held (as of December 31, 2021)

Name	Location	Stake %	Equity € in millions	Earnings € in millions
Východoslovenská distribucná, a.s.[1, 15]	SK, Košice	100.0	296.6	34.2
Východoslovenská energetika a.s.[1, 15]	SK, Košice	100.0	78.2	7.7
Východoslovenská energetika Holding a.s.[1, 8, 15]	SK, Košice	49.0	571.3	49.5
Wasserverbund Niederrhein Gesellschaft mit beschränkter Haftung[6]	DE, Moers	38.5	14.2	1.0
Wendelsteinbahn Verteilnetz GmbH[2, 12]	DE, Brannenburg am Inn	100.0	0.0	–
Westenergie AG[1, 12]	DE, Essen	100.0	1,911.1	–
Westenergie Aqua GmbH[1, 11, 12]	DE, Mülheim an der Ruhr	100.0	233.1	–
Westenergie Breitband GmbH[1, 12]	DE, Essen	100.0	0.0	–
Westenergie Metering GmbH[1, 12]	DE, Mülheim an der Ruhr	100.0	0.0	–
Westenergie Netzservice GmbH[1, 12, 16]	DE, Dortmund	100.0	37.7	–
Westenergie Rheinhessen Beteiligungs GmbH[1, 11, 12]	DE, Essen	100.0	57.9	–
Westerwald-Netz GmbH[1, 12]	DE, Betzdorf	100.0	9.9	–
Westnetz GmbH[1, 12]	DE, Dortmund	100.0	1,838.0	–
Westnetz Immobilien GmbH & Co. KG[1, 11]	DE, Essen	100.0	38.7	0.7
Westnetz Kommunikationsleitungen GmbH & Co. KG[1]	DE, Essen	100.0	48.7	3.6
WEVG Salzgitter GmbH & Co. KG[1, 14]	DE, Salzgitter	50.2	29.6	6.5
Windenergiepark Heidenrod GmbH[6]	DE, Heidenrod	45.0	14.1	2.0
Windpark Anhalt-Süd (Köthen) OHG[2, 14]	DE, Potsdam	83.3	0.7	-0.0
WINDPARK Mutzschen OHG[2, 14]	DE, Potsdam	77.8	0.3	-0.0
Windpark Naundorf OHG[2, 14]	DE, Potsdam	66.7	0.0	0.0
WVW Wasser- und Energieversorgung Kreis St. Wendel Gesellschaft mit beschränkter Haftung[6]	DE, St. Wendel	28.1	26.6	2.4
Zagrebacke otpadne vode d.o.o.[4]	HR, Zagreb	48.5	223.1	23.5
Západoslovenská energetika a.s. (ZSE)[4, 15]	SK, Bratislava	49.0	371.3	89.8
Zwickauer Energieversorgung GmbH[5]	DE, Zwickau	27.0	45.4	0.7

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Declaration of the Board of Management

To the best of our knowledge, we declare that, in accordance with applicable financial reporting principles, the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the Management Report of the Company, which is combined with the Group Management Report, provides a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Essen, Germany, March 7, 2022

The Management Board

Birnbaum

König

Lammers

Ossadnik

Spieker

Independent Auditor's Report

To E.ON SE, Essen

Report on the audit of the annual financial statements and the combined management report

Opinions

We have audited the annual financial statements of E.ON SE, Essen, which comprise the balance sheet as of 31 December 2021 and the income statement for the financial year from 1 January to 31 December 2021 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of the Company and the Group (hereinafter also referred to as "combined 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 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 accompanying annual financial statements comply, in all material aspects, with the requirements of German commercial law applied to business corporations and in compliance with German Legally Required Accounting Principles give a true and fair view of the assets, liabilities and financial position of the Company as of 31 December 2021 and its financial performance for the financial year from 1 January to 31 December 2021 and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the contents of the elements in the "Other information" section of the combined management reports.

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 annual financial statements and the combined management reports.

Basis for the Opinions

We conducted our audit of the of the annual financial statements and the combined 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 principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and the combined management report" section our of auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Furthermore, pursuant to Article 10 (2)(f) EU-AR we declare 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 annual financial statements and on the combined management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are such matters that, in our professional judgement, were the most significant in our audit of the annual 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 annual financial statements as a whole and in forming our audit opinion; we do not provide a separate audit opinion on these matters.

Recoverability of shares in affiliated companies

For information on the accounting policies applied, please refer to the "Accounting and Disclosure Policies" section in the notes. For comments on the assets, liabilities, financial position and financial performance of E.ON SE please refer to the chapter "E.ON SE's Earnings, Financial, and Asset Situation" in the combined management report.

RISK FOR THE FINANCIAL STATEMENTS

In the annual financial statements of E.ON SE as of 31 December 2021, under financial assets shares in affiliated companies totalling EUR 44.0 billion are recognised. Shares in affiliated companies amount to 70% of total assets and thus have a material effect on the Company's assets.

Shares in affiliated companies at E.ON SE are recognised at cost or, if permanent impairment is expected, at the lower fair value. The Company generally calculates the fair value of its shares in affiliated companies using the discounted cash flow method.

The cash flows of the direct and indirect operating affiliated companies of the Company used in the discounted cash flow method are generally based on specific planning for the individual affiliated company for the next 3-5 years which is extrapolated with assumptions on long-term growth rates. The respective capitalization rate is derived from the yield of an alternative investment with appropriate risk. If the fair value is lower than the carrying amount, qualitative and quantitative criteria are used to examine if the impairment is expected to be permanent.

The impairment test including the calculation of the fair value in line with the discounted cash flow method is complex and depends to a high degree on assessments and judgement of the Company. This applies, among others, to the assessment of future cash flows and long-term growth rates, the calculation of the capitalisation rates as well as the assessment of whether the impairment is permanent.

In financial year 2021, the Company took no impairment on shares in affiliated companies held by E.ON SE. There is a risk for the annual financial statements that the shares in affiliated companies are not recoverable.

OUR AUDIT APPROACH
To begin with, we gained an understanding of the process of the Company to assess the recoverability of shares in affiliated companies by getting explanations from staff of the finance organisation and by evaluating documentation. We dealt intensively with the Company's approach to determine impairment requirements and on the basis of the information gained in our audit assessed if there are indications of any impairment requirements not identified by the Company.

Subsequently, with the support of our valuation specialists, we assessed the appropriateness of the key assumptions as well as of the valuation method for the company valuations implemented by the Company. To this end, we discussed the expected cash flows and the assumed long-term growth rates with those responsible for the planning. We also carried out reconciliations 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.

Furthermore we 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 capitalisation rate, especially the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data. In order to take account of forecast uncertainty, we also investigated the impact of changes in the discount rate, earnings performance and the long-term growth rate on the fair value by calculating alternative scenarios and comparing them with the values stated by the Company (sensitivity analysis). 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.

OUR CONCLUSIONS
The process underlying the impairment test of the shares in affiliated companies is appropriate and consistent with the measurement principles. The Company's assumptions, estimates and data are appropriate.

Other information

The management and/or the Supervisory Board are responsible for the other information. The other information comprises the following elements of the combined 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 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 management report.

The other information additionally includes the other parts of the annual report. The other information does not include the annual financial statements, the disclosures in the combined management report audited for content or our auditor's report thereon.

Our opinions on the annual financial statements and on the combined 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 identified above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the disclosures in the combined management report audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the management and the Supervisory Board for the annual financial statements and the combined management report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as it deems necessary in accordance with German Legally Required Accounting Principles, to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements management is responsible for assessing the Company's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company and is, in all material aspects, consistent with the annual 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 it has considered necessary to enable the preparation of a combined 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 management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and the combined management reports.

Auditor's responsibilities for the audit of the annual financial statements and the combined management report

Our objectives are to obtain reasonable assurance whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position, and in all material aspects, is consistent with the annual 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 annual financial statements and on the combined 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 German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the annual financial statements and in the combined 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 annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined 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 Company'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 annual financial statements and in the combined 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 Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by management in the combined 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 annual 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 annual financial statements and of the combined management report prepared for publication purposes in accordance with Section 317 (3b) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance on whether the electronic rendering of the annual financial statements and the combined management report contained in the file "JA_EON_31.12.2021.zip" (SHA256-Hashwert: be1976106f751f0b9e719c9c0a63896885 0f378655311a3425d9da136a5bc6e2) prepared for publishing purposes (hereinafter the "ESEF documents") complies in all material respects with the requirements of Section 328 (1) HGB for 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 annual financial statements and the combined management reports 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 annual financial statements and the combined management report contained in the file made available and prepared for publication purposes complies in all material respects to the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our above "Report on the audit of the annual financial statements and the combined management report" on the accompanying annual financial statements and combined management report for the financial year from 1 January to 31 December 2021, 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 annual financial statements and the combined management report 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 annual financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's management is responsible for such internal control that it considers 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 Delegated Regulation (EU) 2019/815, as amended as of 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 annual financial statements and the audited combined management report.

Report on the audit of compliance with accounting obligations in accordance with Section 6b (3) of the German Energy Industry Act (EnWG) and Section 3 (4) sentence 2 of the German Act on Metering Operation and Data Communication in Intelligent Energy Grids (MsbG)

We audited whether the Company complied with its obligations in line with Section 6b (3) sentences 1 to 5 EnWG [Energiewirtschaftsgesetz: German Energy Industry Act] and Section 3 (4) sentence 2 MsbG [Messstellenbetriebsgesetz: German Act on Metering Operation and Data Communication in Intelligent Energy Grids] for maintaining separate accounts for the financial year from 1 January to 31 December 2021. We also audited the activity reports for electricity transfer, gas distribution and meter operations in line with Section 6b (3) sentence 1 EnWG and Section 3 (4) sentence 2 MsbG – which each comprise the balance sheet as of 31 December 2021 and the income statement for the financial year from 1 January to 31 December 2021 and the disclosures on accounting methods for preparing the activity reports attached as an appendix.

- In our opinion, the obligations in line with Section 6b (3) sentences 1 to 5 EnWG and Section 3 (4) sentence 2 MsbG to maintain separate accounts was, in all material respects, complied with.

- In our opinion, on the basis of the knowledge obtained in the audit, the attached activity reports, in all material respects, comply with the requirements of the German regulations of Section 6b (3) sentences 5 to 7 EnWG and of Section 3 (4) sentence 2 MsbG.

We conducted our audit of compliance in respect to the obligations to maintain separate accounts and the activities reports in compliance with Section 6b (5) 5 EnWG and the IDW Assurance Standard: Assurance in Accordance with Section 6b German Energy Act (IDW AsS 610 (version of July 2021)). Our responsibility in line with these regulations and principles is described in further detail below. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. As audit firm we apply IDW Standard on Quality Management: Requirements for Quality Management in Audit Firms (IDW QS 1). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on compliance with accounting obligations in line with Section 6b (3) EnWG and Section 3 (4) sentence 2 MsbG.

The management is responsible for compliance with the obligations to maintain separate accounts in line with Section 6b (3) sentences 1 to 5 EnWG and Section 3 (4) sentence 2 MsbG. The management is also responsible for preparing activity reports in line with the German regulations of Section 6b (3) sentences 5 to 7 EnWG and Section 3 (4) sentence 2 MsbG.

Furthermore, the management is responsible for such internal control as it deems necessary to comply with the obligation to maintain separate accounts.

In respect to the responsibility described in the annual financial statements, the responsibility of the management for the activity reports corresponds to the "Responsibilities of the management and the Supervisory Board for the annual financial statements and combined management report" section, with the exception that the respective activity report does not need to give a true and fair view of the assets, liabilities, financial position and financial performance of the activity in compliance with German Legally Required Accounting Principles.

The Supervisory Board is responsible for monitoring compliance with the accounting obligations of the Company in line with Section 6b (3) EnWG and Section 3 (4) sentence 2 MsbG.

Our objective is to obtain reasonable assurance about whether

- The management has complied, in all material aspects, with its obligations in line with Section 6b (3) sentences 1 to 5 EnWG and Section 3 (4) sentence 2 MsbG to maintain separate accounts and
- The activity reports, in all material aspects, comply with the German regulations of Section 6b (3) sentences 5 to 7 EnWG and Section 3 (4) sentence 2 MsbG.

In addition, our objective is to include a note in the auditor's report which contains our audit opinion on compliance with the accounting obligations in line with Section 6b (3) EnWG and Section 3 (4) sentence 2 MsbG.

The audit of compliance with obligations in line with Section 6b (3) sentences 1 to 5 EnWG and Section 3 (4) sentence 2 MsbG to maintain separate accounts comprises the evaluation of whether the accounts were assigned appropriately and transparently to the activities in line with Section 6b (3) sentence 1 to 4 EnWG and Section 3 (4) sentence 2 MsbG and whether the principle of consistency was observed.

In respect to the responsibility described in the annual financial statements, our responsibilities for the audit of the activity reports correspond to the "Auditor's responsibilities for the audit of the annual financial statements and the combined management report" with the exception that we cannot implement any appropriate overall assessment of the respective activity report.

Other disclosures in accordance with Article 10 EU-AR
We were elected by the Annual General Meeting on 19 May 2021 as auditor of the annual financial statements. On 13 December 2021 we were engaged by the Audit and Risk Committee of the Supervisory Board. We have been the auditor of the auditor 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 annual financial statements and the audited combined management report as well as the examined ESEF documents. The annual financial statements and the combined 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 annual financial statements and the audited combined 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]

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Activity Statements E.ON SE

as of

December 31, 2021

General

Background

E.ON SE provides energy-specific services under Section 6b EnWG (German Energy Industry Act) and is active as a legal entity in the areas listed below.

Activities according to Section 6b (3) EnWG:

- Electricity distribution
- Gas distribution
- Basic metering point operator (gMSB; first time in 2021)

Other activities according to Section 6b (3) EnWG:

- Other activities outside the electricity and gas sector

In accordance with public ordinance BK8-19/00002-A and BK9-19/613-1 of Chambers 8 & 9 of the German Federal Network Agency (Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post und Eisenbahn (BNetzA)) of November 25th, 2019, for reporting period 2020, E.ON SE (stand-alone) was required for the first time to draw up activity statements subsequent to the year-end closing for the activities of electricity distribution and gas distribution. The additional data which were subject to special review (generally publicly announced by BNetzA) and drawn up in accordance with Chapter 4 of above-mentioned ordinances and were audited according to German Auditing Standard IDW EPS 611 (Institute of Public Auditors in Germany, Institut der Wirtschaftsprüfer in Deutschland e.V., IDW). An additional special purpose review in accordance with German Assurance Standard IDW PS 480/490 referred to the activity statements 2020 for electricity distribution and gas distribution.

In the context of the German draft Accounting Standard IDW ERS EFA 1 (Energy technical Committee, Energiefachausschuss, EFA) released November 12th, 2021, the activity statements for energy-specific services provided to affiliated network operators have been drawn up and audited for 2021 in the direct context of the financial statements of E.ON SE and the related year-end audit for E.ON SE.

The activity statements have been drawn up based on the accounting and valuation principles described in the notes to the financial statements of E.ON SE. The starting point for the separation of accounts of all activities according to Section 6b (3) EnWG and for the activity statements of

E.ON SE are the financial statements of E.ON SE based on German Commercial Code (HGB). In accordance with draft Accounting Standard IDW ERS EFA 1, E.ON SE is drawing up separate activity statements for basic metering point operators (gMSB) for the first time in 2021, covering energy-specific services provided by E.ON SE to other affiliated group gMSB. Section 3 (4) MsbG (Metering Operation Act, Messstellenbetriebsgesetz, MsbG) requires the separation of accounts for gMSB-related activities. E.ON SE as a legal entity does not have the status of a gMSB, but provides intragroup energy-specific services to other group gMSB. Since this new requirement has to be fulfilled for the first time, there are no comparable prior-year amounts and no prior-year columns for the activity balance sheet and the activity income statement.

Principles for Allocating Assets/Liabilities and Income and Expenses to the Activities

The financial statements of E.ON SE prepared in accordance with the German Commercial Code as of December 31, 2021, form the basis directly underlying the activity statements of E.ON SE. The accounting and valuation principles applied by E.ON SE as a whole, as described in the notes to the financial statements, generally and consistently also apply to the activity statements of E.ON SE.

Starting from the German Commercial Code balance sheet, the separation of accounts is carried out for the relevant activities of E.ON SE. If a direct allocation of accounts is not possible, the allocation is based on an adequate ratio to allocate the respective account to the activities. The allocation schedule for separation of the activities in the balance sheet follows in analogy the allocation schedule for separation of the activities in the income statement.

The balance sheet and income statement items which relate to energy-specific services are identified in analogy to the prior year. Consequently, these items and their relevant amounts are allocated to all activities based on a quota. The quota is calculated based on other operating income from energy-specific services (provided directly and indirectly to affiliated network operators) compared to total other operating income ("quota").

As in the prior year, the amounts determined in this way are allocated to the individual items of the balance sheet and income statement of the activities. The allocation schedule is based on the use of the services for activities by the recipient. The allocation schedule for the single activities is based on all provided energy-specific services and their relative use by the service recipients ("allocation schedule").

Fixed Assets

For Fixed Assets, the allocation to activities is based on the quota and on the allocation schedule.

Receivables, Provisions and Liabilities

Receivables and liabilities are (depending on the circumstances) distributed to the activities based on an allocation. Receivables from and liabilities to affiliated companies are only considered for those companies which receive energy-specific services.

Accounts payable are allocated to single activities based on the quota and the allocation schedule.

The contribution of the provision for pensions and similar obligations is based on the quota and allocated to activities via the allocation schedule.

Other provisions relate to personnel-related obligations. The amounts are distributed based on the quota and allocated to activities based on the allocation schedule.

As in the prior year, receivables and other current assets do not have items with a residual term of more than one year.

In order to balance the activity balance sheets, a balancing item is recognized as part of total assets in the activity balance sheets electricity distribution, gas distribution and gMSB. This balancing item is presented below current assets as a separate line item.

As in the prior year, no liabilities have items with a residual term of more than one year.

Asset Surplus after Offsetting of Benefit Obligations

The offsetting of the guarantee fund assets against the corresponding pension obligations produced a surplus, which is distributed to activities based on the quota and the allocation schedule as in the prior year.

Contingencies

The company’s contingencies include the liquidity assistance guarantee toward MEON Pensions GmbH & Co. KG from the implementation of the CTA (Contractual Trust Arrangement) in the amount €2,953.6 million. Of this amount, €89.0 million is related to the activity electricity distribution, €13.6 million to gas distribution and €1.4 million to basic metering point operations.

Notes to the Income Statement

In the reporting year, leases were concluded with nine companies whose business relationships are already included in E.ON SE's activity statements. E.ON SE generated revenue from these leases in 2021. The corresponding cost of materials was derived directly from cost center accounting and assigned to the activity statements. The distribution to the activities is based on the allocation schedule.

Other operating income arose from service relationships with affiliated network operators and with companies that have provided services to vertically integrated energy companies as part of a multi-level service relationship. The allocation of the relevant personnel expenses and other operating expenses for the provision of energy-specific services is based on the evaluations of controlling and accounting. Expenses were allocated as directly as possible, otherwise proportionally based on cost center reports. The further distribution among the activities was based on the allocation schedule.

Balance Sheet - Electricity Distribution as of December 31, 2021

E.ON SE segregation of accounts according to section 6b (3) EnWG

Assets

€	December 31, 2021	2020
Concession acquired for consideration, commercial proprietary rights and similar rights	33,536.86	10,397.56
Goodwill	600,408.65	294,438.80
Intangible Assets	**633,945.51**	**304,836.36**
Other plant, fixtures, furniture and office equipment	93,682.27	26,100.49
Property, plant and equipment	**93,682.27**	**26,100.49**
Fixed assets	**727,627.78**	**330,936.85**
Receivables from affiliated companies	650,160.06	6,371,779.43
Receivables and other assets	**650,160.06**	**6,371,779.43**
Current assets	**650,160.06**	**6,371,779.43**
Balancing item	**7,436,274.3**	**2,763,953.65**
Asset surplus after offsetting of benefit obligations	**126,950.01**	**26,810.26**
	8,941,012.15	**9,493,480.19**

Equity and Liabilities

€	December 31, 2021	2020
Allocated equity	**65,598.94**	**-20,374.12**
Provisions for pensions and similar obligations	3,119,175.45	532,682.70
Thereof provisions for pensions	*13,215,531.52*	*2,722,382.72*
Thereof right of recourse ("Freistellungsanspruch")	*-10,096,356.07*	*-2,189,700.02*
Other provisions	4,571,110.34	1,019,261.68
Provisions	**7,690,285.79**	**1,551,944.38**
Accounts payable	857,631.53	75,934.17
Liabilities to affiliated companies	327,495.89	7,885,975.76
Liabilities	**1,185,127.42**	**7,961,909.93**
	8,941,012.15	**9,493,480.19**

Income Statement - Electricity Distribution

E.ON SE segregation of accounts according to section 6b (3) EnWG

€	2021	2020
Revenue	764,578.73	0.00
Other operating income	69,971,856.52	24,682,633.02
Expenses for purchased services	-656,978.83	0.00
Cost of materials	**-656,978.83**	**0.00**
Wages and salaries	-21,716,761.39	-11,420,709.27
Social security contributions, pension costs and other employee benefits	-3,942,427.74	-2,374,469.30
Thereof pensions	*-587,600.17*	*-104,858.31*
Personnel Expenses	**-25,659,189.13**	**-13,795,178.57**
Depreciation and amortization	-779,714.94	-17,319.93
Other operating expenses	-43,552,854.98	-10,887,454.46
Interest and similar expenses	-22,098.43	-3,054.18
Thereof accretion	*-22,098.43*	*-3,054.18*
After-tax result	**65,598.94**	**-20,374.12**
Net income (prior year: net loss)	**65,598.94**	**-20,374.12**

Balance Sheet - Gas Distribution as of December 31, 2021

E.ON SE segregation of accounts according to section 6b (3) EnWG

Assets

€	December 31, 2021	2020
Concession acquired for consideration, commercial proprietary rights and similar rights	5,115.63	1,496.03
Goodwill	91,584.89	42,364.80
Intangible Assets	**96,700.52**	**43,860.83**
Other plant, fixtures, furniture and office equipment	14,290.07	3,755.42
Property, plant and equipment	**14,290.07**	**3,755.42**
Fixed assets	**110,990.59**	**47,616.25**
Receivables from affiliated companies	99,173.85	916,791.98
Receivables and other assets	**99,173.85**	**916,791.98**
Current assets	**99,173.85**	**916,791.98**
Balancing item	**1,134,311.40**	**397,686.49**
Asset surplus after offsetting of benefit obligations	**19,364.65**	**3,857.55**
	1,363,840.49	**1,365,952.27**

Equity and Liabilities

€	December 31, 2021	2020
Allocated equity	**10,006.30**	**-2,931.49**
Provisions for pensions and similar obligations	475,791.52	76,644.09
Thereof provisions for pensions	*2,015,865.40*	*391,705.12*
Thereof right of recourse ("Freistellungsanspruch")	*-1,540,073.88*	*-315,061.03*
Other provisions	697,266.18	146,654.63
Provisions	**1,173,057.70**	**223,298.72**
Accounts payable	130,821.05	10,925.65
Liabilities to affiliated companies	49,955.44	1,134,659.39
Liabilities	**180,776.49**	**1,145,585.04**
	1,363,840.49	**1,365,952.27**

Income Statement - Gas Distribution

E.ON SE segregation of accounts according to section 6b (3) EnWG

€	2021	2020
Revenue	116,627.00	0.00
Other operating income	10,673,338.72	3,551,416.11
Expenses for purchased services	-100,213.97	0.00
Cost of materials	**-100,213.97**	**0.00**
Wages and salaries	-3,312,622.56	-1,643,248.14
Social security contributions, pension costs and other employee benefits	-601,368.45	-341,646.23
Thereof pensions	*-89,631.12*	*-15,087.35*
Personnel Expenses	**-3,913,991.01**	**-1,984,894.37**
Depreciation and amortization	-118,935.84	-2,492.05
Other operating expenses	-6,643,447.76	-1,566,521.74
Interest and similar expenses	-3,370.84	-439.44
Thereof accretion	*-3,370.84*	*-439.44*
After-tax result	**10,006.30**	**-2,931.49**
Net income (prior year: net loss)	**10,006.30**	**-2,931.49**

Balance Sheet - Basic Metering Point Operation as of December 31, 2021

E.ON SE segregation of accounts according to section 6b (3) EnWG

Assets

€	December 31, 2021
Concession acquired for consideration, commercial proprietary rights and similar rights	531.76
Goodwill	9,519.99
Intangible Assets	**10,051.75**
Other plant, fixtures, furniture and office equipment	1,485.41
Property, plant and equipment	**1,485.41**
Fixed assets	**11,537.16**
Receivables from affiliated companies	10,308.84
Receivables and other assets	**10,308.84**
Current assets	**10,308.84**
Balancing item	**117,908.42**
Asset surplus after offsetting of benefit obligations	**2,012.90**
	141,767.32

Equity and Liabilities

€	December 31, 2021
Allocated equity	**1,040.13**
Provisions for pensions and similar obligations	49,457.17
Thereof provisions for pensions	*209,543.45*
Thereof right of recourse ("Freistellungsanspruch")	*-160,086.28*
Other provisions	72,478.83
Provisions	**121,936.00**
Accounts payable	13,598.47
Liabilities to affiliated companies	5,192.72
Liabilities	**18,791.19**
	141,767.32

Income Statement - Basic Metering Point Operation

E.ON SE segregation of accounts according to section 6b (3) EnWG

€	2021
Revenue	12,123.04
Other operating income	1,109,463.07
Expenses for purchased services	-10,416.96
Cost of materials	**-10,416.96**
Wages and salaries	-344,337.65
Social security contributions, pension costs and other employee benefits	-62,510.53
Thereof pensions	*-9,316.90*
Personnel Expenses	**-406,848.18**
Depreciation and amortization	-12,363.04
Other operating expenses	-690,567.41
Interest and similar expenses	-350.39
Thereof accretion	*-350.39*
After-tax result	**1,040.13**
Net income	**1,040.13**

Essen, Germany, March 7, 2022

E.ON SE

The Management Board

Birnbaum König Lammers

Ossadnik Spieker