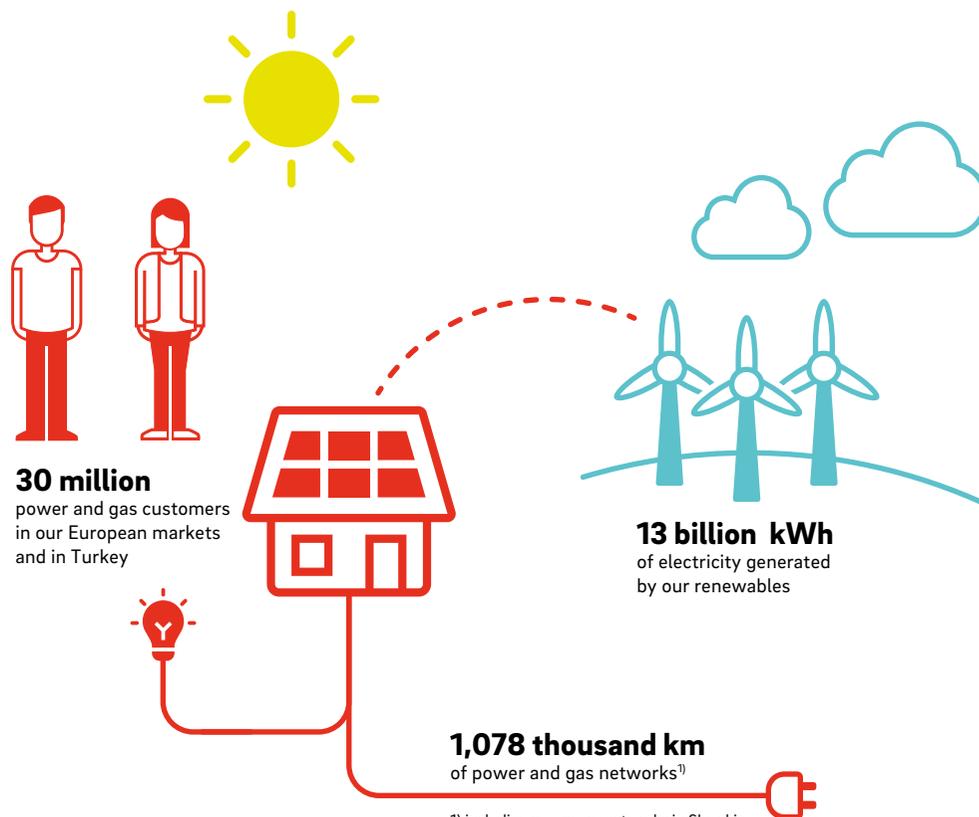


Sustainability Report 2016

e.on

E.ON at a glance



¹⁾ including our power networks in Slovakia
(49-per cent minority shareholding)

We are an international, privately-owned energy company headquartered in Essen, Germany. We realigned our company in 2016 in response to the fundamental changes ongoing in the energy markets. With our business areas of renewables, energy networks and customer solutions, we are tackling current market developments head on: the increasing global significance of renewables, the development of smart energy networks for distributed-energy solutions, and customers' changing needs.

In addition to our three core business areas, we are also active in the area of nuclear power in Germany managed by our separate operating company PreussenElektra. However, this is not a strategic business segment for us. The conventional generation and energy trading businesses were combined into a distinct company, Uniper, as of 1 January 2016.

In the 2016 financial year, we had around 43,000 employees and our sales were around EUR 38.2 billion. We are active in eight countries across Europe via our regional units: Germany, the United Kingdom, Italy, Romania, Sweden, Slovakia, the Czech Republic and Hungary. We are also active in the US in the area of renewables and are part of a joint venture in Turkey.

Contents

4	Foreword	100	Environment
7	Strategy and governance	101	Carbon footprint
8	Strategy and objectives	106	Environmental management
11	Sustainable Development Goals	114	Key figures
13	Sustainability structures	117	Supply chain
15	Good corporate governance	118	Supplier management
19	Compliance and anti-corruption	123	Stakeholder
23	Responsible lobbying	124	Stakeholder engagement
26	Human rights	130	Community involvement
29	Crisis management	133	Nuclear power
31	Energy solutions	134	Nuclear safety and security
32	Renewables	136	Radioactive waste
38	Efficiency improvements	138	Appendix
45	Security of supply	139	About the Report
52	Climate-friendly mobility	141	Materiality analysis
55	Key figures	144	GRI index
57	Customers	160	UN Global Compact
58	Customer satisfaction	162	ESG key figures
65	Customer health and safety	166	DVFA/EFFAS-KPIs
68	Data protection	169	Assurance Report
70	Key figures	172	Ratings and rankings
71	Employees		
72	Occupational health and safety		
81	Diversity and equal opportunity		
88	Employee development		
92	Working conditions		
96	Key figures		

Dear readers,



Dr. Johannes Teyssen,
Chairman of the Management Board

2016 was an important year for us. It was not only a year in which we were fully focused for the first time on the three business areas of renewables, energy networks and customer solutions, but also a year in which we realigned our sustainability strategy. We were guided in this by our corporate strategy, the needs of our stakeholders and the new energy world. In addition, we created a new focus for our future sustainability activities. We want to make sustainability part of our DNA, and let this be seen in everything we do, at all levels and in every business area.

Corporate sustainability management

Sustainability is one of our top priorities. To me it is particularly important that we systematically put the new E.ON on a path toward sustainability right from the outset and see to it that our employees are on board with us on this. In a series of workshops our sustainability team worked together with employees from all relevant departments and with stakeholders from a wide variety of fields to define new corporate priorities with respect to sustainability. These were subsequently discussed with external experts. A central department draws on action plans in evaluating our progress in this area and regularly reports to, and consults with our Governance Council on these matters. This report provides you with more information on this issue.

Responding to energy trends

Our business areas reflect major energy trends: More and more customers want customised energy plans, while ever more energy is being generated with renewables and conventional power grids are increasingly being converted into smart grids. We are helping shape this fundamental transformation by providing innovative and increasingly digital products and services. We want all our customers – families, craftsmen and tradespersons, small- and medium-sized enterprises (SMEs) and large companies, people in urban and rural settings – to be able to take advantage of these new opportunities.

E.ON is the first major European energy supplier to orient itself wholly around the new energy world. We have all the necessary skills to make this strategy a reality:

- We are one of the leading companies in the renewable energy market. By 2025, 80 per cent of our installed capacity is supposed to come from renewable sources. This is how we are making a significant contribution to climate protection.
- 30 million customers in major markets in Europe and Turkey already rely on our competitive energy products. Thanks to our local presence, our open exchange with all stakeholders and our strong position in the energy markets, we know our customers' needs and can implement technical advances quickly so that we are able to offer our customers exactly what they want.
- More and more customers are seeking a sustainable, customised and independent energy supply. In response, we offer a wide range of innovative products and services, from solar systems, battery storages and efficiency planning, to lighting concepts and heating systems.
- Our increasingly smart grids allow our customers to purchase green electricity or sell any surplus from the green electricity they generate themselves. This is how we are creating a platform that lets our customers take advantage of a variety of innovative energy services – ones that involve much more than just consuming energy or feeding the energy they produce into the grid. Other services include flexible demand management, virtual power plants, electric mobility and efficient storage.

Focusing on the customer

We see ourselves as a partner to our customers – including in achieving our sustainability goals. In order to be able to develop better, more customised solutions, we need to understand our customers and their needs. Through Group-wide "Customer Immersion Sessions," all employees have an opportunity to interact with our customers. In 2016, for instance, we held 166 sessions where we engaged in direct dialogue with over 1,000 customers. I was one of the many employees who had an opportunity to get to know some of our customers in person during several of these sessions.

Sustainable energy solutions

Many companies and cities are committed to climate protection and resource efficiency. And we have the experience and skills to help our customers in industry, commerce and the public sector become more sustainable and more climate-friendly. Important elements in this include renewables, local heating and cooling, electric mobility, district heating, energy efficient buildings and smart grids. We are demonstrating what we are currently making possible in Hyllie, the smart city district of Malmö, where we played a role in developing one of the first carbon free residential and commercial areas in the world. In 2016, one of E.ON Connecting Energies' efficiency projects received the "Energy Efficiency Award" from the German Energy Agency (dena). We applied several measures to help glass manufacturer Pilkington Automotive realise energy savings of around 40 per cent.

Responsibility to employees, society and the environment

In addition, there are still other issues that have been, and continue to be, important to us. We apply established standards and comprehensive measures in the areas of environmental protection as well as occupational health and safety. For example, we offer training courses, conduct campaigns to promote employee health and have introduced externally certified environmental and safety management systems in all our units.

Unfortunately, there were also setbacks, however: the company is mourning the deaths of four employees in 2016.

At our subsidiary PreussenElektra we are aware of the great responsibility we bear for operating and dismantling German nuclear power plants. Clear safety guidelines and an effective management system ensure that the impact on people and the environment is minimised. The careful maintenance of our plants and the expertise of our employees make it possible for our power plants to contribute to environmental protection by generating climate-friendly, reliable and affordable electricity in Germany.

Recognition of our performance on sustainability

One of our great achievements in 2016 was being listed once again in the Dow Jones Sustainability Index, both in Europe and globally, after not appearing there for several years. We are pleased that we were able to show significant improvement in economic and environmental categories. In addition, E.ON was again among the major companies that received an A- in climate reporting from the CDP (Carbon Disclosure Project). The quality, handling and transparency of CO₂ data were appreciated.

For us, it goes without saying that as a long-standing member of the United Nations "Global Compact" we support its ten principles. Moreover, we still actively participate in econsense and the World Business Council for Sustainable Development (WBCSD).

All of this is important to us. But what is crucial for us in the wake of our realignment is that we can combine success in business with the principles of sustainability. Because we want to pursue sustainability not just for ourselves, but also to be the partner of choice of our customers, offer shareholders attractive returns and improve the quality of life in the communities where we live and work. We are on the right track. See for yourself by taking a look at our redesigned Sustainability Report.

With best wishes,



Johannes Teysen

Strategy and governance

A photograph of a man and a woman in a meeting. The man, on the left, is wearing a red button-down shirt and is gesturing with his hands while speaking. The woman, on the right, is wearing glasses and a white shirt, and is listening attentively. The background is a blurred office setting.

Since 2016, we have focused on renewables, energy networks and innovative customer solutions. This strategic realignment also results in new priorities in our sustainability programmes. We want to take an active role in shaping the energy world of tomorrow and to promote sustainable growth. Clear organisational structures and good corporate governance help us to achieve this. This includes ensuring conduct in compliance with law, safeguarding human rights and representing our interests to policy makers in a fair and transparent manner.

Our future is sustainable

We are now strategically focused on meeting the challenges of the new energy world and on sustainable growth. From 2016 onwards we are focusing on the business areas of renewables, energy networks and innovative customer solutions. Sustainability is a fundamental element in all these areas. We aim to embrace sustainability even more consistently in everything we do. With this goal in mind, we have set new priorities for our work on sustainability and redefined our responsibilities. The goal: we aim to make further developments in all relevant areas of operation and become a pioneer in our sector.

Realise our sustainable potential

Sustainability is firmly established in our business strategy. Our core business offers solutions for key demands of the sustainable energy world: we are developing energy sources such as wind and solar power, and thereby contributing to the battle against climate change. Our energy networks distribute power from these renewable sources, which are increasingly decentralised. Using intelligent solutions we are also helping our customers to save energy.

A consistently implemented business focus on sustainability also offers further potential, opening up new business opportunities for further

growth. For example, we are developing new digital solutions which reduce energy consumption. Sustainability also helps us reduce business risks, making us stronger for the future. By improving our networks to suit decentralised electricity generation, for example, we are also reducing the risk of outages and damage to our reputation.

For these reasons we will integrate sustainability into our business processes even more thoroughly in future. It is a priority for us to promote a sustainable approach to the way we work and think, throughout the company.

Shared concepts: our focus areas

At the beginning of 2016 we held workshops with more than 60 employees from different areas of expertise and staff levels, to discuss what sustainability means in practice for us at E.ON. The conclusions were then discussed with external stakeholders. As a result we have identified five new focus areas which will form the basis of our plans for the future. These focus areas are consistent with our new business strategy, our vision and our brand identity.



We listen to our customers and treat them fairly

We identify and understand customer needs. It is important that we serve all members of society fairly and with respect.



We help customers optimise their energy usage

We help our customers reduce their energy consumption, costs and CO₂ emissions. We develop innovative solutions to achieve these goals. We also help our customers understand their consumption profile and identify opportunities for savings.



We build up and integrate renewable generation capacity

We increase installed renewables capacity. We work to reduce the cost of renewables. Our distribution networks deliver electricity to our customers and thus enable the use of renewable energy.



We protect the health and safety of our customers and colleagues

We provide a safe workplace for staff and contractors. We look out for the mental wellbeing of our people. We aim to protect the health and safety of customers who use our energy solutions.



We foster diversity and inclusion in our workforce

We are committed to building a diverse workforce. We ensure equal opportunity in our appointment procedures. We value every member of staff and respect differences.

Shared framework, individual actions

The five focus areas are applied throughout the company and form the framework for our work on sustainability. All regional and international business divisions develop their own measures and targets to contribute to these priorities. They develop their own action plans. In the first half of 2017 we aim to define sustainability goals for the whole company, based on these action plans.

In addition to the five focus areas each division will also consider any further aspects of sustainability which are important in their particular business environment. In our procurement structures, for example, we will develop specific guidelines for sustainable supply chain management and define indicators for monitoring.

The same applies to our subsidiary PreussenElektra, which controls the operation and dismantling of our German nuclear power plants – an area which in terms of our new corporate strategy is no longer a key part of our core business. Here too we will work on sustainability through an action plan – though with a different focus.

Our central representatives for sustainability – the → [Sustainability Council](#) and the → [Sustainability Department](#) – assist regional and international business units to create their plans and will track their progress. However it is the responsibility of each unit to develop and implement these plans. In

this way each unit can devise measures and targets which are appropriate for their particular context and optimise their integration into existing processes.

Getting better all the time

We want to be pro-active in creating a more sustainable energy world for the future. These action plans will help us to continually develop our work towards sustainability. We will make regular assessments of our progress in implementing the plans. We will also provide transparent reporting on our progress. We aim to strengthen dialogue with our stakeholders even further in the future – for example amongst expert networks or in direct discussion with our colleagues.



Our contribution to SDGs

In 2015, the United Nations (UN) created the "Agenda 2030 for Sustainable Development," an approach by which the international community can address global challenges. The Agenda 2030 is aimed at facilitating economic progress and prosperity – in a manner consistent with social justice and in keeping with ecological limits to growth.

We support the wide-ranging Agenda 2030 and its 17 goals – the so-called → [Sustainable Development Goals \(SDGs\)](#). With the entry into force of the SDGs in January 2016, all countries and social actors are called upon to contribute to the Agenda's sustainability goals. We, too, endorse the SDGs and we are working to make a contribution toward achieving the following specific objectives:



Ensuring that everyone has access to affordable, reliable, sustainable and modern forms of energy

We are encouraging the further development of renewable energy. This is how we are helping design a path to a climate-friendly and sustainable supply of energy. Our distribution grids form the basis for this effort since they not only receive the electricity that is generated and distribute it to our customers; they also demonstrate new ways to improve the local power supply and make it more flexible. We are working, for example, on optimising our energy networks, so that households as well as business and industry can continue to be provided with a reliable supply of energy. We also offer assistance to vulnerable customers – because energy should be equally available to all without interruption.

Learn more:

- [Renewables](#)
- [Security of supply](#)
- [Customer satisfaction](#)



Immediately take action to combat climate change and its impacts

In addition to developing renewable energy – one of our core areas of growth – we also help our customers achieve their own climate goals. Because it is only through the use of climate-friendly generation technologies that the goals for CO₂ emissions reduction can be realised. Our array of solutions help our customers in business, manufacturing, the public sector as well as our residential customers reduce their energy consumption and thereby lower their CO₂ emissions. Through the range of products we offer in the area of electromobility, we are also helping to make transportation and trade more climate-friendly.

Learn more:

- [Renewables](#)
- [Efficiency improvements](#)
- [Climate-friendly mobility](#)
- [Environmental management](#)
- [Carbon footprint](#)

In addition, we are making a further contribution to the following SDGs through our five new focus areas:

SDG	Our contribution	Learn more
	We provide healthier living for people of all ages and we foster their wellbeing.	<ul style="list-style-type: none">→ Occupational health and safety→ Customer health and safety→ Diversity and equal opportunity
	We promote gender equality and we enable women the same access to leadership positions as men.	<ul style="list-style-type: none">→ Diversity and equal opportunity→ Employee development
	We support the establishment of sustainable and reliable infrastructure and we encourage sustainable industrialisation and innovation.	<ul style="list-style-type: none">→ Efficiency improvements→ Security of supply→ Climate-friendly mobility→ Crisis management
	We want to help cities and communities achieve sustainable development and use intelligent concepts to reduce their energy consumption and lower their CO ₂ emissions.	<ul style="list-style-type: none">→ Renewables→ Security of supply→ Efficiency improvements→ Climate-friendly mobility
	We encourage the sustainable consumption of energy and we are reducing our own consumption of resources.	<ul style="list-style-type: none">→ Efficiency improvements→ Environmental management→ Supplier management→ Stakeholder engagement

Clearly defined sustainability structures

Our Chief Sustainability Officer (CSO) is responsible for our sustainability programmes throughout the company. He is supported by a proven organisational structure: the Sustainability Council is an expert committee which assists him, composed of senior executives from different areas of the company. Our CEO Johannes Teyssen has held the position of CSO and Chairman of the Sustainability Council since 2016, and communicates regularly with the Supervisory Board. In 2016 we also created a new Sustainability team, which functions principally as a generator of ideas and advice on sustainability.

Our steering committee

The Sustainability Council, founded in 2013, guides and supports our sustainability programmes at company level. It helps with strategic positioning and ensures that our approach to sustainability is consistent with our vision, enterprise strategy and brand identity. The Council also continues to develop our sustainability programmes and promote them within the company. Where company guidelines refer to sustainability, the Council provides advice and helps to make decisions about necessary changes. It also deals with engaging external stakeholders and building up partner-

ships. The Council meets up to four times a year – or more frequently if necessary – and reports to the Board of Management twice a year. In 2016 five meetings took place, the first four were concerned with defining our new strategy for → [sustainability programmes](#).

Members of the Sustainability Council include representatives of Group Management as well as global and regional units and our support functions. Any member may present their own agenda items and report on measures and progress in their business unit. Members also have an important role as sustainability ambassadors within the company.

Central sustainability team

Our central sustainability team was newly established in 2016. Together with the Health, Safety, Security & Environment (HSSE) teams, it forms a specialist unit. The team prepares discussion documents for the Council, makes recommendations, supports planning and implementation of sustainability programmes and monitors progress. It also provides advice for any member of staff or department on sustainability issues. It gathers data and results from across the company and is responsible for our sustainability reporting.

On site planning and implementation

The management team in each business unit – or where appropriate, the local support staff – are responsible for implementing sustainability programmes. Their responsibilities include the development of → action plans, achieving ongoing improvements and integrating sustainability principles into their business processes.

To improve communication with the central sustainability team for individual business units and support staff, we have nominated local contacts to act as a link. They oversee and coordinate the status of action plans and support local projects and initiatives.

Digression: Our HSE Organisation

In the area of Health, Safety & Environment (HSE) we look back on an organisational structure that has grown over many years. The Board of Management is responsible for our HSE activities and both monitors and develops them constantly. The HSE Governance Council and the Group Management HSE Office act as advisory committees. HSE committees and teams of experts in each location devise guidelines to ensure compliance with standards in their business unit. These expert teams also take the lead in operational implementation.

Transparent and responsible management

In order to remain successful going forward, we must manage our company transparently and responsibly with the goal of generating value over the long term. To achieve this goal, we rely on effective corporate structures and clear lines of responsibility based on the principles of good corporate governance. To this end, we integrate aspects of sustainability directly into our business processes.

Our corporate governance system: good corporate governance applied Group-wide

By "corporate governance system" we mean the entire system we use to manage and oversee our company. Under the so-called dual system, which is standard in Germany, responsibilities are clearly separated from one another: Our Board of Directors takes care of management, while the Supervisory Board exercises overall supervision of E.ON SE. Both bodies work together efficiently and report to one another in a transparent manner. Our corporate governance system complies with the "German Corporate Governance Code" (GCGC) and ensures that corporate and shareholder interests are protected. In addition, the code requires that management decisions be easy for stakeholders to understand and guarantees Supervisory Board independence. In 2016, the E.ON SE Supervisory Board consisted of five female and thirteen male representatives from eight countries. As stipulated in the German Stock Corporation Act, the Board seeks to maintain an equitable balance between shareholder and employee representatives.

Anchoring sustainability issues at management level

The Supervisory Board and the Board of Directors at E.ON SE bear management and supervisory responsibility for core sustainability issues. The Chief Sustainability Officer (CSO) regularly provides information to both bodies on significant actions, events and metrics relating to sustainability. CEO Johannes Teyssen assumed the role of CSO in 2015. The CSO also chairs our Sustainability Governance Council (SGC), the central body for managing and monitoring our sustainability activities. We also established an organisational structure in the area of Health, Safety and Environment (HSE) – the HSE Governance Council.

We want to encourage all executive-level management at E.ON to deal proactively with sustainability issues. The variable annual salary (short-term incentive) that E.ON pays managers is linked to performance parameters related to sustainability. We use measurable criteria to monitor the achievement of objectives – for example, the effectiveness of efforts to increase

the proportion of women in management positions or improve our Net Promoter Score (NPS), which we use to measure customer satisfaction. The goal agreements for the board as a whole, as well as for individual members incorporate, are among other things, objectives in occupational safety as an element of sustainable corporate management. In our → [Annual Report](#), we provide a transparent overview of the compensation that our Board members receive.

Incorporating sustainability issues in risk management

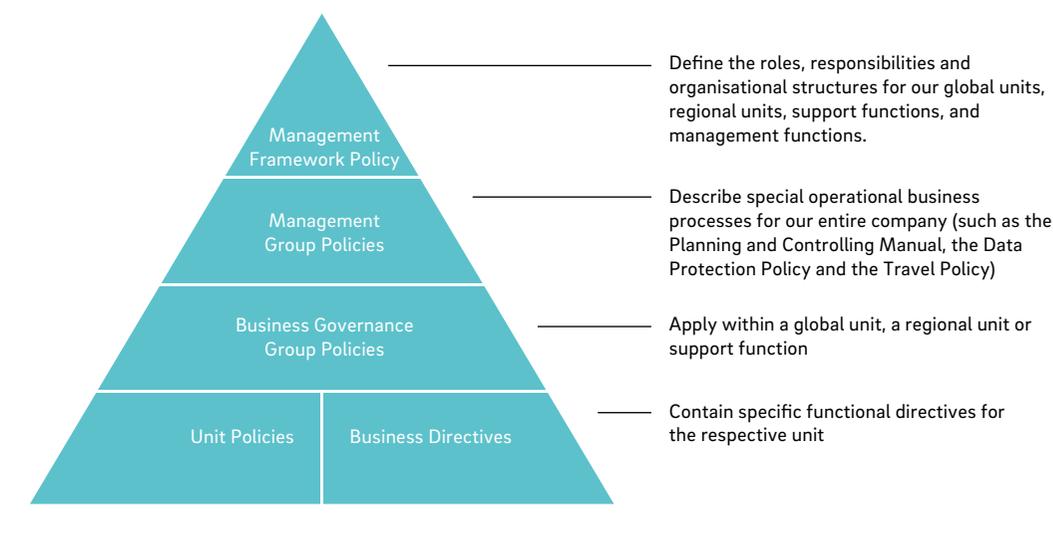
Business-related actions always involve risks, such as those posed by regulatory requirements, for example. We use systematic risk management to respond to any potential adverse effects. Our risk management system is embedded throughout our entire organisational and operational structure. It consists of multiple modules, which are explained in detail in our Annual Report.

Our risk tools take into account more than just financial risks. They also cover indirect financial risks, which can only be represented in numerical values indirectly, partly, or not at all. These principally involve risks in the areas of environment, social affairs and governance & integrity (Environment, Social and Governance – ESG) that may crop up in connection with our business activities. They can have direct adverse effects, such as penalties due to violations of the law, or longer-term consequences, such as damage to the company's reputation.

Internal policies for embedding sustainability

We use binding guidelines to define framework conditions and minimum standards for our business processes. These have the character of directives and are continuously reviewed in order to respond to changing stakeholder requirements.

Applying our guidelines



Corporate policies apply throughout the entire E.ON Group. This includes all individual companies in which we hold a majority stake, as well as projects and partnerships for which we bear operational responsibility. Our contractors and suppliers are also required to meet our minimum standards. Corporate policies do not automatically apply to joint ventures with co-equal partners. However, they do form the basis for guidelines adapted to local circumstances.

You will find information on policies and guidelines relating to our sustainability activities in the respective areas of activity contained in this report. In addition, an overview of all the policies and guidelines is also available in our → [Sustainability Channel](#).

Frameworks and commitments

We want to meet expectations with respect to company management by applying internationally accepted ethical, social and environmental principles, which we orient around external regulations and flesh out with reference to our specific business processes.

→ Self-Commitment by the E.ON Board of Management (2006)

We are hereby confirming our social responsibility in the company management.

→ Commitment to the ten principles of the Global Compact of the United Nations (since 2005)

This is the largest initiative worldwide for sustainable management. We hereby commit to observing human rights, work and environmental standards and participate in the fight against corruption.

→ Luxembourg Declaration (2009)

We are committed to the effective promotion and implementation of operational health in accordance with European standards.

→ Seoul Declaration (2009)

We are committed to rolling out a culture of prevention for workplace health and safety.

→ Code of Responsible Conduct for Business (2010)

Together with other globally-active German companies, we are committed to a success and value-driven management in the sense of the social market economy. Included in this are the concepts of fair competition, social partnership, the performance principle and sustainability.

→ Declaration of Compliance with the German Corporate Governance Code (since 2002)

The Board of Directors and Supervisory Board of E.ON SE issue a compliance declaration annually under Section 161 of the German Corporation Act regarding the German Corporate Governance Code.

→ Declaration of compliance with the German Sustainability Code (since 2012)

Every year we publish the sustainability performance of E.ON SE in accordance with the criteria of the Council for Sustainable Development (RNE), a specialist committee commissioned by the German federal government.

Shared commitment with partners

For us, good corporate governance also means that we cooperate with other companies, organisations, policy makers, scientists and other stakeholders in working on towards sustainable development. In 2016 we were involved, among others, in the following alliances and initiatives:

World Energy Council (WEC) (since 2006)

The WEC is active worldwide in advocating for affordable, stable and environmentally friendly supply of energy. Its membership includes government administrations and agencies as well as businesses, academia and non-governmental organisations. The European section of the WEC is currently led by our board member, Leonhard Birnbaum. The WEC organises the World Energy Congress every three years. It was last held in Istanbul in 2016. There, we participated in discussions on the future design of the energy system.

World Business Council for Sustainable Development (WBCSD) (since 2006)

This business alliance does important work at the intersection of international policy making and private enterprise. The focus here is on the issues of energy and climate change, preserving ecosystems and promoting sustainable development. We also collaborate in various working groups of the WBCSD.

econsense – Forum for Sustainable Development of German Business (since 2000)

econsense brings together leading global companies and German business organisations to share experiences with other companies, develop common positions and cooperate in promoting social discourse. We are also involved in various working groups, including on issues relating to → supply chain sustainability, climate and environmental protection and assessing sustainability efforts.

Climate Change Program of the CDP (since 2007)

We participate in the Climate Change Program run by the independent information service provider CDP (formerly known as the Carbon Disclosure Project). In addition, we also participate in CDP forums on climate protection. We are thereby able to communicate our strategy to a wider audience and learn from other organisations.

UN CEO Water Mandate (UN WM) (since 2015; transferred to Uniper)

This public-private initiative of the United Nations Global Compact has set itself the goal of improving how companies around the world manage their water use. With the transfer of conventional generation services to Uniper in 2016, our membership in the UN WM was also transferred to Uniper. This decision was motivated by the fact that our new → focus has meant that we use significantly less water. As a result, water consumption no longer plays a significant role for us.

Lawful conduct

The foundation for responsible corporate management is consistent compliance with the law. Conducting ourselves in conformity with the law (compliance) is crucial to society's acceptance of our corporate activities: only by strictly monitoring compliance with standards, dealing transparently with any infractions and taking action against them will we be able to secure the long-term confidence of our stakeholders. Violations result not only in fines and penalties, they also lead to a decline in confidence among shareholders and customers as well as loss of sales. Negative headlines also diminish our reputation among potential employees. By dealing openly and honestly with any possible incidents, however, we are able to build trust and forestall stricter government regulations.

Group-wide provision for compliance

Our goal is to identify the risk of potential rule violations in a timely manner so as to systematically prevent them from occurring. We have therefore introduced a Group-wide package of measures and processes that together form our Compliance Management System (CMS).

Responsibilities

Our Chief Compliance Officer (CCO) bears Group-wide responsibility for compliance. He provides our Board of Management with a quarterly report containing an overview of recent developments and incidents. Each unit also has its own Compliance Officer (CO), who reports to the CCO. Any violations are reviewed by our Compliance Audit Department and by the Compliance Department at Group level. Our business units, in consultation with these two departments, have independent authority to implement corrective actions and impose sanctions.

Internal guidelines and policies

Management Group Policy Compliance (2013; updated in 2016)

The policy sets out basic compliance structures, roles and responsibilities.

Business Governance Group Policies Preventing Insider Trading (2013) and Intermediary Agreements (2015)

These two corporate policies specify the rules of conduct and processes for the following compliance issues:

- Educating employees about rules on insider information and the rules of conduct
 - Preventing breaches of anti-corruption policies that may arise when intermediaries, consultants and other third parties are commissioned to bring about a business transaction or to carry out a project
-

→ [E.ON Code of Conduct](#) (2013)

Our Code of Conduct requires all Group employees to conduct themselves in a lawful and responsible manner. It includes explicit rules and guidelines for:

- dealing with business partners, third parties and government agencies
- avoiding conflicts of interest
- handling information as well as company property and resources
- issues concerning environment, occupational safety and health

We immediately take corrective action against violations of the Code of Conduct and impose sanctions accordingly. Our board has declared a "zero tolerance commitment" in this regard.

The Code is supplemented by practical tools for day-to-day situations at work: Using a → [checklist](#) our staff can check whether their actions comply with the code of conduct. Two guidelines also provide detailed information on → [antitrust law](#) and → [benefits](#).

Programmes

Code of Conduct E-Learning-Programme (since 2010)

This online programme is mandatory for all new employees. It explains the substance of the E.ON Code of Conduct. All new employees at E.ON must have a basic understanding of compliance risks. Our priority is that they should know how to avoid risks and whom they can turn to in case of questions. Employees in areas without internet access receive training offline.

Code of Conduct Refresher E-Learning-Programme (since 2015)

This online programme is intended to remind our employees of the contents of the Code of Conduct. It is divided into three modules, each of which covers a specific topic in the Code of Conduct. The first module deals with the Code of Conduct in general. The second module addresses anti-corruption and money laundering. And the third module focuses closely on the issues of conflicts of interest and intermediaries.

Procedures

Compliance risk assessments and "necessity checks"

We apply these checks in examining which activities are at particular risk of certain compliance violations. Based on the results, we then determine which measures are needed to deal with them. Extensive risk assessments take place every three years.

"Necessity checks" are more compact and are conducted in the interim as needed. The risk assessments and "necessity checks" are controlled, monitored and conducted by the Compliance department at Group level in coordination with the COs in each business unit.

"Compliance Check" for suppliers (since 2015)

We also check prospective suppliers to ensure they meet our compliance standards. Among other things, we examine whether a supplier has been referred to in the media in connection with compliance-related issues such as corruption, as well as whether or not the supplier appears on sanction or terrorism lists. We use an extensive questionnaire to clear up any lingering doubts about whether a supplier is conducting its affairs in accordance with our values and principles. These checks are mandatory for all new contracts.

Compliance notices

Our employees can anonymously report any wrongdoing and violations of laws or policies, either through our internal reporting channels or via a Group-wide "whistleblower" hotline. We operate the hotline in collaboration with an external law firm. All notices are reviewed by our CCO in cooperation with the relevant departments at E.ON. We comply with all data protection requirements in this process.

Progress and measures in 2016

Our CMS was successfully certified under the internationally recognised Standard IDW PS 980. The certification pertained to the conception and suitability of our CMS. This means that our CMS is suitable in terms of the principles and measures it applies at E.ON for avoiding compliance risks within the Group.

Group-wide risk assessment

In 2016, we conducted a wide-ranging compliance risk assessment. COs at our global units selected executive-level employees for interviews, conducted either in writing or in person, about compliance issues. Based on the information provided, we were able to get a general picture of the

current status quo, pinpoint potential compliance risks and identify possible improvements. A compliance risk assessment will be conducted approximately every three years.

Development of a compliance action plan

We developed a compliance action plan for each business unit in 2016. This action plan establishes specific measures each needs to implement in 2017 to ensure compliance. They are based on the results of our Group-wide compliance risk assessments and other performance indicators on compliance, such as the Corruption Perceptions Index (CPI). We use the action plan to define Group-wide, risk-specific minimum standards that must be met by all units.

Group-wide compliance training plan

In addition, we also developed a Group-wide compliance training schedule in 2016. This indicates which employees have to take which specified training courses and when. The nature and frequency of the training sessions depends on which compliance risk the employees in a particular department are subject to, as well as what responsibility they bear in their role within the company. Depending on the type of training involved, the compliance department either at corporate level or in the relevant unit is responsible for conducting the training.

Online refresher course

By the end of 2016, employees from all business units were able to successfully complete our compliance refresher e-learning programme. For pedagogical purposes, the training was divided into three modules. In total, 53,340 employees were invited to participate, and 44,259 of them completed all three modules. On average, considerably more than 80 per cent of employees took part, and in most units the participation rate was over 90 per cent. In 2016, we also introduced a refresher programme on antitrust law. Of the 8,741 employees invited to take part, 7,571 completed the e-learning programme. This corresponds to a participation rate of 86 per cent.

Surveys on compliance culture

In 2016, we surveyed 11,000 employees anonymously on the issue of compliance culture through → [Pulse Check](#). About 75 per cent of employees indicated that misconduct is addressed openly by the company and followed up on. In addition, 600 executives took part in an anonymous survey as part of a compliance risk assessment. The finding was that the majority of managers have a good understanding of the principles of good governance and integrity.

Compliance notices¹⁾

	2016	2015
Fraud or violations of internal policies	46	50
Conflicts of interest	13	12
Other	16	13
Total	75	75

¹⁾ The reported number of notices refers to cases on central files that resulted in investigations and which were determined not to be erroneous.

No fines for non-compliance

In 2016 no fines were imposed on us for anticompetitive behaviour, non-compliance with environmental laws and policies, or failure to comply with any other laws and regulations.

Activities in countries with corruption risks

According to the International Corruption Perception Index (CPI) from Transparency International, we are directly involved in six countries that are below the threshold of 60 points. In 2016, we generated 14.6 per cent of our earnings (EUR 6.2 billion) in these countries. We had supplier relationships with companies in 22 countries in this category and transacted 11.8 per cent of our purchasing volume in the non-fuel sector (EUR 791 million) with suppliers from countries in this category. We apply a "compliance check" for suppliers in order to safeguard against potential risks.

Transparency in lobbying

The energy sector is heavily influenced by social trends and political decisions. For us it is crucial that we adequately represent our business interests to policy makers. Advances in climate protection, for example, often require extensive investments in efficient energy technologies. For long-term investments like these we need to be able to plan with certainty. Doing so requires the right policy environment - both nationally and internationally. We advocate publicly on behalf of our positions. This prevents any suspicion of improper influence from ever arising, which in turn avoids injury to our reputation.

Clear rules for interactions with policy-makers

As a major energy provider, we advocate for our interests through political discussion. We also offer our professional expertise in assisting with decision-making processes. In addition, we participate in a variety of discussions on the topics of energy, environmental and climate policy. We of course always adhere to national and international guidelines for political advocacy.

Internal guidelines and policies

Business Governance Group Policy
Stakeholder Management (updated in
2014)

→ [Guidelines on benefits](#) (updated in
2013)

This Group-wide policy formulates clear internal rules for participation in public policy development and for our interactions with stakeholders. It defines responsibilities, processes and tools, as well as standards for information sharing. For example, we insist that our Group representatives follow our policy on information transparency. They may not release false, misleading or overly selective information.

This annex to our → [Code of Conduct](#) defines principles for accepting and offering benefits when interacting with business partners, competitors and government agencies. The guideline stipulates that no or cash benefits or benefits in kind may be given to government agencies or policy makers. Employees may only accept benefits such as gifts or invitations to events – where there is no inference that these are being given in return for any special consideration.

External Obligation

EU-Transparency Registry (registered since 2011)

The register lists organisations and self-employed individuals who influence decision-making in the EU. By registering we are acknowledging the code of conduct contained therein, which sets out principles for a transparent advocacy policy.

Initiative

Involvement in associations

In order to safeguard our interests, we are also involved with the following national and international associations:

- *Smart Energy Demand Coalition* und *European Distribution System Operators for Smart Grids* – European associations to encourage smart networking and digitalisation in the energy sector
- *WindEurope* – a network for wind energy stakeholders, energy providers, research institutions and associations
- *Deutsche Unternehmensinitiative Energieeffizienz e. V.* – multi-sector network of pioneering businesses and organisations in the field of energy efficiency policy
- *Deutscher Bundesverband der Energie- und Wasserwirtschaft (BDEW)*
- *Swedenergy* – private association of companies involved in the production, sale and trading of electricity in Sweden
- *Romanian Federation of Associations of Energy Utility*
- *Energy UK* – British Energy Industry Association representing 90 suppliers as well as electricity and gas producers for residential and business customers

Through the BDEW we are also represented in the following networks and associations:

- *Eurelectric* or *Eurogas* – advocacy organisation for the European electricity and gas industry
- *Bundesverband der Deutschen Industrie e. V. (BDI)* and its European umbrella organisation *BusinessEurope*

Progress and measures in 2016

In 2016, we once again involved in political decision-making processes. This applies in particular to the following new legislation and rulings:

- Adoption of the new Combined Heat and Power Act (CHP Act) in Germany
- Revision of the German Renewable Energy Act (amendment of the REG)
- Development of the "Green Paper on Energy Efficiency" and the "Discussion Paper 2030" from the Federal Ministry of Economics and Technology (BMWi)

- Adoption of the EU's "winter package", including the Renewable Energy Directive, the Energy Efficiency Directive, the Energy Performance of Buildings Directive, the Governance Directive as well as the Directive on the Internal Electricity Market
- Decisions on → final disposal of nuclear waste

Our positions on these issues were appended to statements by European and national associations and used in speeches by board members and in press releases.

Developing an industry guideline on "third-party aggregators"

In the course of the energy transition, policy makers, administrators and the energy industry are addressing the question of how to ensure a stable power supply in the future, given the increasing proportion of fluctuating generation methods from wind and sun. It will also mean that the production, storage and consumption of energy will need to be coordinated in order to prevent imminent network congestion and to benefit economically from price differences in energy. This was also the subject of discussion at energy industry associations in 2016.

There was also concern about the rights and obligations of the so-called aggregators. These are service providers whose business model involves "aggregating" (i.e. bundling) load and/or production in order to manage it to suit demand. In 2016 we were involved in developing the industry guideline on "third party aggregators". Energy associations agreed on a concept for better integration of third-party aggregators in the energy market. The aim is to increase flexibility of supply to the market and ensure a level playing field – i.e. a comparable and fair starting point for all market participants. It also aims to establish standardised processes for all. The proposed solution constitutes, in our view, an acceptable initial compromise. The next step is to see which guideline content will be taken and codified by the Federal Network Agency.

Reliable framework for climate protection

Together with national and European industry associations, we are calling on countries, despite their different interests, to develop consensual solutions for climate protection. We need a functional international framework which can create the necessary incentives for investment in low-emission technologies. That is why we continue to support a significant strengthen-

ing of the European emissions trading system. Currently, the system does not fulfil its intended control function due to the low price of certificates and the consequent lack of investment incentives. Only when the emission of carbon dioxide comes at a significant price will there be sufficient incentive to avoid producing such emissions – as well as the investment security required for these measures. European commitment alone is not enough, however. Ultimately, we need an international commitment to the removal of subsidies for fossil fuels, along with a global CO₂ market that can promote the best technologies for avoiding carbon dioxide emissions. We therefore support the (uniform) pricing of CO₂ around the world.

Commitment to the implementation of the Sustainable Development Goals

In 2016 Germany became one of the first out of 22 states to produce a voluntary implementation report on → [Sustainable Development Goals](#) (SDGs). In this report the German government highlights the adoption of its "Agenda 2030 for Sustainable Development" as an important milestone in the recent history of the United Nations (United Nations - UN). Through econsense, the Forum for Sustainable Development of German Business, we were involved in drafting the report. Amongst other things, we took part in internal workshops as well as workshops with governments and NGOs which explored the contribution businesses can make to the 17 SDGs.

Safeguarding human rights

All our processes must ensure that human rights are fully respected. Human rights violations have serious consequences for those affected, result in serious damage to our reputation and can also mean losses in sales.

Clear commitment and binding standards

We want to ensure that human rights violations are prevented. We have been advocating for human rights for many years. We are committed to complying with external standards and have also drawn up our own set of policies and guidelines. In dialogue with our stakeholders and through membership in various industry initiatives we seek to stay informed about the current state of discussion. This makes it easier for us to identify steps our company needs to take in this regard.

Responsibilities

Our Human Rights Policy provides for the designation of a key representative at Group level for human rights related topics – the Chief Sustainability Officer (CSO). E.ON CEO Johannes Teyssen assumes this responsibility. In the areas of sustainability and justice, we also have designated employees who deal professionally with human rights issues – such as current applicable law, for example.

Internal guidelines and policies

→ [Human Rights Policy Statement of the E.ON Group \(2008\)](#)

This Group-wide statement obliges employees and business partners to provide adequate working conditions and respect human rights. Through this statement, we acknowledge the "Universal Declaration of Human Rights of the United Nations" (UDHR), the principles of the "UN Global Compact" (United Nations - UN) and the conventions of the International Labour Organization (ILO). In accordance with the statement's provisions, we also incorporate human rights considerations into our procurement processes.

→ Supplier Code of Conduct (formerly "Principles of Responsible Procurement", 2008; revised 2016)

The Supplier Code of Conduct contains binding Group-wide standards on the subject of human rights, working conditions, environmental hazards and ethical business practices. The Code is mandatory for all non-fuel suppliers; suppliers of uranium and solid biomass¹⁾ also pledge compliance through contracts.¹⁾

¹⁾ with the exception of biomass suppliers from Sweden

Procedures

Risk Assessment

→ Suppliers with an annual contract value of more than EUR 5 million undergo a risk analysis (risk assessment) every two years. Human rights aspects play a role in this as well.

„Whistleblower“ hotline

Our staff can anonymously report misconduct as well as violations of law or policy – including with respect to → human rights.

Initiatives

"United Nations Global Compact"
(member since 2005)

The world's largest initiative for responsible corporate governance is explicitly committed to the protection of human rights. We have been participating in the working group "Business and Human Rights" since 2013.

econsense – Forum for Sustainable
Development of the German Economy
(member since 2005)

econsense brings together leading global companies and German business organisations. In 2016 we participated in the working group "Supply Chain Management", amongst others, to develop a training module on the issue of human rights in the supply chain.

Progress and measures in 2016

By 2015 we had already undertaken a systematic analysis to determine the biggest challenges we face in complying with human rights in our value chain. In addition, we also examined how to detect possible human rights violations at an early stage so that we could respond accordingly. Based on the findings of this Human Rights Capacity Assessment, we implemented several measures within the Group in 2016. For example, in 2016 we conducted an → analysis of our top suppliers. Together with the external service

provider, EcoVadis, we examined how well these suppliers were performing in terms of upholding human rights.

Participation in the "National Action Plan"

The "National Action Plan for Business and Human Rights" (NAP for Business and Human Rights) was adopted by the German Federal Government in December 2016. This aims to facilitate the practical application by all

stakeholders of the UN Guiding Principles on Business and Human Rights. The plan also highlights the duties and responsibilities of government and business. It is designed to cover the period 2016 to 2020. In the course of creating the action plan, we participated in a hearing on reporting and transparency.

High position in a human rights ranking

Between 2014 and 2016 the research firm Vigeo Eiris, specialising in environmental, social and governance integrity (ESG), evaluated and rated more than 3,000 companies with respect to human rights. The focus was on the five topics: "Human rights in society", "Employees' labour rights", "Non-discrimination and promotion of diversity at workplace" and "Human rights in the supply chain". A number of rankings were compiled as part of this study. Overall, we scored second place in ratings of the top 30.

Preparing for crisis

As an energy supplier as well as an operator of distribution and generation facilities, we have a responsibility to prevent whenever possible crises from occurring at our company and in our sphere of influence. Because, ultimately, stakes are high: the safety and health of our employees and local residents, a healthy environment, a reliable supply of electricity and gas and our standing in the community at large. Not all events can be predicted and prevented. However, if such an eventuality does occur, it is our responsibility to manage the situation professionally.

We also have a responsibility to prevent crises and disasters outside the Group and to resolve them as quickly as possible. As an energy supply company, we have the know-how to supply electricity to rescue teams, medical facilities and emergency shelters working in disaster areas and to assist with reconstruction afterwards.

Our crisis management

Through sound preparation and early intervention, it is often possible to prevent crises from occurring in the first place. However, we cannot rule out in principle that a crisis caused by "force majeure", human or technical failure, or by deliberate attacks may occur. Our crisis management therefore includes various organisational measures that help protect us against significant risks. We also need to have preventive regulations and plans in place so that when confronted with acute situations we are able to take fast, efficient and well-defined counter- and protective measures.

Responsibilities

Alongside our so-called standard structure – i.e. the daily management of our company – we at E.ON also have a crisis structure in place. At the centre of this crisis structure are our crisis teams, which operate at site, company and corporate levels. They work together as part of a tightly linked network and have extensive powers in times of crisis. For day-to-day operations, so-called Incident & Crisis Managers have been designated in all management units and at Group level, who are responsible for preventive crisis management and for preparedness in the event of a crisis. This also involves organising realistic exercises and providing training for crisis teams.

Internal guidelines and policies

Business Governance Group Policy
"Incident & Crisis Management" (2013)

This directive defines binding Group-wide structures and processes for the prevention and sustainable management of crises. Its main objective is to protect human life, the environment, our business and property.

Procedure

Regular training and realistic crisis exercises

Our compulsory training is designed to provide the best possible preparation for handling emergencies. Crisis management team exercises attempt to simulate various emergency situations as realistically as possible in real time. In addition to scheduled exercises, "availability tests" are also regularly conducted. They are geared toward testing the reaction times of our crisis teams at any time of day or night.

Partnership

E.ON Energy Assistance (since 2012)

In cooperation with the Federal Agency for Technical Relief (THW), we are also actively involved with efforts outside the company directed at disaster prevention and relief.

Progress and measures in 2016

Crisis team in Turkey

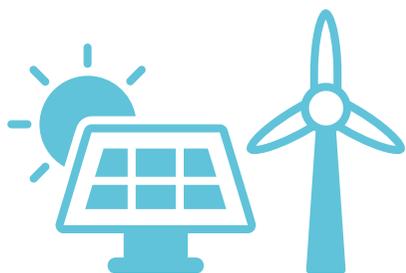
On the night of July 15, 2016 there was a coup attempt in Ankara and Istanbul. In Turkey, our operations are handled through Enerjisa, a 50/50 joint venture with the Turkish Sabancı Group. Immediately after receiving the first reliable information about the coup attempt, we convened the E.ON crisis team. Working with the crisis team at Enerjisa, we kept close tabs on the situation and took appropriate measures to minimise risks. This included temporary travel bans. An Enerjisa employee was slightly injured by an explosion in Ankara, but all other employees, as well as all employees dispatched to Turkey, together with their families were safely out of danger.

Energy solutions



We offer innovative solutions for the new energy world. Through the further expansion of renewables, we are contributing to a climate-friendly power supply. Our distribution networks are geared towards decentralised generation so that a safe and stable supply can be ensured even during periods when the feed-in from renewable sources fluctuates. We also help our customers save energy by offering intelligent solutions – thereby reducing costs and emissions.

Renewables: the cornerstone of climate protection



GRI aspects
Energy, emissions, research and development

Approximately 40 per cent of all global greenhouse gas emissions result from energy production. The rapid and extensive expansion of renewables is therefore one of the most important cornerstones of climate protection. It not only reduces carbon emissions, it also makes countries less dependent on energy imports. Climate protection is now no longer only a matter of concern for environmental groups – the international community and governments of individual countries are also setting clear targets for reducing CO₂ emissions. Many cities and companies are developing their own climate strategies. All this requires determined and collective action by all market players.

We want to contribute to change national and international energy markets and promote the energy transition. At the same time, the growing global demand for renewables is giving rise to new business opportunities, resulting in increased demand for our expertise in project development and in operational excellence. Thanks to our years of experience we are able to offer more customer-focused solutions. In parallel we are closely monitoring our core technologies and continue to invest in technological innovations. Altogether, these factors give us a competitive advantage and will allow us to capitalise on changes in an increasingly competitive and fast-evolving market.

Expanding renewables, encouraging technological innovation

Renewables are a key component of our strategy. It's part of our significant commitment to help Europe and North America move toward a climate-friendly energy supply. The focus of our investments is in particular on medium and large-scale onshore and offshore wind farms. But we also build our position in solar energy, especially in conjunction with innovative battery technologies. In addition to these large projects in the gigawatt range, we are also developing solutions for small and medium sized enterprises (SMEs) and residential customers to support them generate their own green electricity and become energy independent. We develop, construct and operate assets and offer a full range of operations, maintenance and asset management third-party services.

In all our projects, it is important for us to have as little impact on the → environment as possible and to preserve the biodiversity. Furthermore, we also seek to actively involve our → stakeholders in what we do.

Innovation plays a major role in the further expansion of renewables. We focus primarily on technologies that will help us to reduce the cost of energy produced by wind and solar systems. We also investigate how renewables can be used more effectively – for example in combination with new storage technologies. We are convinced that only market-driven innovations can ensure a sustainable, secure and environmentally-friendly supply of energy.

Responsibilities

Our global unit 'E.ON Climate & Renewables' (EC&R) has held responsibility for major projects in the renewable energy sector since 2007. It develops, builds and operates large facilities, such as offshore and onshore wind farms, solar parks and energy storage systems. EC&R is currently active in Germany, the United Kingdom, Poland, Denmark, Sweden and the United States of America.

The Chief Operating Officer – Commercial has the overarching responsibility for our solar solutions and associated battery storage solutions for mid-sized companies and private customers. An additional cross regional team coordinates our solar activities in the various regions. A sales and operations representative is assigned to each region, which allows us to adjust our solutions to our customers' needs and local requirements.

Innovation projects in the field of renewables are coordinated centrally by our "Innovation" unit. Within it, the Renewables Innovation team is responsible for renewable energy topics.

Policy framework

A variety of current national and international regulatory regimes and frameworks helps to support the expansion of renewables.

Decisions on European climate and energy targets for 2030 (2014)

As part of its climate and energy targets for 2030, the European Union set the goal of increasing the share of renewables in final energy consumption to at least 27 per cent by 2030.

United Nations climate change conferences in Paris COP21 and Marrakesh COP22 (2015 and 2016)

At the United Nations Climate Change Conference in Paris (COP21), 195 countries committed for the first time to combat climate change. The agreement included the ambitious goal of limiting global warming to two degrees Celsius. The Paris Agreement was ratified at the COP22 in Marrakesh. For the first time, countries presented climate protection plans that specify concrete targets and measures. Energy produced by renewables with low CO₂ emissions play an important role in achieving these. Following the COP22, Germany adopted the "Climate Protection Plan 2050".

Renewable Portfolio Standard (Ongoing)

In the United States the renewable portfolio standard (RPS) is a state-by-state policy that sets hard targets for renewables in the near- and long-term to diversify electricity supply, spur local economic development, reduce pollution and save consumers money. Today, 29 states and the District of Columbia have renewable portfolio standards, and seven states have renewable energy goals.

German Implementation Report on the UN Sustainable Development Goals (SDGs) (2016)

In its voluntary implementation report, the German Federal government emphasised the importance of → [Agenda 2030](#) for the Sustainable Development of the UN. The report presented German approaches to all 17 objectives of the Agenda by 2030 at the latest, including targets and measures to reduce greenhouse gas emissions.

External commitments and obligations

Declaration of the WindEurope association (2016)

By signing this declaration, we, along with other companies in the wind power industry, are committing to the goal of cutting the costs of energy from offshore wind farms. We want thereby to contribute to wind energy being able to compete globally with other energy sources. We also call on politicians to create the appropriate framework conditions that give us investment security.

Procedures

Co-investment in start-ups (since 2012)

We regularly invest in companies with cutting-edge business models or products. This gives us access to new business models and allows us to participate in enhancing the value of these companies. In the process, we focus amongst other things on technologies in the area of renewables. Thus far, we have participated in start-ups in the US, Europe and Australia.

Collaborative efforts with research institutions and universities

We take part in research projects with universities and research institutions. The goal is to amass over the long term the expertise needed to meet the needs of tomorrow's energy world. The E.ON Energy Research Centre at RWTH Aachen plays a key role in this regard. There we conduct research mainly on renewables, smart grids and efficient building technologies.

Objectives and performance review

In the future, we will continue to draw upon our many years of expertise to complete projects on time and within budget. In 2016, renewable energy facilities owned by us generated 13.0 terawatt-hours (TWh) of electricity, an increase of 1.2 TWh compared to the previous year (2015: 11.8 TWh). Of this, 9.4 TWh were generated by onshore and solar plants – 0.5 TWh more than in 2015. Our offshore wind parks generated 3.6 TWh of electricity; in the previous year they generated only 3 TWh.

Overall, the generating capacity of renewable energy facilities – regardless of whether they were owned by us or only operated by us – amounted to more than 5.3 gigawatts (GW) at end of 2016. Of this, capacity from facilities owned by us amounted to 4.6 GW. Most of that – 3.5 GW – was onshore and solar capacity; 1.1 GW was offshore capacity.

 Management approach reviewed

Making Gaziantep greener

We help cities become smarter and climate-friendlier. The next one is Gaziantep, a city in southern Turkey with a population of around two million. The project is called KRITA, a Turkish acronym for "critical infrastructure management in smart cities." Designed by Enerjisa, our joint venture in Turkey, KRITA is the first Smart City Demonstration project in the Turkish distribution sector. It will bring state-of-the-art renewables, energy-storage, lighting, metering, and e-mobility technology to Masal Park, a public space in the city centre. The project runs from 2015 to 2018.

Progress and measures in 2016

In 2016, our investments in renewables exceeded the 10-billion-euro mark. We have invested this amount in new renewable capacity since EC&R was established in 2007, more than any other German energy company. Our portfolio puts us among the top-ranked companies internationally as well: we are currently the world's number two offshore wind company according to a ranking by the independent organisation 4C Offshore – and in onshore we are ranked 12th.

New onshore wind farms

We reached a milestone in 2016 with the completion of the Colbeck's Corner onshore wind farm in Texas (USA). Construction began in 2015 and was concluded on schedule in 2016. We were able to significantly reduce construction costs so that the budget for the project was below that of the Pyron wind farm, built by E.ON in 2009. The 112 turbines can generate enough energy to supply 64,000 households with carbon-neutral electricity. The project is the 20th wind farm that we have put into operation in the United States. Altogether, the wind power projects we have completed in North America have a total capacity of 3.1 gigawatts. This makes us one of the largest operators of onshore wind farms in the US.

Helping cities get greener

Under our climate agreement with the City of Malmö in Sweden, Hyllie, a district on the south end of the city, will get all of its energy from renewable or recycled sources by 2020. We're more than halfway there. At year-end 2016, renewable or recycled energy already provided 100 per cent of Hyllie's heating and cooling and 70 per cent of its electricity. Also, Hyllie was connected to the E.ON Customer Energy and System Optimisation platform, which manages energy flows based on price and renewable energy. The lessons we learn in Hyllie benefit our other sustainable-city projects in Stockholm and elsewhere.



Expanding our offshore portfolio

By 2015, the Humber Gateway and Amrumbank West offshore wind farms had entered operation. In 2016 we continued to pursue our activities on the high seas. Earlier this year we were able to lay the initial foundations for the Rampion wind farm in the British North Sea. In 2016, our project in the Arkona Basin north-east of Rügen likewise transitioned from the planning to the construction phase. We are constructing this wind farm in partnership with the Norwegian energy company Statoil. Upon completion, both projects together will generate 785 MW of electricity. They are capable of supplying 700,000 households with power. In all, this amounts to savings of up to 1.8 million metric tonnes of CO₂ per year. The offshore wind farm Rampion is expected to be completed in 2018; the commissioning of Arkona is planned for the year 2019.

Investments in a game-changing technology for wind energy

We are investing in the development of a game-changing technology to produce power from wind: we invested in the British start-up company Kite Power Solutions (KPS). The start-up plans to harvest wind energy in altitudes up to 450 metres by using a sail comparable to kite surfing. We believe that this system has the potential to transform the global offshore wind energy market. Compared to conventional wind turbines, kite-powered plants can be produced at lower cost, and are easier to both install and maintain.

Greener grooves

Pohoda, an open-air festival held since 1997, is Slovakia's biggest annual music event. For three days each July, some 30,000 festival-goers enjoy more than 160 musical acts of all genres as well as dance, visual art, theatre, and film. Since 2012, Pohoda, which means "relax" in Slovak and Czech, has been powered in part by 19 solar panels provided by ZSE, our Slovakian subsidiary. In 2016 ZSE added a hybrid solar-diesel generator, a lower-carbon alternative to fully diesel-powered generators. Thanks to ZSE's green solutions, Pohoda has applied for an environmental award.



Storing solar energy

Since April 2016, we offer private customers in Germany a comprehensive solution for them to produce, store and use solar energy. "E.ON Aura" consists of a photovoltaic system, a battery and an intelligent energy management app. This enables our customers to store surplus electricity and use it whenever they need it. The app monitors electricity generation and consumption, allowing a household to cover as much as 70 per cent of its energy needs.

In the US, we are planning to install a 10-MW battery for a large customer. It will be used to capture excess energy from a solar park belonging to the American utility company, Tucson Electric Power. The power generated by solar will compensate fluctuations in electricity production. The battery is scheduled to be installed during the first half of 2017.

Energy efficiency: innovations for climate protection



GRI aspects
Emissions, energy, research and development

Energy efficiency is and continues to be important to our customers. Businesses, public sector organisations, as well as private customers, are looking for innovative solutions to save energy. This is mainly due to rising energy costs and stricter regulatory requirements.

The potential savings are high, especially in industry, commercial and the public sector. Our 2016 study on trends in private sector energy management showed that half of the companies in Germany are interested in decentralised systems, such as combined heat and power plants (CHP). The latter produce heat and electricity at the same time, directly where

the energy is needed. Therefore, these systems are extremely efficient. The trend towards digitalisation also opens up new opportunities. Smart measuring systems – so-called smart meters – enable us to analyse consumption data in real time.

We see energy efficiency technologies as an important growth market. They constitute a key element in fighting climate change, as they not only help lower energy consumption and costs, but they also reduce CO₂ emissions.

Investing in the future market of energy efficiency

We aim to be our customers' preferred partner for efficient energy solutions. We supply integrated energy systems to customers in the commercial, industry and public sectors. These include systems for decentralised electricity and heat generation, as well as energy efficiency measures, such as optimised lighting and air conditioning.

We offer digital power management solutions to both business and private customers, which help them to visualise their energy consumption and see how they can reduce it. With the help of apps, individual consumers can see what impact their use of electronic appliances has on their energy consumption and carbon footprint. We are creating the underlying structures needed for these digital applications through the progressive introduction of smart meters. In some regions we have already started the introduction of smart meters, in others we are in the process of doing so.

We will continue to invest in this growing market segment in coming years. To further expand our portfolio in energy efficiency and decentralised energy supply, we track technological developments closely and participate in innovative start-ups and development projects.

Responsibilities

Our business unit E.ON Connecting Energies provides integrated, tailor-made energy solutions for customers in commercial, industry and the public sector ("B2B" customers). We are actively implementing these solutions in Germany, the UK, France, Italy, Russia, Belgium, the Netherlands, Sweden, the Czech Republic, Romania and Hungary. Our Connecting Energies unit is responsible for our overall supply management and the design of technical solutions. Direct contact with customers generally takes place via our regional sales units.

These regional units are also responsible for the development and distribution of digital energy management solutions. They adjust their services, such as apps that record energy consumption, to meet regional requirements. A cross-regional team coordinates activities. The overall responsibility for our customer-oriented business models, including our energy management solutions, lies with our "Chief Operating Officer – Commercial".

In Sweden, the Czech Republic, Slovakia, Hungary and Romania, the respective Distribution System Operator (DSO) is responsible for installing smart meters. In the UK, our distributor is handling installations. In Germany, this responsibility lies either with the network companies or our E.ON Metering unit. At the corporate level, the introduction of smart meters is overseen by our smart meters Rollout Committee (ESMC).

Our "Innovation" section is responsible for technical innovations. This is where the "innovation hubs" work to develop new business models for decentralised approaches to energy supply and energy efficiency.

Policy framework

Energy efficiency is an important cornerstone of Europe's energy and climate policy. By 2020, the European Union (EU) aims to reduce primary energy consumption within the EU by 20 per cent compared to the projected use of energy in 2020.

European Energy Efficiency Directive (2012)	This directive aims to establish a common framework for achieving the EU's 20 per cent goal. It requires member states to set national energy efficiency targets for 2020. It also requires various measures, including mandatory energy audits at large companies and the transparent collection of data on consumption. In many countries the guidelines have already been converted into national law. In Germany, the requirements were incorporated into the Energy Services Act of 2015.
European Energy Performance of Buildings Directive (2010)	This directive contributes to the objectives of the Energy Efficiency Directive. It establishes efficiency requirements for new and existing buildings. These include requirements for building components such as heating systems that consist of boilers, pipes and control systems.
European Single Energy Market Directive (2009)	This directive stipulates that, insofar as it is technically and financially feasible, all customers are to be equipped with smart electricity, gas, water and heating meters. These meters must allow current consumption figures to be viewed at any time. In this way the EU hopes to create incentives for greater energy efficiency. Some member states have already converted the EU recommendations into national law and set a clear goal of equipping 80 per cent of consumers with smart meters by 2020. In Germany too, under the 2016 "Law on digitalising the energy transition", all customers who have a minimal consumption of 6,000 kilowatt-hours or who themselves feed at least 7 kilowatt of electricity into the grid are to be equipped with smart meters. The stipulation need only be implemented by 2032 however.

Programmes and projects

Strategic energy partnerships	When developing decentralised energy systems and efficiency solutions for business customers, we aim at establishing long-term energy partnerships. In this way we can help businesses to lower their energy and operating costs over the course of several years. We begin with a comprehensive appraisal of the current situation. After that we optimise the consumption of processes and facilities. We then build a smaller, decentralised generation solution which efficiently covers the reduced energy needed.
"Saving Energy Toolkit" (since 2013)	The toolkit gives our customers in the UK an overview of their personal energy consumption and allows them to compare it with similar households. Furthermore, we provide personalised advice on how to save energy. A similar consulting package is also available for small to medium-sized enterprises (SMEs) in the UK.

<p>Apps for private customers</p>	<p>We offer our private customers a way to monitor their energy consumption using an app. The apps are adapted to the needs of each country. Examples include:</p> <ul style="list-style-type: none"> • "E.ON App" – previously "100Koll"(launched 2014) The app visualises energy consumption data for customers in Sweden in a clear and informative manner. • "E.ON SmartCheck" (launched 2015) Customers in Germany can use this platform to receive early warnings regarding high energy consumption that may result in supplementary payments and/or a higher energy bill.
<p>"EniM" (German: Einführung intelligenter Messsysteme – EnIM) (since 2014)</p>	<p>This key programme is designed to pave the way for the introduction of smart metering systems in Germany. It feeds into the mandatory installation of smart metering systems as required by law in Germany. The project plan is to replace the minimum number of meters as required under German law by 2020. There are similar projects in every region where we are responsible for introducing smart meters.</p>
<p>Procedures</p>	
<p>Co-investment in start-ups (since 2012)</p>	<p>We are investing in start-ups that are developing smart solutions for the energy market of tomorrow. In future this will allow us to assist our customers even more in both saving and making more intelligent use of energy. Since 2014 we have invested, for instance, in the US start-up AutoGrid Systems and the German start-up Thermondo. AutoGrid is involved in intelligent data management. Thermondo is a one-stop provider of efficient heating solutions.</p>
<p>:agile incubator (since 2013)</p>	<p>This programme promotes young business ideas and thereby complements our activities in the area of innovation promotion. The incubator began as a programme for employees but now each quarter selects and supports ten projects by entrepreneurs and students. Each project receives individual support in terms of funding, coaching, engineering expertise and consultation in marketing and sales. Business ideas can be tested together with interested E.ON customers.</p>
<p>„Partnerships with research institutions" see page on → renewables</p>	

Objectives and performance review

Our stated objective is to put in place pioneering energy solutions for the energy world of today and tomorrow. We are taking responsibility for significantly reducing our customers' environmental footprint, while also lowering costs.

In our B2B projects monitoring data is gathered for various success indicators. These include, for example, energy savings in kilowatt-hours per year, cost reductions in per cent as well as the annual reduction in CO₂. The results show that we are able to achieve savings for our business customers in every area.

In the next ten years we want to install about 14.2 million smart meters. By the end of 2016, we had already installed more than one million smart meters. In addition, we installed over one million first-generation smart meters for our Swedish customers between 2004 and 2009. This first generation does not fulfil all current EU requirements for smart meters. The new, second generation is also to be introduced in Sweden by 2025. Altogether by 2026, we want to install 85 per cent of the smart meters planned for our customers E.ON-wide.

In the UK there have been delays in the roll-out of smart meters. These delays were partly the result of technical problems at the Digital Communications Company (DCC), which is responsible for the smart meter information infrastructure. An additional challenge is that electricity and gas smart meters must be installed at the same time.

✓ Management approach reviewed

Better lighting for better learning

When kids read books in half-lit rooms, their parents tell them to "turn on a light or you'll hurt your eyes." Whether or not this is a medical fact, children definitely need well-lit classrooms to learn effectively. This isn't always the case in some Romanian schools. So in 2014 E.ON România began upgrading the lighting in classrooms, hallways, and gymnasiums. In 2016 it installed a total of 15,000 energy-saving LED lights in nine schools. Altogether, it improved the learning environment for 6,500 kids and teachers in 2016, while also enabling schools to reduce their energy bills. In total, around 20,000 people have benefited from the project since its launch.



Progress and measures in 2016

In 2016 we expanded both our B2B business and our digital solutions in the field of energy efficiency. With the help of our industry and commercial projects business customers have saved between 20 and 40 per cent in energy costs in recent years. This resulted in a total of approximately 31.8 gigawatt-hours in energy savings in 2016. This corresponds to an emission reduction of approximately 10,822.9 metric tonnes of CO₂.

We carried out energy projects for numerous well-known business customers. These included setting up decentralised, integrated energy solutions for the US consumer goods giant Procter & Gamble and the Belgian company Promat. In 2016 we also put a cogeneration plant (CHP) into operation at Italian beverage company Acqua Minerale San Benedetto. This allowed us to reduce energy costs by 15 per cent and save 17,300 metric tonnes of CO₂ per year. In 2016, we expanded our B2B business into additional markets, including Hungary and Sweden.

Award-winning energy efficiency project

In November 2016, the German Energy Agency (dena) honoured one of our efficiency projects with an Energy Efficiency Award. The project for the glass manufacturer Pilkington Automotive was honoured for its "systematic

and successful development of potential energy savings". We introduced various measures to improve efficiency in the lighting, air conditioning and ventilation systems as well as heating and power supply. These measures reduced energy costs for building services by 40 per cent. The Energy Efficiency Award is an international award presented by the Federal Minister of Economics and Technology (BMWi) which honours outstanding energy efficiency projects in industry, trade and commerce.

Recognition for Saving Energy Toolkit

In February 2016, we were honoured for our "Saving Energy Toolkit" at the seventh European Smart Energy Summit, where hundreds of industry experts meet each year. The toolkit offers our British customers a personalised overview of their energy consumption and allows them to compare it with similar households. In addition, customers can use the toolkit to test which areas of their household have the highest energy consumption. More than 1.2 million customers have registered with the platform so far and more than half of them have used the consumption test.

Launch of the "E.ON Marketplace" initiative

Working with Enervee, an American company and E.ON strategic co-investment project, we developed the online platform "E.ON Marketplace" for the UK market. The platform was launched in 2016 and is the first of its kind in UK. It allows customers to compare household appliances and consumer electronics with respect to energy efficiency and price, for free. Customers can purchase their preferred appliance directly on the platform. The aim is to support consumers make purchasing decisions. The platform can be accessed by the general public for free at → marketplace.eonenergy.com

Sweden and United Kingdom: more efficient heating

Many Swedish detached family homes use too much energy due to inefficient heating systems. In 2016, we developed a product to replace old,



Increasing energy efficiency

We developed a project to make Sabancı University in Istanbul more energy efficient and sustainable by promoting the use of clean energy. Under a ten-year agreement, Enerjisa, our joint venture in Turkey has designed, installed, and will maintain 2.8 megawatts of on-site cogeneration and solar capacity. This capacity meets 85 per cent of the university's electricity, heat, and hot water needs, reduces its carbon emissions by 67 metric tonnes a year, and will cut its energy bill by 7.5 million Turkish lira over the ten-year span.

inefficient heat pumps, targeted at customers with high levels of energy consumption.

In 2016, the UK government enacted an Energy Efficiency Plan. We are helping to implement these guidelines with a range of new products and services that help our customers reduce their energy consumption. These include more efficient hot water boilers, as well as grants for insulation and boiler upgrades.

Enhanced digital apps

In 2016, we redesigned the Swedish App "100Koll" and renamed it into the "E.ON App". It is now available to all our customers in Sweden. The app provides an overview of current consumption and compares it with past years. It also offers new additional features, such as an overview of your contract and the ability to change information about your residence using the app. In addition, the user interface has been personalised. Users are now automatically provided with information tailored to their specific products and rates.

We have also expanded our German App "Smart Check" to include additional functions. Among other things, our customers now have a fun and easy way to learn more about energy and their energy consumption.

Introduction of smart meters continued

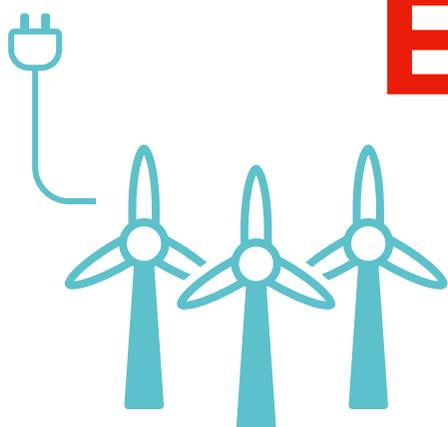
In 2016 we developed a strategy for the introduction of smart meters in Germany. Internal approval is expected in spring 2017. Using this strategy, we will be able to factor in the requirements of the law on digitalisation of the energy transition, as adopted in Germany in 2016. The introduction of smart meters is an important prerequisite for many digital efficiency systems. The strategy defines a clear framework for intelligent measurement systems and thereby puts us in a position to accelerate the development of these solutions, which are currently in various stages of development – from conception to pilot projects. The launch of these customer solutions is linked to the widespread introduction of smart meters.

In Romania in 2016, we launched a pilot project in the Moldova region. By the end of the year, we had installed more than 235,000 smart meters there, making us the market leader in this region. The results of this project were positive: for example, network losses could be reduced because the regular exchange of data allowed early detection and quick eradication of irregularities in the network. However, the Romanian regulator has decided to limit the installation of smart meters over the next two years. We will, therefore, initially concentrate on developing new solutions based on smart meter technology. In 2016, we surveyed our customers about their needs and used the findings to develop a new smart home system, which uses an app to control various installations like thermostats and smoke detectors.

Installed smart meters by region (thousands)

	2016	2015
Roll-out regions		
Sweden	1,000	1,000
United Kingdom	800	580
Pilot regions		
Romania	240	165
Slovakia	20	18
Hungary	10	10
Germany	30	26
Czech Republic	4	4
Total	2,104	1,803¹⁾

1) Prior-year figures have been adjusted.



Ensuring the future power supply

GRI aspects
System efficiency, access, research and development

Our customers expect us to provide them with reliable energy. Power outages can damage our reputation. We create trust when we resolve power disruptions quickly and keep our customers closely informed about these efforts.

We also want to ensure a secure power supply going forward. The challenge we face is that electricity is increasingly not being generated centrally at large power plants, but from decentralised sources – by solar systems on our customers' rooftops, for example, or in large wind parks. As a result, electricity is fed into our networks from many different points. Moreover, depending on the weather, the amount of wind or solar power can fluctuate.

Already, one-third of the distributed generating capacity in Germany is connected to our networks.

In order to provide for optimum distribution of electricity generated from decentralised sources, we must expand our networks. At the same time, we also need systems that are better able to manage the supply and demand for electricity. To do so, we rely on so-called smart grids, which are capable of transmitting not only electricity but also data. This allows us to better control the generation, distribution and storage of energy. This technology forms the basis for a variety of new business models, which we are using to gear up for the sustainable energy world of tomorrow.

Measures to provide for a secure power supply

As part of our corporate strategy, we set ourselves the goal of orienting our distribution networks around a decentralised supply of power. To this end, we are combining existing conventional grids with smart grids. This will help ensure a safe and reliable supply of power in the future.

Our efforts at innovation also include developing new solutions for the intelligent distribution and storage of energy. We believe that battery storage will play a key role in levelling out the fluctuating supply of renewable energies. Battery systems can react quickly in the event of over- or under-supply, storing energy or feeding it into the grid as needed. Energy storage systems are already part of our broad portfolio of integrated energy solutions.

Responsibilities

Each regional distribution system operator has a so-called network control centre as part of its network operations unit, which is responsible for the safe and reliable operation of distribution systems. Should there be a major area-wide disruption to the power supply, our [crisis management](#) manages responsibilities and processes.

Innovation projects in the field of energy networks are coordinated by our central office for innovation. There, the "Innovation Hub: B2B/Distribution" is responsible for the design and development of smart grids.

Battery storage systems for customers in the commercial, industrial and public sectors are overseen by our business unit [E.ON Connecting Energies](#). Batteries for residential customers, on the other hand, are developed and distributed by our regional units.

Internal guidelines and policies

As network operators, we must comply with the requirements of the respective national regulatory authorities in various countries. These require us to take certain measures to maintain a safe and reliable supply of power. Outages must be limited to certain times. Our regional grid companies are responsible for implementing these guidelines in the countries we serve. They do so in compliance with their respective internal operating guidelines.

Business Governance Group Policy "Incident and Crisis Management" (2013)

This corporate policy regulates basic structures and processes to prevent or manage emergency situations and crises. This includes how we deal with major area-wide disruptions, such as regional or national power outages.

External commitments and initiatives

EDSO for Smart Grids (member since 2016)

We are a member of the network "EDSO for Smart Grids" (European Distribution System Operators – EDSO), which brings together leading European distribution network operators. Our common goal is to push ahead with the development of smart grids and work to provide a secure supply of power in Europe.

Programmes

Investment and maintenance programmes

To ensure a reliable power supply we have to expand our networks wherever necessary and keep them in proper working order. As part of this, we always take care to ensure the high quality of networks while making efficient use of our financial resources. The measures in this regard are implemented independently by our various units. However, the level of investment is approved by central corporate entities.

Procedures

Utilisation monitoring (in trial since 2012; in regular operation since 2014)

We apply utilisation monitoring (German: Auslastungsmonitoring – ALM) to manage the utilisation of our networks – in other words, the circuits and substations. For this purpose, we use special measuring devices. If there is an overload, we can switch off the systems automatically within seconds. Before the introduction of the ALM, we had to manually request that operators temporarily reduce plant output. Currently, the ALM is being used by our subsidiary HanseWerk in Germany.

Virtual power plant (since 2013)

We developed a virtual power plant in order to interconnect several decentralised plants for electricity generation and consumption into a so-called "cluster". Wind turbines and photovoltaic systems, for example, are joined together in clusters. This helps us balance fluctuations in supply and demand and thereby stabilise the electricity grid.

Adjustable local power transformers (initial pilot projects 2010; in regular operation since 2014)

The decentralised generation of power from renewable sources can lead to voltage fluctuations in the distribution networks. Our adjustable local power transformers (German: Regelbare Ortsnetztransformatoren – RONTs) help compensate for these voltage fluctuations. The RONTs measure the voltage levels in the transformer and compare them with a fixed set point. If the levels compared do not match, the transformer automatically regulates the voltage to the set point. So far, they are mainly being used in our German networks.

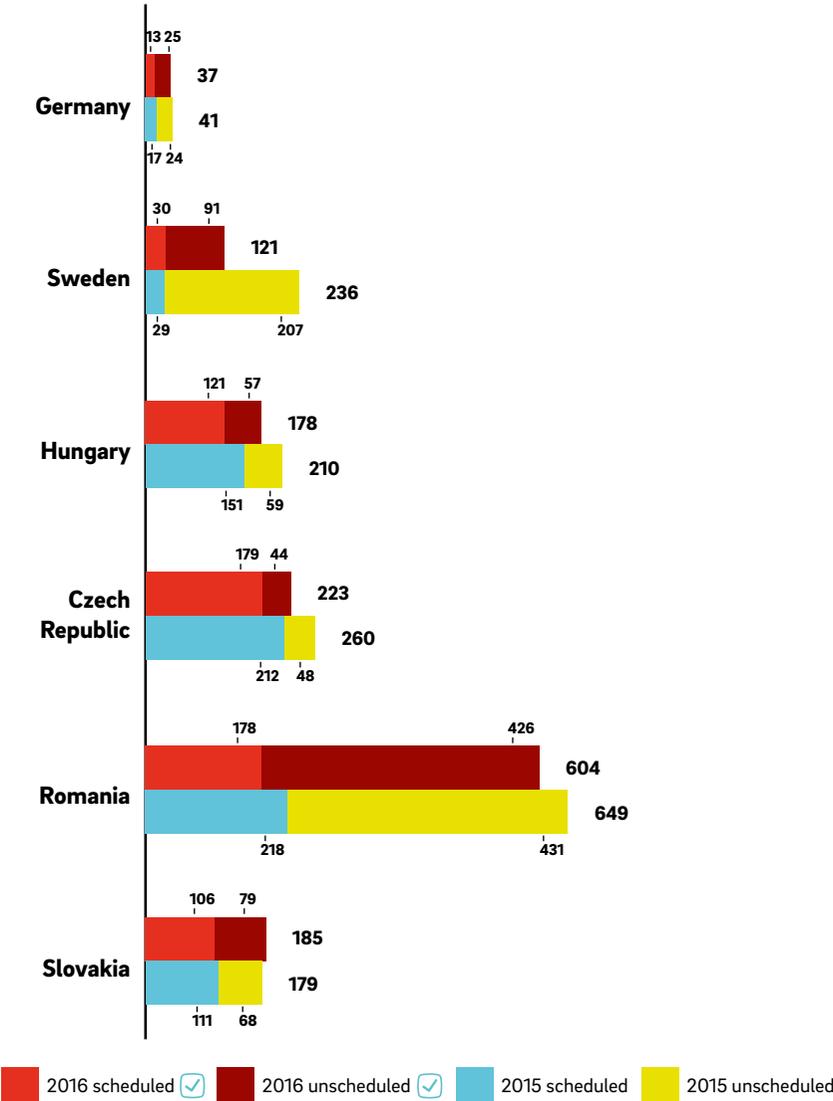
„Partnerships with research institutions“ see page on → [renewables](#)

Objectives and performance review

One of our most important goals is to ensure a reliable supply of energy to our customers. The "System Average Interruption Duration Index" (SAIDI) shows the average outage time per consumer per year. We calculate this value for all scheduled and unscheduled outages in our distribution networks. This shows us how reliably we are able to supply our customers with

power. There are strict legal targets for SAIDI in some countries we serve. If we do not meet these requirements, we may have to pay fines or compensation. We compare our SAIDI results once a year with our competitors across all regions.

SAIDI power (minutes per year)¹⁾



1) Possible variations in totals through rounding of numbers

In 2016, the average outage per person per year was reduced compared to the previous year in almost every region. As in previous years, a European comparison shows that availability of power was highest in our German distribution networks. One reason for the comparatively high outages in Romania is that over 80 per cent of the power networks there is above ground and therefore more vulnerable to weather conditions. In 2016, a customer in Germany was affected on average by about 0.6 interruptions.

SAIFI power (interruption per customer)

	2016		
	scheduled	unscheduled	total
Germany	0.1	0.5	0.6
Sweden	0.2	1.3	1.5
Hungary	0.4	0.9	1.3
Czech Republic	0.6	0.6	1.2
Romania	0.7	5.7	6.4
Slovakia	0.5	1.7	2.2

In 2016, we invested around EUR 1.4 billion in our power and gas networks in Germany, Sweden, the Czech Republic, Hungary and Romania. The network investments in our holdings in Slovakia (49 per cent minority interest) and in Turkey (50/50 joint venture) are not included here. Over the next two years (2017/2018), we plan to invest EUR 2.8 billion in the further expansion of our power and gas networks.

Progress and measures in 2016

We continued to expand our networks in 2016. In every country, we are progressively replacing overhead lines with underground cables. This prevents weather-related interruptions – caused by trees, for example, which may fall onto overhead power lines during a storm. We are also continuing to automate low and medium-voltage grids. This allows us to correct errors faster and reduce downtimes.

Our power distribution networks by country (thousand kilometres)

	2016
Germany	349
Sweden	136
Hungary	85
Czech Republic	65
Slovakia	38
Romania	81
Total	754

More reliable networks thanks to RONTs

By the end of 2016 we had installed 250 RONTs in the German distribution network. These help us compensate for voltage fluctuations. We are also conducting pilot testing of RONTs in the Czech Republic and other countries. However, we do not anticipate widespread deployment in other countries in the near future. The technology is now market-ready and is also being used by our competitors.

Investment in smart grids

In 2015, we carried out the strategic sub-project "smart grids". On the basis of the results, we developed an investment plan to promote smart grids covering the years 2016 to 2018. During this period, six per cent of our total network investments will be used to gradually make the networks "smarter".



A grid of their own

In 2016 the roughly 150 residents of Simris in southeast Sweden became the country's first 100-per cent renewable community. Simris typically draws about 2.1 gigawatt-hours of power from the grid each year. But during a three-year trial starting in 2017, it will rely solely on a wind turbine, solar panels, batteries, and a renewable-fuelled backup generator during controlled periods. This will make Simris our first autonomous microgrid and reduce its climate impact to almost zero. The trial is one of the ways E.ON supports Sweden's quest to be the world's first fossil-free industrialised country.

Smart meters for smart grids

So-called → smart meters installed at the customer's location are an important component of smart grids. They can both receive digital data – for example current electricity rates – as well as transmit data – such as power consumption. We have been making intensive efforts for several years now in preparation for the use of smart meters. As part of these efforts, we are developing and implementing a plan for the communication infrastructure they will require. A new law has been in place in Germany since August of 2016 concerning the digitisation of the energy transition. It regulates the introduction of smart meters and also accelerates the expansion of smart grids in Germany.

Major federal government project

Power intake from renewable sources is irregular. How can the German energy networks be adapted to accommodate it? The project "ENSURE" (New Energy Structures for the Energy Transition; German: neue Energienetzstrukturen für die Energiewende) supported by the German Federal Ministry of Education and Research has been seeking an answer to this question since 2016. As a core project partner, we have joined in the search and are developing technical solutions for the networks of the future.

Developing energy-aware systems

Smart Energy Aware Systems (SEAS), an international project consisting of 33 partners in seven countries, aims to develop and test systems for deftly balancing energy production and consumption in real time. It will explore pioneering business models and networked solutions that enable energy systems to become smarter and more aware, so that they can integrate microgrids, energy-smart buildings, and active customers. Enerjisa, our joint venture in Turkey, is the project's microgrid demonstrator and has set up a microgrid at the Gazi Teknopark Campus in Ankara.



Construction of a large-scale battery storage system

In 2016, we received the order to build a large-scale battery storage system for the British network operator National Grid. It is designed to cushion fluctuations in the network caused by the intake of wind and solar energy. The 10-megawatt battery is one of the first of its kind in the United Kingdom and will help secure the power supply to industry, commercial and private households.

Off-grid autonomy

Some farms and rural households in our service territory in Hungary are a long way from our network. Connecting them would be costly. So we developed an innovative alternative: a small, on-site container that provides 100 per cent green energy. Energy from the container's rooftop solar panels can be consumed or stored in batteries. If the batteries are fully charged, the solar power is used to produce hydrogen that runs a fuel cell. The container meets the average residential demand (4,000 kilowatt-hours per year) and can store up to 15 days of backup energy.



Ensuring a reliable gas supply

The wholesale gas business, together with energy trading, was passed to Uniper in early 2016. Therefore, responsibility for providing for diversified procurement routes now lies with Uniper. However, we continue to be responsible for the reliable operation of our gas distribution networks, through which we supply our customers with gas. That is why we are continually working to see that they are maintained and improved as well as expanded wherever needed. In Romania, for example, we are replacing about 300 to 400 kilometres of gas pipelines each year in order to avoid gas leakage. This not only improves the security of supply but also → reduces emissions.

Our gas distribution networks by country (thousand kilometres)

	2016
Germany	58
Sweden	2
Hungary	18
Czech Republic	5
Slovakia	–
Romania	21
Total	104

Climate-friendly mobility

Mobility is a major cause of CO₂ emissions: In Germany alone the traffic and transportation sectors were responsible for 18 per cent of CO₂ emissions in 2014. Electric drives provide for clean mobility and greater independence from fossil fuels. We expect strong growth in this market segment as vehicle batteries become increasingly more efficient, allowing manufacturers to better satisfy customer demands. Moreover, the environment for electromobility has been improved through laws like those in Germany, such as the Electromobility Act (German: Elektromobilitätsgesetz – EmoG, the Charging Station Provision (German: Ladesäulenverordnung – LSV) and the Funding Guideline on Electromobility Charging Infrastructure (German: Förderrichtlinie Ladeinfrastruktur für Elektromobilität), with funding of EUR 300 million through 2020.

Electromobility as a strategic focus

Electromobility will be an important strategic focus for us going forward. We already have many years of experience in this field and a broad portfolio of solutions. These include charging stations, which can be used to charge vehicles with green electricity, or monthly flat rates for unrestricted mobility. The customer pays a monthly fee and can then – depending on the nature of the contract – recharge without restriction at home, at work or at public charging stations. Our goal is to offer the owners of electric vehicles comprehensive service. That is why we provide, among other things, convenient locations for charging stations, where innovative charging technologies can be installed and operated.

We are already pursuing a number of projects and activities that contribute to encouraging the wider adoption of electromobility. We currently operate more than 2,500 publicly accessible charging points in Germany, Denmark and Sweden and continue to expand our charging network. Thanks to our partnership with the platform "e-clearing.net", drivers of electric cars in Scandinavia can already use their navigation systems to access an up-to-date list of all E.ON charging stations. We are also progressively converting our company fleet to electric vehicles. And our guests, customers and employees can charge their electric vehicles free of charge in our parking lots.

Cooperations and initiatives

"HanseE" (since 2015)

This German development project in the Hamburg metropolitan region examines the requirements that charging stations have to meet along with the demand for charging points both today and in coming years. We are involved in the construction of up to 50 charging points in the city and surrounding communities, six of which were erected in 2016. The project as a whole is scheduled to run for three years and is funded by the German government at around EUR 1.6 million.

"FAST-E" und "EAST-E" (since 2016)

The goal of these two complementary projects is to build and operate nearly 300 quick-charging stations in Germany, Belgium, the Czech Republic and Slovakia. The project is the largest private-sector initiative in Central Europe aimed at expanding the charging infrastructure there. With a total investment volume of around EUR 18 million, "FAST-E" is also the largest infrastructure project for electric vehicles funded by the European Union (EU). E.ON participates through its regional units in Eastern Europe.

Progress and measures in 2016

Denmark is one of the most developed e-mobility markets in Europe. We supplied more than 300,000 charges, making us the market leader there in 2016. We have gained extensive experience in Denmark and are drawing on information gained from an analysis of customer behaviour there to develop optimal service and price models for other markets. In the fall of 2016 we began establishing a charging network in the United Kingdom and Sweden. In both countries we offer various e-mobility products to municipalities and individual customers.

We are converting our own vehicle fleet to electromobility as well and began trading in 4,500 passenger cars and utility vehicles for electric vehicles in 2016. Since then, 150 electric vehicles have already been procured. Other parts of the company will follow.

Partnership with Sixt Leasing

In 2016, we launched a partnership with Sixt Leasing. Together we offer a comprehensive package in Germany, which includes a leasing arrangement for electric vehicles, including charging station, maintenance service and

green electricity rates from E.ON. Businesses and the public sector can even use this model to convert entire vehicle fleets to environmentally friendly mobility – including charging infrastructure and services.



A GREAT idea

For alternative-fuel vehicles to gain mass acceptance, they need a dense and convenient charging and fuelling infrastructure. That's what Green Regions with Alternative Fuels for Transport (GREAT) will do for the motorways that link Hamburg, Copenhagen, Malmö, Stockholm, and Oslo. Between 2016 and 2018, GREAT will install 70 high-capacity charging stations for electric vehicles and three CNG/LNG fuelling stations for trucks. As part of our commitment to decarbonise Europe's vehicle fleet, E.ON Sverige is deploying 50 of the project's fast-charge stations in Sweden and E.ON Biofor 2 will install two of the CNG/LNG stations.

Strategic partnership with Clever

Working together with the Danish e-mobility service provider Clever, we intend to establish a network of ultra-fast charging stations along Europe's main traffic arteries. To set this in motion, we entered into a strategic partnership with Clever in 2016. More specifically, we are planning the construction of several hundred ultra-fast charging points, which will be placed along motorways at 120 to 180 kilometres intervals. The first high-capacity charging station is to be put in place in 2017. E.ON and Clever have invited other partners to join the initiative. Initial talks are underway.

Helping consumers Czech out electric vehicles

Electric vehicles (EVs), which have great potential for reducing carbon emissions, are still fairly novel in the Czech Republic. The past four summers, we've helped Czech consumers become more acquainted with them by promoting the rental of electric bikes, scooters, and cars at several locations nationwide. Depending on the vehicle type, we offer a rebate of 10 to 30 per cent. The response has been great. Many people tell us our programme encouraged them to try an EV for the first time. To make longer EV journeys viable, we also set up a fast-charge station on the motorway between Prague and Brno.



Key figures

Renewables

	2016	2015 ¹⁾
Sales of renewables (€ in millions)	1,357 ²⁾ ✓	1,481
Renewable energy generated by our own power plants - pro-rata view (billion kWh)	13.0	11.8
Onshore wind and solar	9.4	8.8
Offshore wind	3.6	3.0
Production capacity renewables - pro-rata view (GW)	4.6	4.4
Onshore wind and solar	3.5	3.3
Offshore wind	1.1	1.0
System availability (percentages)		
Onshore wind/solar	94.2 ²⁾ ✓	95.8
Offshore wind/other	96.7 ²⁾ ✓	94.5
Proportion of renewables to total generation (percentages)	24.9	13.8 ³⁾

1) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

2) Figures taken from the reviewed section of the Annual Report

3) Figures not adjusted for discontinued operations (i.e. not adjusted for Uniper)

Efficiency improvements

	2016	2015
Installed smart meters in the regions (in millions)	2,1	1,8 ¹⁾
Energy savings by commerce and industry (GWh)	31.8	-
Reduction of CO ₂ emissions in commerce and industry (metric tonnes)	10,822.9	-

1) Prior-year figures have been adjusted.

Security of supply

	2016	2015
Length of power distribution networks (thousand kilometres)	754	755
Length of gas distribution networks (thousand kilometres)	104	105
Network losses during transmission and distribution of electricity (percentages)	4.6 <input checked="" type="checkbox"/>	4.7

Research and development

	2016	2015 ¹⁾
Research and development expenses (€ in millions)	14 ²⁾ <input checked="" type="checkbox"/>	20

1) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

2) Figures taken from the reviewed section of the Annual Report

Our customers are our top priority. True to our brand promise, "Let's Create a Better Tomorrow", we want to work with our customers in shaping the future. We listen closely to what they have to say in order to better understand what they expect from us in a decentralised, green and interconnected energy world. New products such as solar systems and battery storage are installed directly on the customer's property, which is also why we are putting so much emphasis on security. The security of our customers is as important to us as the protection of their personal data. And it's gaining in importance as a result of increasing digitisation.

A photograph of a man and a young girl sitting together, looking at a laptop screen. The man is on the left, looking towards the screen with a slight smile. The girl is on the right, laughing joyfully with her mouth wide open and her hands near her face. They appear to be in a tent or a similar structure, with warm, ambient lighting. The background is slightly blurred, showing some lights and fabric.

Customers



The customer company

GRI aspect
Product and service labelling

Having a reliable supply of electricity and gas is one of the basics of our everyday lives and there is a great deal of competition between companies for customers in this market. In order to remain successful, we need to keep our customers' trust. That's why we have to listen to them very carefully and take their concerns very seriously – because that is the only way we will be able to find out where improvements need to be made.

Global trends like sustainability and climate protection, digitisation and technological innovation are altering the energy landscape. At the same time our customers' energy needs are changing. We want to understand our customers' needs and strive to partner with them. Only then we will be able to transform innovative ideas and new technologies into value-enhancing energy solutions that allow our customers to benefit from a decentralised, green and interconnected new energy world.

Putting our customer first

We have shifted our focus from products to people. Our focus on the new energy world and our commitment to put customers at the centre of everything we do served as the starting point for our new brand idea, "Let's Create a Better Tomorrow". One of our central values describing how we do business is "Putting our customer first". We want to build on what matters to our customers: brilliant experiences and smarter, sustainable solutions. These key brand promises shall enable our customer businesses to be distinctive in our chosen markets.

Responsibilities

Chief Operations Office

Chief Operations Office – Commercial (COO-C) coordinates all marketing activities to bring the repositioned E.ON brand to life. COO-C supports the launch and scale of customer solutions with leading customer insight and management information and drives customer experience. COO-C is an integrated function and serves all entities within the E.ON Group and supports all commodity and new solutions businesses in all customer segments.

Customer experience teams as local customer satisfaction ambassadors

Our customer experience teams in the markets serve as ambassadors on matters relating to customer satisfaction. Working in their respective sales territories, they are the direct contacts to our Group-wide customer experience organisation and advocate on behalf of related projects and activities. These teams are currently in place in Germany, the United Kingdom, Italy, Romania, Sweden, the Czech Republic and Hungary. They regularly share information about successful measures and service improvements.

Center of Competence Customer Experience

In 2014 we launched the Center of Competence (CoC) Customer Experience. This is a Group-wide forum for exchanging experiences and examples of successful projects. The CoC supports and advises our board and our global corporate functions regarding all changes affecting the interests of our customers.

Customer insights and trends

We have a thorough consideration of trends that shape tomorrow's behaviours and attitudes. For both our commodity and non-commodity solutions business we pursue an insight-driven innovation process based on constant test and learn iterations to deliver the best customer experience possible. Gaining a deep understanding of our customers' needs and attitudes is vital to identify opportunities to improve people's lives with tailored products and services. Consumer studies and broad market research help us detect, for instance, needs around digital products or perceptions about new service offerings in photovoltaic and e-mobility. In this context we learn a lot about customer's perceived benefits but also concerns. We disseminate this knowledge in our organisation. Qualitative and quantitative findings reinforce these concrete learnings as we apply advanced data analytics and modelling techniques. This way we enhance our customer communications and service offerings along the customer lifecycle.

Internal guidelines and policies

Customer experience principles

Our customer experience principles describe how we aim to shape the dialogue with our customers. These are:

- We will get to know you and treat you like a person
- We will speak your language and make it simple
- We are the experts so you do not have to be
- We will always be honest in our intent
- We will respond to your needs as they change over time
- We will empower you and help you become a better energy user

Our Group-wide principles serve as a general framework. Each of our markets use this framework adjusted to their market and customers' requirements. Like this we take differing situations, needs and priorities of the specific regions into account. We define the regional principles according to a standard Group-wide process. Since March 2015, Germany, the United Kingdom, Italy, Sweden, Hungary, Romania and the Czech Republic have developed their bespoke principles on customer satisfaction.

Programmes

NPS (Net Promoter Score) programme (since 2013)

We continuously strive to increase customer satisfaction and move ideas forward. We measure progress using so-called Net Promoter Scores (NPS). These scores measure whether our customers recommend us to their friends and families. The NPS helps us find out what issues are important to customers and gives us insights of where we need to improve. It also makes it possible for us to compare our performance with that of our competitors. Since 2013, we have been gradually introducing the NPS programme. The NPS programme is used by units in Germany, the United Kingdom, Italy, Romania, Sweden, the Czech Republic and Hungary. The markets set their own targets in consultation with COO-C. They report progress to the Group board on a quarterly basis. Since 2014 management incentives remuneration dependent on the NPS values of the country in which their unit operates in order to focus more on customer satisfaction.

Internal NPS (iNPS) programme (since 2014)

Even employees who have no direct contact with customers make an important contribution to customer satisfaction. The internal NPS (iNPS) programme aims to sensitise all employees about how important customer satisfaction is for our success as a whole. It was first introduced in 2009 in specific divisions and was rolled out across the Group in 2014. So far the programme is being implemented in IT, human resources, supply chain management and finance.

<p>Customer First programme (2014-2016)</p>	<p>The aim of our Group-wide Customer First programme was to match sales and marketing even more closely with the needs of our customers. The project which had an initial phase of three years was launched in 2014. It assisted with collaboration between our markets. Numerous concrete measures were drawn up to improve our customer service and our range of products.</p> <p>The programme entered a new phase at the end of 2016 and will be embedded in the business. Customer demands continue to increase. The regulatory landscape has become tougher and market conditions are now more competitive. That is why we will continue with the steps already begun and integrate them into our other activities aimed at increasing customer satisfaction. Customer First wants to identify opportunities to create new initiatives across our markets with the goal of shaping E.ON into a customer-led business.</p>
<p>Customer immersion programme (since 2013)</p>	<p>The customer immersion programme puts employees directly in contact with individual and business customers. This helps us understand the customer's perspective so we can better gear our products and services to their needs. These encounters are not meant to initiate specific actions but to foster a better understanding of, and commitment to our customers. The programme has been offered in all markets since 2015. Customer immersion is managed at the Group level by the global customer immersion function within COO-C since 2016.</p>
<p>Assistance for vulnerable customers</p>	<p>Some customers are especially vulnerable like the elderly or disabled as well as low-income individuals and patients dependent on life-support equipment for example. For them it is especially important that their supply of electricity or gas not be terminated. That is why we offer these customers special assistance. In regions where no public aid is available we assist them if they are having difficulty making payments. In some cases we join with partners to provide pre-financing for insulating residential properties or develop incremental payment plans.</p>
<p>Individual rates</p>	<p>By providing customised rates and payment models we give our customers a chance to have greater control over their energy bills. These offers vary from country to country depending on customer needs and statutory requirements. Some examples include:</p> <ul style="list-style-type: none"> • Rates with price limits or fixed price products that give customers the means to plan for the long term. • Products tailored to customer preferences such as tracker prices that adjust to match falling market prices. • Rates evenly distributed across the year in order to avoid higher bills during cold winters • Credits for reaching specific energy saving goals • Pre-payment models like the intelligent pay as you go power meters in the UK.
<p>Easy to read bills</p>	<p>The price and bills that are easy to understand are important keys to customer satisfaction. Customers often have difficulty understanding how energy prices are drawn together from costs, fees, and taxes. That is why in most markets we designed residential customer bills that are shorter and easier to understand. In the UK for example we cut bills down from seven pages to a single page. We also offer electronic billing. This helps protect the environment and reduces costs.</p>

Objectives and performance review

We calculate the NPS to measure our performance in customer loyalty. It is a key performance indicator (KPI) for our success because we can only expand our business when our customers are satisfied and then recommend us to others.

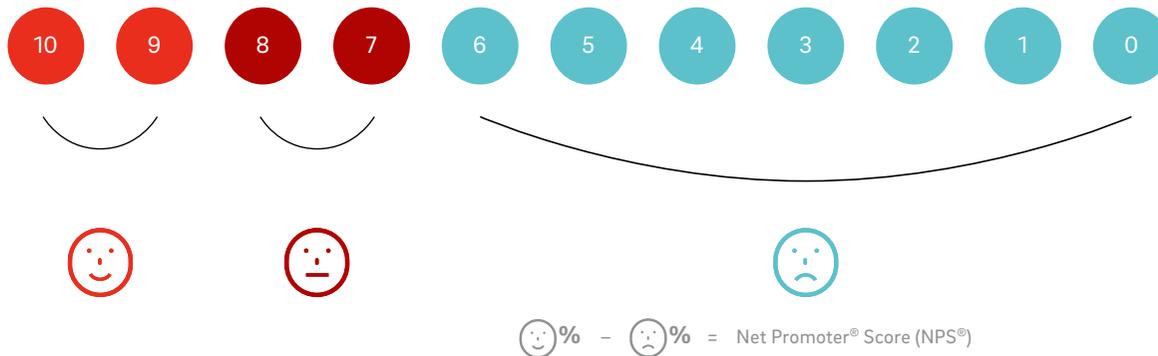
To calculate the NPS, we ask our customers the question: "On a scale of zero to ten, how likely is it that you would recommend E.ON to a friend or colleague?" Depending on the response, we divide the participants into the categories: "detractors" (0-6), "passives" (7-8) and "promoters" (9-10). The NPS is calculated by deducting the percentage of detractors from the percentage of promoters. This produces a score between 100 (very good) and -100 (very poor).

We analyse changes in NPS every three months. At the same time we identify which factors currently have a strong influence on customer satisfaction. This lets us adapt our activities to current customer needs. Each quarter we conduct review discussions with our markets during which we evaluate the results. We jointly identify which measures should be undertaken to achieve the regional NPS target.

How likely is it you would recommend us to a friend?

Extremely likely

Not at all likely



Our NPS results for residential customers have declined in 2016 compared to the previous year in five out of the six markets in which NPS is measured. Residential competitors that are best in class (BiC) or our next-best competitor slightly improved their NPS in four out of six markets. Our global residential NPS declined slightly in 2016 closing the year with same score compared to the BiC competitors.

Our global NPS results for small and medium-size enterprises (SME) customers in 2016 show slightly better scores than 2015. Our global SME NPS has improved in three out of six regions. Global BiC competitor NPS declined compared to 2015.

Our Italian market has been successful in improving NPS for both residential and SME markets in 2016.

The COO-C global customer experience function assists as needed. All NPS results are published Group-wide each quarter. The goal is to become the leading No1 energy solutions company in all our markets. As such so we also need to achieve the position as the customer company. It is paramount to be and become a customer-led business, a business that focuses on growth, embraces a digital first agenda, innovates and turns innovation into market success.

Residential NPS ✓



SME NPS³⁾ ✓



2014

2015

2016

2014

2015

2016

● Average E.ON NPS¹⁾ ● Average Best in Class²⁾

1) Equal weighting of the countries' Top-Down NPS results (Germany, UK, Sweden, Czech Republic, Italy, Romania); excludes Hungary, Slovakia and Turkey

2) Best in Class (BiC) refers to respective NPS values of the best or next best company from the group of comparable competitors; best in class based on regional competitor benchmarking set in Regional Units

3) Average based partially on interpolated NPS; NPS is fully reported every six month

Progress and measures in 2016

Adjustments to the customer immersion programme

In 2016 we decided to put together a uniform Group-wide approach to customer immersion. Up to now each of our markets had its own individual way of handling these encounters between employees and customers. With the global customer immersion function there is now a central responsible body at Group level. In 2016 we aligned across all markets and had three experience shares. Training sessions on customer immersion were given to all markets. We held 166 meetings with customers Group-wide in 2016. About 2,000 employees and some 1,000 customers took part.

Live Chat

In May 2016 we introduced the Live Chat channel in the United Kingdom, offering customers instant answers to their queries. The response was immediate and positive, with many customers preferring to chat to us online rather than contacting us by phone or email. We conducted more than 2,000 chats with customers in the first week alone and 75,000 by year-end. 80 per cent of chat customers are satisfied or very satisfied with their chat, and 88 per cent say the chat resolved their query. We're extending Live Chat to mobile devices and anticipate more than 170,000 chats in 2017.

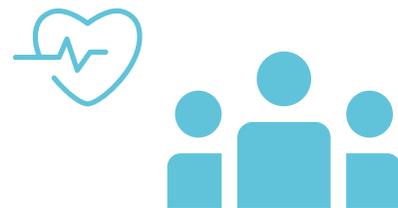
Enabling vulnerable customers help themselves

About 350,000 households in Germany have their electricity cut off each year. The consequences are often dramatic and never good. A new programme by E.ON Deutschland is designed to help. It enables vulnerable customers to avoid disconnection by paying off their energy-bill debt in small instalments. It also works closely with the Federal Employment Agency and a number of not-for-profit debt counselling services. The aim is to find the right solution for each customer so that all of them can keep their energy costs under control. For good. A programme brochure is available in 14 languages.

Current measures of our Chief Operations Office - Commercial

In 2016 COO-C offered a new training session on designing great experience for our customers, with more than 1,000 participants. The training made use of a design thinking approach, a method of finding creative ways of performing a task. In addition we drew on customer feedback to recalibrate the customer journey touch points and our interactions. Our customer experience principles were incorporated within the new brand positioning and promise. Journey owners developed dashboards to track performance against customer and business key performance indicators. Every market has a team of journey managers. On a continual basis we are capturing learnings from the customer and designing and implementing better ways of experiencing our products. These improvements are tracked using NPS.

In 2016 we updated the top customer issues which we use to identify our customers' main concerns. At a tactical and strategic level we have mechanisms to improve customers' lives. In 2017 we strive to increase the speed and impact of these changes so customers feel the improvement sooner.



Safety comes first

GRI aspect
Customer health and safety

In 2016 we realigned our strategic focus. Since then, we have been providing our customers not only with a dependable supply of electricity and gas; we have also been offering a broader range of products and services relating to energy. These include solar systems, battery storage, heating solutions and lighting concepts. Many of these products bring us into direct contact with

our customers: Our solar panels, for instance, are mounted on their roofs, and our storage systems, such as the E.ON Aura battery, are installed in their utility rooms or basements. The health and safety of our customers is always one of our top priorities.

Setting Group-wide standards

Safety precautions have been firmly rooted in our company for many years, through comprehensive policies, standards and processes including, for example, the issue of workplace safety. This means: safety is always our top priority. This same obligation also applies to new products we offer our customers. In doing so, we set uniform standards, thereby ensuring that our products are safe throughout their life cycle. We of course meet relevant legal requirements and safety regulations. In case of innovative products, where the legal requirement might be behind the current state of technology, we strive to meet additional standards.

Furthermore, we perform occasional safety tests in our own testing lab. In addition, we subject certain products to specific risk assessments to identify potential safety issues that may not be covered by our suppliers' assessments.

Responsibilities

"B2C/B2SME solution management and innovation", together with the health, safety, security and environment (HSSE) and the sustainability organisation at our central office in Essen (Germany) are working closely with the product development and → Health, safety and environment (HSE) organisations in our regions. They are also dealing with the issue of customer health and safety. Our regional units are familiar with specific local circumstances and needs and are therefore in a position to sell our customers the right products.

Partnerships

E.ON contractors

In the planning and construction of new photovoltaic systems in Germany, we only work with selected installation partners. Thanks to a nationwide network, E.ON contractors are available to our customers right where they live. Our regional service partners have years of experience and adhere to the latest technical standards. They also continue to assist our customers even after installation, by providing professional maintenance services.

Programmes and projects

Product recalls

Should basic, safety-related problems arise with our products, we must be able to ensure that the product can be recalled immediately.

For our new E.ON Aura battery we keep a record of which batch was delivered to which customers so that we can promptly contact customers if safety-related problems arise. We work continuously at improving these processes.

Development of product concepts/
ideas

In developing our products, we strive to take safety and health aspects into account right from the start. In developing our E.ON Aura storage system we factored in not only mandatory standards but also the safety guidelines for lithium ion home storage systems. This was a key criterion in selecting a manufacturer. Compliance with the provisions of the safety guidelines was confirmed by testing at an accredited testing institute. In addition, we work continuously to improve safety throughout the whole life cycle of the product, including for example installation and maintenance.

Safety testing of new products

Upon request of our regional units we conduct safety tests on new products in our testing lab. This gives us the opportunity to obtain a comprehensive assessment of the safety of the products we sell.

In 2014, for example, internal testing of a batch of smart-plugs¹⁾ from the Far East that were intended to be included as part of a market launch showed that supplier had deviated from the contract and used a material which did not meet specifications as regards to non-flammability. As a result, the launch was postponed until a non-defective batch was delivered and the defective batch had been destroyed.

1) Smart-plug-products allow customers to have control over all their home electronics. We have been distributing these products since 2014.

Dialogue with contractors

We work with selected installation partners during the planning and construction of photovoltaic systems or storage solutions. We engage in a continuous dialogue with these partners in order to ensure that all requirements are being complied with. For example, we train our partners in the installation of E.ON Aura battery systems and verify proper installation through random spot checks.

Prequalification of service providers

Based upon certain criteria, our service providers for customer solutions undergo a defined → Pre-qualification process. Service providers dealing in hazardous activities, such as work on electrical systems, are also evaluated in terms of their HSE performance.

Objectives and performance review

Up to now, we have not been collecting information on health and safety-related incidents affecting our customers.

We are currently developing a process to plan in product safety right from the beginning. It specifies what requirements must be met and relates to the

entire life cycle of the product, from the idea to recycling. Going forward, our → HSE Group policy will also incorporate the issue of product safety – including aspects of product safety that relate directly to the customer. As all processes, this is subject to continuous improvement.

Protecting data by ensuring IT security

The energy sector is undergoing structural change. Along with the changing political and regulatory environment, increasing digitisation is one of the central drivers of this transformation. Innovations such as smart grids, smart meters and virtual power plants offer us and our customers a wide range of new opportunities. Using smart metering systems, residential customers and businesses can better control their energy consumption and increase energy efficiency. Digitisation gives us an opportunity to create new business models and to tap into new areas of activity for our employees. At the same time, however, this creates increased demand for data protection given that we are increasingly collecting our customers' individual consumption data.

Lawmakers have responded to these fundamental developments and initiated efforts aimed at improved data protection: The General Data Protection Regulation of the European Union (EU GDPR), adopted in 2016, standardised EU-wide rules on the processing of personal data by private companies and public authorities. It will take effect in all member states in May of 2018. In Germany, the government is planning a comprehensive data protection reform on this basis. The German law on digitisation of the energy transition adopted in 2016 also contains an extensive set of rules on data protection and security. It provides us with a framework for the operation of smart metering systems.

Implementing high standards of data protection

The confidential handling of data from customers, partners and employees in conformity with law plays an important role for us. The issue of data protection has been firmly established at our company for many years through appropriate guidelines, standards and processes. To prepare ourselves for the forthcoming EU GDPR, which will take effect as of 25 May 2018, we are currently examining and improving our processes.

In principle, we review the data protection aspects of all new products prior to use. To protect the personal data of our customers, we draw on privacy policies in easily understandable terms together with various anonymisation techniques, pseudonymisation and encryption. The goal is to provide all customers with transparency regarding the purpose and legal basis for processing their data.

Responsibilities

Data protection is decentralised at E.ON: all Group companies set up their own rules in this regard independent of each other while taking into account applicable legal requirements. All incidents relating to data protection law, such as customer complaints, are therefore dealt with in a decentralised manner as well. Data protection officers regularly exchange information.

Our Group data protection officer bears overall responsibility at Group level. His duties include coordination of data protection activities within the Group.

Internal guidelines and policies

Business governance Group policy on information security (updated 2014)

This policy describes how we ensure the confidentiality, availability and integrity of information throughout the Group. Eight business directives that took effect on 1 December 2014, flesh out the Group policy, particularly with regard to defending against cyber-attacks. They provide our employees with detailed instructions.

Business governance Group policy on data protection (2015)

This directive regulates data protection structures for E.ON Group companies in Germany. It creates greater transparency with respect to our data privacy activities.

Programmes

"EniM" programme (German: Einführung neuer intelligenter Messsysteme – EniM)

Our "EniM" programme was established to implement smart metering systems as required under German law and to prepare for their introduction. At our "EniM" laboratory in Hamburg we conduct extensive device and system testing. We test all metering systems currently on the market in Germany, including as regards their data security aspects.

Specifically, we subject the software required to operate a system to extensive testing. We look for security loopholes and vulnerabilities. This is how we ensure that all devices and systems comply with the stringent safety requirements of the Federal Office for Information Security (German: Bundesamt für Sicherheit in der Informationstechnik – BSI). The systems used to control smart meters remotely (smart meter gateway administration) are in addition certified in accordance with ISO 27001 – including the supplementary requirements of the BSI. Issuance of the certificate is expected in April 2017.

Employee training

Our employees are regularly trained in data protection every two to three years. All new employees receive appropriate training, usually within their first year. The training courses are tailored to meet specific requirements in each country: in Germany, for example, participation in training is voluntary. In addition to basic data protection requirements, special topics are also addressed as needed, if requested by individual departments.

Key figures

Customers

	2016	2015 ¹⁾
Number of power and gas customers (millions) ²⁾	21.4 ³⁾ ✓	22.7
Power sales (billion kWh)	143.4 ³⁾ ✓	147.2
Gas sales (billion kWh)	146.5 ³⁾ ✓	170.4
Sales customer solutions (€ in millions)	22,368 ³⁾ ✓	25,614

1) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

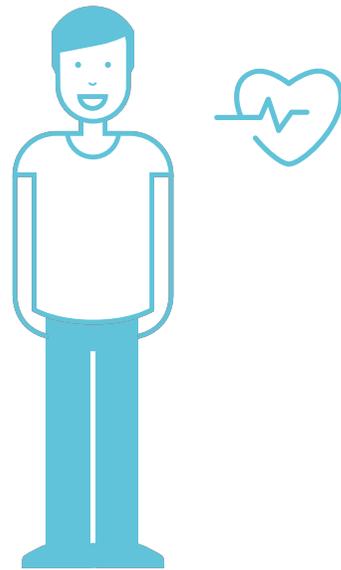
2) Excluding customers in Turkey (50/50 joint venture)

3) Figures taken from the reviewed section of the Annual Report

Employees

Only with satisfied and healthy employees we can achieve our goals. That's why we provide working conditions that minimise health hazards and help to avoid accidents. We see the diversity of our workforce as an opportunity. This necessarily involves dealing with each other both honestly and respectfully. By providing attractive working conditions we are guaranteeing that we will be able to retain qualified and enthusiastic employees going forward. Targeted promotion and advanced training also play a role in this regard.





Occupational health and safety standards

GRI aspect
Occupational health and safety

Health and safety are essential elements of our corporate culture. A harmful incident can pose a threat to human health and can also result in property damage and damage to the → environment, lost working hours, and damage to a company's reputation. High safety standards are a prerequisite to obtaining operating permits and are required in many business relationships. Special care is particularly required in high-risk activities involving electricity and gas networks, operations at customer locations, as well as in the installation and operation of solar power plants and wind farms.

Our goal is to avoid harmful incidents and workplace accidents and to minimise health hazards. We also seek to promote the health of our employees and help them remain productive over the long term. This presents us with certain challenges. Demographic change, for instance, means that we have to take into account the changing needs of an aging workforce. Maintaining the employability of older or chronically ill employees is becoming increasingly important. The rapid pace of change, both in the workplace and in the marketplace can also prove stressful for employees. This means that we need to take the concerns of our employees seriously, identifying health risk factors early on, and taking appropriate preventive measures.

Pre-emptive approach to health and safety

With respect to safety, we apply a “zero tolerance for accidents” principle, which involves taking a pre-emptive approach. We continuously adapt our precautionary approach to preventing accidents so as to take account of the latest challenges. To do so, we focus not only on our own employees, but also on employees from our partner companies who perform work on our behalf. All Group-wide entities are required to put in place an occupational health and safety management system. This allows us to implement occupational health and safety practices (OHS) systematically, efficiently, and effectively.

Our pre-emptive approach also applies to the health of our employees. The healthcare systems in the countries in which we operate vary greatly. But regardless of the location, it's always the same diseases which are the most frequent causes of incapacitation: musculoskeletal conditions, psychological disorders, and respiratory infections. The same applies to diseases most often resulting in death: cardiovascular disease and cancer. An up-to-date company health policy must therefore place an emphasis on preventing these diseases. In order to put effective measures in place as widely as possible we exchange information across borders and engage in mutual learning.

The health and safety of our employees is closely linked to our concern for potential negative impacts on the environment. Our activities in the area of health, workplace safety, and environmental protection (Health, Safety and Environment – HSE) are therefore all managed centrally.

Responsibilities

Our CEO Johannes Teyssen also serves as chairman of our HSE Council. This is an international body consisting of top executives, representatives of works councils, as well as some HSE department heads. It deliberates on strategic objectives for the company as a whole as well as on current incidents such as accidents. Our business units draw up their own annual plans for continuous improvement in HSE. For more information on our HSE organisation, see the chapter on → [“Strategy and governance”](#)

Principles and policies

→ [E.ON Health, Safety and Environment Policy Statement](#) (2013; revised 2014)

Our goal: We want to avoid all accidents and proactively improve the health of our employees. Our policy statement emphasises this and is valid Group-wide.

Internal guidelines and directives

Management Group policy HSE (2013; revised 2015)

The Group policy defines structures and processes relating to HSE issues. This includes roles and responsibilities, management concepts, and reporting lines.

<p>Business governance Group policy HSE management (2013)</p>	<p>Describes minimum requirements and management tools aimed at avoiding physical and psychological injury in the performance of work-related duties. In addition, it requires that all E.ON units¹⁾ establish externally certified occupational health and safety management systems that accord with the international standard OHSAS 18001²⁾.</p> <p>1) "Exceptions are allowed if the level of risk borne by a management unit in performing routine and non-routine activities / work processes is low." (Business Governance Group Policy HSE management, page 7) 2) henceforth ISO 45001</p>
<p>Business directives</p>	<p>These contain specific, binding business and procedural directives on how certain parts of the Group policy HSE management are to be implemented. For example, the business directive "Incident management" sets out specific requirements on how incidents are to be reported and investigated as well as how to put improvement measures into effect. The business directive "International employee protections" prepares our employees for periods abroad and informs them of any relevant health and safety risks.</p>
<p>Business governance Group policy procurement (revised 2016)</p>	<p>This Group policy ensures occupational health and safety standards in the supply chain. It defines processes for identifying risks in the provision of services. Depending on the risk involved, new suppliers undergo a qualification procedure and are required to eliminate deficiencies. Depending on the size of the supplier, we sometimes also require certification under OHSAS 18001¹⁾ or carry out audits.</p> <p>1) henceforth ISO 45001</p>
<p>Group agreement "Health" (2015)</p>	<p>This agreement was reached between company management and the Group works council in Germany. It aims to help create a health-conscious work environment and to promote the health of each employee. In doing so, four areas of activity were defined: corporate health management, drug prevention and intervention, integration management, and employee counselling.</p>
<p>External commitments and initiatives</p>	
<p>"Luxembourg Declaration" (subscribed 2009)</p>	<p>With this declaration we undertake a commitment to implement an effective workplace health promotion programme which complies with EU standards.</p>
<p>"Düsseldorf Statement" in response to the Seoul Declaration (signed 2009)</p>	<p>In this statement we are committed to establish a culture of prevention for health and safety in the workplace.</p>
<p>"Enterprise for Health" (EfH)</p>	<p>This network of international companies is committed to developing a collaborative corporate culture and an up-to-date occupational health policy.</p>

Procedures

"HSE Improvement" Plans (HSE IP)
(since 2010)

These plans are a management tool which we use to improve continuously our activities with respect to HSE. All plans include specific, one-year targets for each management unit. Progress is monitored on a regular basis through so-called management reviews. Since 2013, standards for handling accidents as well as goals in the field of health promotion and environmental protection have been incorporated. The implementation of individual HSE IP targets has been a component in the variable remuneration of executives since 2014.

"Prevent!" Incident management system
(since 2013)

This online system compiles a central record of incidents involving risk and accidents involving E.ON employees and our partner companies. The incidents or accidents that are recorded are systematically analysed with the results being used to initiate preventive measures. Serious accidents must be reported through the system to HSE Group management within 24 hours. The system is used amongst others in Germany, the United Kingdom, Italy, Romania, Sweden, Slovakia, the Czech Republic.

Internal HSE-audits

We regularly perform audits to check the effectiveness of the HSE management systems being used by our units to ensure that they meet the standards defined in our corporate policies and directives. Following every fatal accident, and in some cases following serious accidents as well, separate internal audits are also conducted.

Programmes

H&S courses and training

Our Center of Competence for Global Learning provides a uniform Group-wide training catalogue of special training courses in the field of health and safety. This also includes programmes in the area of mental health. In addition there are also country-specific plans and training centres. Employees from partner companies can also participate in the training sessions. In some cases the courses are compulsory, depending on the kind of activity involved.

Employee counselling on health-related questions

In dealing with health issues our employees can turn to the "Employee Assistance Programme" (EAP). It is available to employees in Germany as well as in the United Kingdom, Sweden, the Czech Republic, and Hungary. EAP is an independent, external, strictly confidential counselling service. It also seeks to prevent psychological stress.

Employees traveling abroad can contact a global, multilingual hotline with their health-related questions and requests for assistance.

Group-wide safety campaign "Safety F1RST!" (since 2011)

With this campaign we are seeking to raise employee awareness of safety issues and drive home our three core safety rules:

- We take care of our colleagues
- We stop unsafe work
- We learn from near hits and mistakes

Through easy-to-understand comics and videos as well as the high visibility of "Safety F1RST!" logos we seek to call our employees' attention to the rules.

Objectives and performance review

We use findings from audits to assess our performance in health and safety. Figures on work hours lost, accidents, and hazardous events help us to determine underlying causes and provide comprehensive risk analysis. This helps us see which areas need improving and where we need to come up with preventive measures.

The audit results for 2016 were positive. A key finding from the audits was that some sites need to work even harder on disciplined implementation of written safety requirements. This will require action in particular on the part of our senior management. That's why, going forward, we will be expanding special training programmes for managers.

Our accident rate since 2013 has remained at a consistently low level (see also "Progress and measures"). However, recent years have seen a near stagnation of key indicators. We are working hard to further reduce accidents.

With respect to health management, we measure success by our ability to reach out and provide our employees with information and by how successful we are in getting them to participate in activities. In autumn 2016, for instance, we once again carried out a nation-wide campaign for cancer prevention and early diagnosis. This involved making an immunological stool test for bowel cancer available to our employees and their families. The programme is targeted in particular at employees over the age of 45, as well as employees who, according to their family history have an increased risk of intestinal cancer. 73 per cent of the 2,672 employees who requested a test returned it for analysis. The Felix Burda Foundation, which is dedicated to the prevention of bowel cancer, considers a return rate of over 50 per cent to be a very good outcome.

Progress and measures in 2016

Based on our performance in HSE in 2015, we put together a new three-year plan at the beginning of 2016 – the "HSE Roadmap 2016 to 2018", which also takes into account our company's strategic realignment. The plan was created in collaboration with HSE managers at all units together with the HSE Council. It defines strategic ambitions, objectives, and actions in the area of HSE. Core working groups were established for all measures.

In the area of employee health, 2016 was focused mainly on reinforcing the Group-wide exchange of information. In addition, a number of campaigns aimed at preventive healthcare were once again held. These included

the nation-wide campaign "Getting in Shape" aimed at encouraging our employees to exercise more and thus prevent musculoskeletal diseases. The concept was developed by the umbrella organisation for occupational health insurance (BKK), with companies conducting the campaign through various activities and internal measures.

Internal exchange on health issues bolstered

In addition to the existing bodies involved in occupational health management (BGM), in Germany we launched a new interface feature in 2016: "Betriebsärzte@eon", which complements the existing occupational health care required by law. "Betriebsärzte@eon", is a group of senior company doctors from all of our units in Germany. They regularly exchange information with German teams of experts in occupational health management to jointly plan, conduct, and evaluate health practices. In addition to the ongoing day-to-day dialogue, twice-yearly meetings are also held.

We also exchange information internationally on successful projects and activities. Our "health team E.ON", established in 2016, comprises health managers from all regional units outside Germany as well as our global units. Together they analyse on-site health services and familiarise themselves with the various structures which arise due to differing laws and supply structures. The aim is to learn from successful examples in other countries. For example, we have implemented many effective mental health measures in the UK; E.ON Sweden, on the other hand, is expert at re-integrating employees following prolonged illnesses (occupational reintegration management – BEM).

Training and raising employee awareness

At the end of 2015 we launched a new training programme for senior management. Using videos and role-playing exercises, they are trained better to identify HSE risks and to sensitise their employees. Since the programme was introduced, 36 training sessions have been held with over 500 participants in seven different countries.



Responding right

Our first safety objective is to prevent accidents from happening. But the fact is, a perfect safety record is impossible to sustain indefinitely. So we need to know what to do in an accident or emergency. Responding correctly and promptly can save lives and protect property. With this in mind, E.ON România partnered with two of the country's most respected medical and safety institutions to design a new first-aid, safety, and crisis-response course. 500 employees and contractors completed the course in 2016, honing their first-aid skills and learning how to handle a variety of crisis.

In 2016 we once again offered special online training to employees traveling to so-called high-risk countries, and also held a Group-wide safety day. We used workshops, lectures, and other activities to inform our employees about workplace health and safety measures, fire protection, and other issues.

Flu vaccination campaign with an advanced vaccine

In 2016 we conducted a flu vaccination campaign at all our sites in Germany, offering a new vaccine that provides better protection along with increased tolerance. A vaccination station was set up for two weeks in the atrium of our headquarters in Essen. Employees could receive their vaccination without having to make an appointment, and participation was encouraged through a raffle. More than 300 employees took part. Vaccinations continued to be available from the in-house health services until the end of the year. About 2,000 employees took advantage of this offer. The campaign will continue in 2017.

96.5 % – that's how high the health quotient was for our employees in 2016. It represents the number of days actually worked in relation to the number of hours set by contract. At 96.5 per cent, the figure was kept high in 2016 (2015: 96.5 %).

Statistical trends in accident figures

An essential element in evaluating our performance in the area of occupational safety is the "Total Recordable Injury Frequency Index" (TRIF) which measures the total number of recorded accidents (not including first aid accidents). We have been measuring this figure since 2010. In 2011 we began to incorporate the figures of our contract partners and their employees (combined TRIF).

TRIF combined^{1), 2)}



- 1) Total Recordable Injury Frequency – The number of work-related accidents and occupational diseases per million hours worked, including fatal accidents, workplace and business travel accidents, with and without days lost, which required medical treatment or where work was only possible in an alternative position or where only a limited amount of work was possible
- 2) Unlike from the general approach of reporting, our safety reporting includes companies in which E.ON holds less than a 50 per cent stake but over which E.ON has operational control.
- 3) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

TRIF combined by business unit^{1), 2)}

	2016
Renewables	5.7
Exploration & Production ³⁾	0.0
German	2.5
Other EU countries ⁴⁾	2.5
Corporate Functions/other ⁵⁾	1.2
Non-Core-Business (PreussenElektra)	2.4
E.ON Group	2.5

- 1) Total Recordable Injury Frequency – The number of work-related accidents and occupational diseases per million hours worked, including fatal accidents, workplace and business travel accidents, with and without days lost, which required medical treatment or where work was only possible in an alternative position or where only a limited amount of work was possible
- 2) Unlike from the general approach of reporting, our safety reporting includes companies in which E.ON holds less than a 50 per cent stake but over which E.ON has operational control.
- 3) The Exploration & Production unit was sold in the spring of 2016. Up to that time, no TRIF-related accidents were recorded.
- 4) UK, Sweden, Czech Republic, Hungary, Romania, Italy
- 5) E.ON SE, E.ON Business Service, E.ON Connecting Energies

Since early 2016 our units have been setting their own voluntary targets for combined TRIF. Drawing on these individual figures, we established a Group-wide target value of 2.5, which we were able to reach at the end of 2016. Overall, however, the figure fell off slightly. The above-average TRIF combined in the area of renewables is due to the fact that in 2016 large offshore and onshore wind farm projects were undertaken and two offshore wind farms were put into operation. In one case, the start-up took place under difficult conditions. Accident reporting rose as a consequence. However, the majority of reported incidents did not involve serious accidents.

For E.ON employees, the figure increased from 2.3 to 2.5. There are differing reporting cultures in our units. The accident numbers refer only to all reported accidents. We assume that the slight increase for the TRIF is in part due to the fact that we intensified our efforts to encourage regional units to report every accident. The corresponding number for our contractors stood at 2.6 and was therefore identical to the previous year (2015: 2.6).

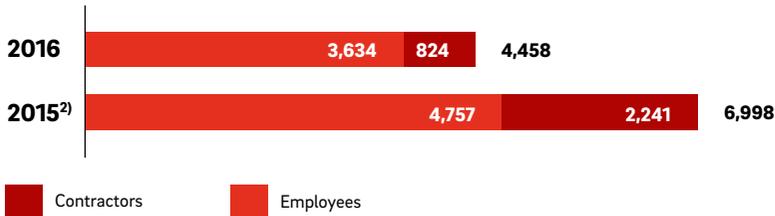
LTIF employees^{1), 2)}



1) Lost Time Injury Frequency – work-related accidents resulting in lost time per million hours worked
 2) Unlike from the general approach of reporting, our safety reporting includes companies in which E.ON holds less than a 50 per cent stake but over which E.ON has operational control.
 3) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

We measure accidents at work resulting in lost working hours through the "Lost Time Injury Frequency Index" (LTIF). For our own employees this number remained constant in 2016, compared to last year. For our contractors, the value in 2016 was 2.1 per million hours worked and therefore slightly higher compared to the previous year (2015: 2.0). This was due to the increased number of reports of "minor" incidents resulting in lost working hours.

Near misses¹⁾



1) Unlike from the general approach of reporting, our safety reporting includes companies in which E.ON holds less than a 50 per cent stake but over which E.ON has operational control.
 2) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

In logging accidents subject to a reporting requirement we also draw on documentation of near miss incidents. These include incidents which could have resulted in injury. In 2016, the number of reported near misses, which totalled 6,998 last year, fell to 4,458 (employees and affiliated companies). This decline can be attributed to the fact that, since 2016, "Remarks" – i.e. the mere observation of unsafe conditions – are no longer recorded as near misses, but are instead reported separately.



Managers walk the talk for safety

Ensuring our colleagues and contractors' safety is our top priority. That's why it starts at the top: our senior managers are in a unique position to serve as role models and to shape the company's safety culture. In 2016 all of E.ON Hungária's senior managers participated in safety walks and talks at company facilities. The safety visits enable managers to meet regularly with employees in the field and to establish an ongoing dialog with them. For employees, the visits demonstrate that our commitment to safety extends from the equipment room to the board room.

Fatal workplace accidents

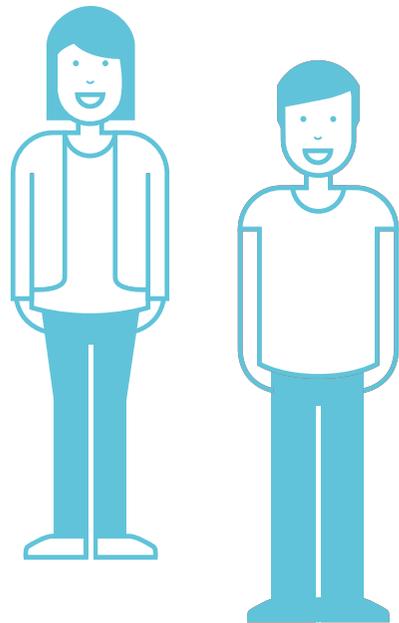
Despite our intensive safety measures four of our employees died tragically in 2016. Two accidents occurred due to electrical incidents at network operators in Germany and the Czech Republic, another occurred in Germany at the Grohnde nuclear power plant when hot steam escaped from an auxiliary boiler at the plant while work was being conducted on it. As a consequence a long-time employee suffered fatal scalding. Another employee was killed in a traffic accident in the UK. Following fatal accidents we immediately launch an investigation to retrace the exact course of events. The aim is to identify the causes and to take all necessary measures to prevent similar accidents from occurring in the future.

Non-core business: occupational health and safety at PreussenElektra

Our subsidiary, PreussenElektra (PEL), is responsible for the operation, decommissioning, and demolition of our nuclear power plants. During all phases of the work process, our primary concern is the safety and health of our employees, the employees of our partner companies, as well as environmental protection. Our high standards for workplace health and safety as well as environmental protection also apply to PEL. All our nuclear power plants are certified under international environmental standards ISO 14001 or EMAS. Our HSE management systems are regularly recertified. We are hoping to use process and organisational reviews to achieve further improvements on an ongoing basis. In addition, we systematically implement special HSE improvement plans and work to enhance prevention and training measures.

The experience that we have gained through the operation and decommissioning of our facilities helps us to further improve our processes and procedures in occupational safety. They contribute to the high level of safety at our nuclear power plants. In close cooperation with the Employer's Liability Insurance Association for Energy, Textiles, Electrical and Media Products (BG ETEM) and with other power companies, we have developed solutions for effective occupational health and safety during plant decommissioning and demolition, which have been summarised in the form of guidelines.

Despite all efforts to ensure high standards in occupational safety, one of our employees was fatally injured as a result of a tragic accident in the non-nuclear part of the Grohnde power plant in August 2016. The improvements that were derived from the accident investigation are currently being implemented.



Diversity as an opportunity

GRI aspect
Diversity and equal opportunity

The people who work for us are very diverse: they differ in terms of their countries of origin, their age, gender, religion and their cultural and social backgrounds. We want to encourage this diversity and use it to our advantage. Studies show that mixed teams provide better performance and generate higher earnings than groups that are very similar. Diversity is also a central driver for creativity and innovation, allowing us to respond even more effectively to the specific needs and requirements of our customers.

Our commitment to diversity also helps us to cope with the effects of demographic change, i.e. the increase in the average age of the population in industrialised nations. A company that expressly advocates diversity is an attractive employer and is able to prevent future shortages of qualified employees as a result.

Holistic approach to promoting diversity

Diversity and integration form the essential foundations for our vision and our values. Responsible conduct and openness provide our basis for putting diversity into practice. We want to offer equal opportunities to all our employees, to encourage and to make the most of individual differences. Encouraging diversity and equal opportunities is also a focus in our new → [sustainability strategy](#).

Responsibilities

One person is responsible for diversity on a full-time basis at Group level. This individual represents an interface with other corporate divisions and proposes the implementation of Group-wide measures. There are also local representatives in all regional corporate entities who implement actions related to diversity. There is also representation for the severely disabled for the purposes of communicating and supporting measures related to disability and inclusion. This responsibility is exercised locally by trusted representatives and local representative bodies for the severely disabled in the individual corporate entities.

Internal guidelines and policies

→ [Joint "Diversity and integration" declaration of principle](#) (2016)

Through this declaration, we commit to create a diverse and integrated work environment in which every employee is able to develop their potential. The declaration was jointly signed by the E.ON Management Board and E.ON SE works council in 2016.

Recruitment and hiring policy (2015)

We want to open up targeted opportunities in the Group for promoting women. The Group-wide policy states that at least one man and one woman will be on the list of candidates in each case when recruiting for a new management position.

Group integration agreement (2016)

The Group integration agreement was signed by executive management, by the Group works council and by Group representation for the severely disabled. It is aimed at driving operational integration and health provision across the entire company. The policy creates uniform framework conditions for treating all employees with respect and appreciation.

External commitments and statements

Statement of the DAX 30 companies (signed 2011)

With this statement, we reaffirm our commitment to equal opportunities between women and men in professional life and undertake to promote and involve women on a systematic basis.

"Diversity Charter" initiative (signed 2008)

The Diversity Charter is a German corporate initiative aimed at encouraging diversity in companies and institutions. By signing this, we are showing our commitment towards creating a work environment that is free from prejudice.

Programmes, networks and initiatives

Cooperation with Femtec (since 2007)

We are cooperation partners to the Berlin-based career platform for women in engineering and natural sciences. Together we develop innovative programmes for female pupils, students and graduates aimed at inspiring them to take up a technical career and at facilitating their entry into the profession. In addition, we discover young talents that we wish to encourage every year through this cooperation.

"Female Mentoring" programme (since 2015)

The programme prepares female junior employees in Germany for management positions in a targeted manner. Every participant in the programme is supported by an experienced management employee who provides advice, coaching and support for their career alongside their actual managers. Participants have been shown to feature above-average development and have demonstrated their ability to take up a technical or management career.

"Äntligen Jobb" ("A job at last") (since 2015)

This initiative from E.ON Sweden enables the provision of trainee places to unemployed university graduates who were not born in Sweden. The trainees are able to develop a deeper understanding of Swedish culture, language and the employment market, and thereby increase their chances of securing a job in the future.

"Womenergy" women's network (2007, updated 2016)

This internal Group forum is aimed at encouraging the exchange of knowledge and experience among female employees. It also offers advice on professional and career-related issues. The focus is on mutual support and encouraging the presence and influence of women within the company.

Further initiatives and networks

We are also a member of numerous national and international networks and initiatives, including:

- *"Catalyst"*: a global community aimed at improving opportunities for women in companies
- *Mercer's Vanguard Diversity Network*: a network for exchanging experiences related to diversity in human resource management
- *Recruitment Industry Disability Initiative (RIDII)*: promotes equal employment entry level opportunities for disabled people
- *"Wir zusammen" (We together) initiative*: an initiative in German industry aimed at integrating people who have been forced to flee war and persecution
- *"Komm, mach MINT." network initiative*: an initiative aimed at further inspiring women to take up careers in the natural sciences and mathematics
- *LGBT Network UK*: an internal network in the UK for lesbian, gay, bisexual and transgender employees
- *Stonewall*: UK initiative aimed at providing support to the LGBT community (lesbian, gay, bisexual, transgender)
- *Equilibrium Mentoring programme*: a cooperation initiated by E.ON in the Czech Republic with the British Chamber of Commerce aimed at promoting talented female management staff
- *Father network*: the project is aimed at highlighting the compatibility of career and family life to male employees. Presentations, workshops and father/child activities are some of the items offered as part of this
- *The BAME*: Black Asian Minority Ethnic network in the UK. The network provides a platform for discussions related to ethnic differences

Objectives and performance review

The basic principle is that we want to increase the proportion of underrepresented groups throughout the Group with new hires. Each regional entity also sets its own priorities in its work aimed at encouraging diversity within the company.

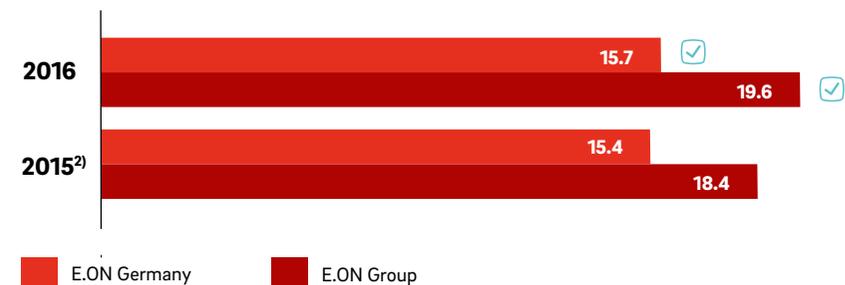
In terms of equal opportunities, we have set ourselves the objective of increasing the proportion of female managers within the company. Each regional entity has specific targets for this that are reviewed on a regular basis. E.ON SE and other E.ON companies in Germany are subject to the German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector from 1 May 2015. We are committed within this framework to specific objectives related to the proportion of women in leadership positions in Germany. We go further than the statutory regulations with this in order to cover all levels of management. Our objectives are as follows:

- Our objective is for the proportion of women at the first management level in Germany to rise to **23 per cent** by 30 June 2017.
- Our objective is for the proportion of women at the second management level in Germany to rise to **17 per cent** by 30 June 2017.
- We want to achieve a **30 per cent** share of women in the Supervisory Board by 2018.
- We want to achieve a **20 per cent** share of women in the Management Board by 2021.

The proportion of women in the Supervisory Board is currently 27.8 per cent. The next regular elections are not until 2018. We want to achieve the 30 per cent share of women in the Supervisory Board by then at the latest.

Within the context of our voluntary objective to increase the proportion of women in leadership positions at E.ON, we review the current status twice annually and report on this in the → [Annual Report](#). We were able to increase further the proportion of women in leadership positions in 2016. This is partly attributable to our comprehensive measures aimed at developing the careers of female managers, such as the mentoring programmes.

Ratio of women among management (percentages)¹⁾



¹⁾ Including board members/managing directors and apprentices

²⁾ Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

Progress and measures in 2016

We implemented numerous measures once again in 2016 aimed at encouraging diversity in our company. One of these included increasing our internal communication efforts: a separate page on the topic of diversity was set up on our intranet.

We provided subtitles for our Group videos so that those with impaired hearing can understand them. Training sessions were also held for the purposes of raising awareness of diversity among our employees. The issue of diversity was a regular item on the agenda for discussions with the works council at E.ON SE.

There were also numerous actions implemented within the scope of our cooperation, initiatives and networks. As part of our cooperation with Femtec, female students worked on a case for E.ON for four months in our innovation studio, involving exciting and pioneering projects for the world of energy for tomorrow.

E.ON took part in pride parades in the UK and Sweden aimed at drawing attention to rights and diversity in the LGBT community.

Actions for the annual International Women's Day

Numerous events were held at E.ON on 8 March 2016 to mark International Women's Day. The aim was to show appreciation for the many women working for the company and to provide an opportunity for exchanging information and/or for networking.

The proportion of women as a share of the total workforce was 32.1 per cent as at 31 December 2016. This represents a slight increase on the previous year.

Ratio of women among total workforce by business unit (percentages)¹⁾

	2016 <input checked="" type="checkbox"/>	2015 ²⁾
Energy Networks ³⁾	20.1	21.5
Customer Solutions ⁴⁾	43.0	39.4
Renewables	21.0	22.7
Corporate Functions/other ⁵⁾	45.2	45.5
Core Business	33.1	32.9
Non-Core-Business (PreussenElektra)	13.2	12.4
Other (divested operations)	–	35.8
E.ON Group	32.1	32.0

1) Including board members/managing directors and apprentices

2) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

3) Figures include: Germany, Czech Republic, Hungary, Romania, Slovakia, Sweden

4) Figures include: Germany, Czech Republic, Hungary, Italy, Romania, Sweden, UK, ECT

5) Figures include: E.ON SE, EBS (IT+EBUS), Other

Photo exhibition on living with disability and illness

An unusual photo exhibition took place between April and May 2016 at our head office in Essen. The exhibition featured portraits of people with a disability or serious illness, including some of E.ON colleagues. The photos focused on the individual's beauty and deliberately avoided highlighting the illness or disability. As such, we wanted to raise awareness of this by providing an unbiased look at other people. Additional texts below the images provided further details on the lives and medical histories of the individuals shown. The exhibition enjoyed a very positive reception. It has been created as a travelling exhibition and is available to all of E.ON's regional entities.

There were 934 severely disabled people or individuals with an equivalent disability at the German E.ON companies in 2016. This figure had fallen on the previous year, both in absolute terms as well as in relation to the share of the overall workforce. The share of severely disabled persons, however, still remains above the overall German average of 4.7 per cent (as at 2015 according to the Federal Employment Agency).

Integration of refugees into the employment market

The large number of refugees coming to Europe in search of safety and a better future presents us with a historic challenge. However, it also provides major opportunities if these people can be integrated successfully into our society. We believe that integration will succeed primarily as a result of access to education and the employment market.

97 – Our workforce was made up of so many different nationalities in 2016 (2015: 96).

Proportion of employees with severe disability (percentages)¹⁾

	2016 <input checked="" type="checkbox"/>	2015 ²⁾
Energy Networks ³⁾	6.3	6.5
Customer Solutions ⁴⁾	3.9	4.4
Renewables	0.2	0.0
Corporate Functions/other ⁵⁾	3.1	3.3
Core Business	5.1	5.3
Non-Core-Business (PreussenElektra)	7.8	7.8
Other (divested operations)	0.0	0.0
E.ON Group	5.4	5.7

1) Excluding board members/managing directors

2) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

3) Figures include: Germany

4) Figures include: Germany, ECT

5) Figures include: E.ON SE, EBS (IT+EBUS), Other

Together with our German subsidiaries Avacon, Bayernwerk, E.DIS and HanseWerk, we have taken over the sponsorship of the German project "Durchstarten mit Energie" (Get started with energy). The programme provides support to refugees in finding employment. The initial focus in the courses that prepare individuals for professional life is on developing their knowledge of German and on supporting job searches. Participants with a good knowledge of German can then start an apprenticeship at E.ON. In applicant training sessions we provide information on the interview process in Germany and on how to complete application forms.

Promoting discussions between young and old

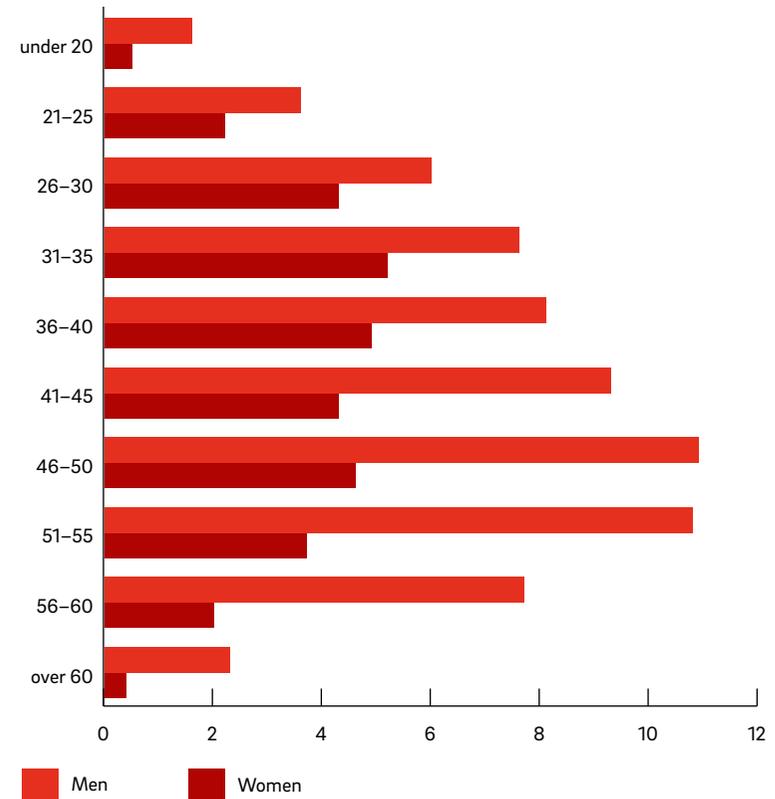
Young and older employees have been able to discuss their capabilities and knowledge with each other since 2016 as part of our "Reverse Mentoring" programme. The aim is to create cross-generational understanding and to encourage networking. The programme is currently available to employees of E.ON Business Services (EBS) and of our regional entities in Sweden and the UK. There are plans to extend the programme to all entities.

As at year-end, the average age in the E.ON Group was 42. This is comparable with average ages at other DAX 30 companies. The age structure of E.ON's employees reflects the demographic shift of people of working age in Germany: around 18 per cent of our employees were 30 years old or younger in 2016, with 55 per cent between 31 and 50 and around 27 per cent older than 50.

Awards for diversity

We received the Total-E-Quality Award for the third time in a row in 2016: the honour was awarded to us for our exemplary human resources policy commitment to diversity and equal opportunities. In Sweden we were awarded the 2016 prize for best multi-generational employer.

Age profile total workforce in 2016 (percentages)¹⁾ ✓



¹⁾ Including board members/managing directors and apprentices

Promoting talent, boosting development

We also want to continue competing in the future and to develop new areas of growth. We rely primarily on our employees' knowledge and expertise for this. Our goal is to employ the right people in the right positions in the Group at all times. The current changes in the energy market also represent new challenges for our human resources management. Yet, at the same time, increasing digitalisation also presents the opportunity to attract employees from different and more diverse talent pools.

Integrated approach to further training

We want to find the right employees for our company, recruit them and develop their capabilities in a targeted manner. We need effective HR management in order to achieve this. We ensure that we also have sufficient numbers of qualified professionals available in the future, based on various development programmes. Our Group-wide talent management opens up attractive career prospects, in particular to qualified expert staff and future leaders. In addition to focusing on "traditional" management careers, we also want to enable employees to embark on individual and flexible career paths and have career paths for experts and project managers.

Offering further learning opportunities for our employees is the cornerstone of our human resources management. We want our employees to be able to decide for themselves on the content, duration, location, pace and methods for their further training. We encourage a culture of learning for which employees assume responsibility for themselves based on a wide range of extra-occupational programmes, courses, workshops and materials for self-study.

Responsibilities

Since 2013 our Global Learning Center of Competence (CoC) offers virtual learning as well as training sessions and publishes a Group-wide further training catalogue for this. The Business Service Center in Berlin is responsible transactional activity related to learning.

Encouraging and developing our employees is one of E.ON management staff's key tasks. They receive support from various tools for this: our leadership guide, for example, provides assistance with preparing and holding employee feedback talks.

Internal guidelines and policies

"International transfer policy" (2011)

This policy governs temporary deployments of our employees abroad. The average length of a deployment abroad is between two and three years.

Procedures

Procedure for global recruitment of management staff (revised 2015)

The aim of the procedure applicable across the entire Group is to optimise the placement of management positions, ensure greater transparency in the recruitment process and promote equal opportunities. The "Placement Conference" is the main element here, where HR representatives from various divisions within the company have the opportunity to discuss open positions and potential candidates.

Talent reporting and management review process

We monitor the diversity and success of our talent pools every quarter. In addition, we conduct an annual management review process that reviews our talent and succession strength.

Programmes and projects

E.ON training initiative (since 2003)

The initiative contributes towards the Germany-wide training pact. It supports young people in transitioning from school to work, based on school projects, internships and training courses. It also includes programmes for → [refugees](#).

E.ON Graduate Programme (EGP)

The EGP recruits highly qualified graduates for a 24-month programme. The trainees spend time at three to six placements in various company entities and departments during this programme. This way, they can get to know our company from different perspectives. The EGP is offered in six countries (Germany, the UK, Sweden, the Czech Republic, Hungary and Romania).

Additional educational and further training courses

The following courses are just a selection of what is on offer:

- *getAbstract*: The largest range of abstracts from professional, management and career manuals globally is available to our employees free of charge.
 - *Talent Breakfast*: This event facilitates exchange and discussion between talents and management staff in Germany.
 - *Entry-level programme for university graduates*: This trainee programme is tailored to the needs of the regional suppliers. It provides training to trainees in various specific disciplines.
-

Progress and measures in 2016

We also successfully implemented various efforts in 2016 with the aim of recruiting qualified talents in our Group and of ensuring continuous further training for our employees. Every employee took part in an average of 1.7 days of classroom training in 2016 (measured against the average workforce as a whole) and EUR 811 per employee was spent on training. Our "E.ON Graduate Programme" was one of the most sought-after opportunities at entry level, with 64 trainees starting the programme in 2016 across the entire Group. We received over 3,500 applications.

Our attractiveness as an employer was also confirmed by external validation in 2016. This included being named "top employer" once again in Germany by the Top Employer Institute. This certification also takes account of our talent strategy along with the various learning and development opportunities.

"Learning Take Away Days" – our new innovative training format

We offered a different training format in 2016 at several sites in Germany and Romania in the form of the "Learning Take Away Days". The format consists of 25 short learning elements each lasting 90 minutes. This way we offer all employees "Grab & Go" learning sessions. It was a major success with over 1,000 employees participating. The training is targeted to improve daily productivity. The sessions saw Senior Vice Presidents learning alongside our apprentices.

Learning app provides updates on further training courses

We introduced a new "Learning Management System" in 2016 with our learning app. Among other things, our employees can use this tool to get updates on our diverse further training courses and book, cancel and earmark their own internal training sessions. The app is aimed at encouraging all employees to engage in continuous further training.

Personal and professional development using the new model of competence

In 2016, we adopted the new Group-wide model of competence grow@E.ON, which had been in development since 2015. It provides a summary of the skills that our employees and managers require across all departments and countries. We defined some core skills for this applicable to all employees. Additional requirements were also defined e.g. for management staff and project managers. Topics such as the focus on customers and responsibility are given greater priority than before. The model ensures transparency in terms of our expectations of our employees and provides concrete assistance with personal and professional development. The new model of competence forms the basis for employee development as well as for selecting applicants and recruitment. grow@E.ON is being implemented in stages. We are currently developing an accompanying e-learning course that all employees will undergo by the middle of 2017.

New "2020 Leadership" programme

The new strategic direction for our company provides new challenges for our management staff. We continued to implement a development programme in 2016 in conjunction with internationally renowned supplier Duke Corporate Education with the aim of providing transformational learning. A 3.5-day training module forms the centrepiece of the programme. Current issues were worked through in active learning units, including for example: how do I convey E.ON's new vision, values and objectives to my employees? How do I establish an understanding for customer relationships and drive digitalisation forward?

E.ON Abroad

The pilot project "E.ON Abroad" was launched in the reporting year by E.ON Germany. Trainees and students on dual study programmes had the opportunity to acquire international career skills in Romania between June and November 2016. They spent around six weeks at each of the various departments in order to gain an insight into local processes.

Apprentices in Germany



¹⁾ Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

We employed a total of 971 trainees and students on dual study programmes in Germany at year-end. This corresponds to a training quota of 5.3 per cent (previous year: 5.5 per cent). We took on 90 per cent of these trainees in 2016 after they had completed their training (previous year: 89 per cent). As in the previous year, the number of apprentices offered permanent and temporary contracts is very high (274 of 303 = 90 per cent, previous year 331 of 370 = 89 per cent). This helps us counteract skill shortage.

Shaping change

Globalised markets and a growing shortage of skilled workers in Europe mean that creating attractive working conditions is more and more important for companies. This is the only way that they will be able to recruit qualified and motivated employees and retain them over the long term. Staff management also needs to adjust to a more global work environment and to changes in employee age structure in the industrialised nations as a result of demographic change. The year 2016 marked E.ON's new strategic direction. Our job is to support our employees through changes, create attractive working conditions and account for changes in employee requirements.

Flexible working models, attractive remuneration

We want to create optimum working conditions so that our employees work effectively and are able to achieve the optimum balance between their careers and private lives. Flexible work-time models have been in place at our company for some years. We also provide support through various programmes for periods when employees are exposed to greater pressures in their private lives.

We appreciate high achievement as this motivates our employees. Attractive remuneration as well as additional occupational benefits are therefore a matter of course for us. We also have different reward and remuneration mechanisms aimed at ensuring appreciation of particular achievement.

Internal guidelines and policies

Group "Working Hours" work agreement (2015)

Among other things, the agreement in Germany states that all employees have the opportunity of working remotely from home. They can also take advantage of longer periods of downtime (sabbaticals). A flexible working policy operates through E.ON.

Overall "Family and Career" work agreement (2010; revised 2011)

The work agreement defines how we encourage part-time and remote work and the offers that we make to our employees at E.ON for childcare, maternity protection, parental leave, sabbaticals and providing care for other family members. It also governs our cooperation with the pme family service and states how our employees are able to take advantage of this service.

Cooperation

pme family service

In conjunction with our cooperation partner pme, we offer our employees in Germany access to various advisory offers and services related to combining career and private life. Among other things, we provide support with organising and financing care services and also offer psychosocial support.

Programmes and projects

Support with getting back into work

We support our employees with getting back to work following longer absences, e.g. as a result of parental leave or illness. We give employees on parental leave the opportunity to provide holiday or sickness cover if they wish as a way of following the latest developments in the company. Our employees in Germany can also extend their parental leave by a fourth year.

Care for children and relatives in need of care

We provide subsidised childcare places for young children in cooperation with day-care centres and crèches. We also arrange ad-hoc care in emergencies and offer a comprehensive holiday programme for our employees' children in cooperation with the pme family service.

Employees with relatives in need of care can obtain advice on inpatient and outpatient care. We place nurses, senior citizen carers and home help in cooperation with the pme family service.

Employee involvement

We involve our employees closely in corporate processes. For this we have established the following measures:

- mandatory appraisal reviews
 - regular employee surveys (the Pulse Check)
 - the "Ask the Board" discussion forum where all employees are regularly invited to chat live with the Management Board
 - various blogs that allow employees to discuss issues with managers and colleagues
-

Occupational benefits

Aside from employee salaries, the social and other benefits that we provide include:

- occupational pension scheme
 - employer-funded Group accident insurance, which provides cover during out-of-work hours as well as for accidents at work or when travelling to and from work
 - individual asset formation based on employee share programmes
-

Progress and measures in 2016

E.ON's new → strategic direction was the predominant theme in our staff management activities for 2016. The existing E.ON business will be continued by the two independent companies E.ON and Uniper as part of this new direction. We want to provide the best possible support to our employees with any changes and have defined three priorities for our staff management activities: preparing employees for what is to come, creating new opportunities and appreciating their performance.

Agreement on the new strategy

A "joint declaration" on E.ON's new structure was agreed in November 2014 between the Management Board of E.ON, the SE works council and the Group works council (co-determination). The following agreements made in the joint declaration have been complied with:

- There has been no reduction in headcount following the Uniper spin-off.
- We have adhered to existing wage agreements and works agreements.
- Pension agreements remained unchanged.
- Ongoing staff development and training measures have continued.
- Co-determination was comprehensively incorporated into the project work at an early stage within the scope of the well-established cooperation between the company and bodies with right of co-determination. A project advisory panel was set up for this consisting of leading co-determination representatives from Germany and other European countries.

Restructuring our processes: the Phoenix programme

Following the successful spin-off of Uniper the focus now is on the company's new structure. We launched the Phoenix programme in 2016 in order to make E.ON fit for the future. It is aimed at optimising structures and processes, reducing bureaucracy and complexity, ensuring freedom to make decisions, increasing speed and agility and increasing proximity with the customer. The result is a leaner company. As part of the programme, the Management Board also set clear savings targets that we are aiming

at through improvements to company structure: we want to reduce costs in the order of EUR 400 million on a sustainable basis by 2018. The programme is not focused on reducing headcount, although we cannot rule this out. For this reason, recruiting activity will be limited during the period of change in the interests of all employees. Given the rapid pace of change in the markets and increased competition, we need to implement our transformation quickly and consistently. We are working closely with our co-determination committees in the Phoenix project. We have laid the foundation for this with the resolution on a joint document on the fundamental points. The early involvement agreed for the project advisory panel is also particularly significant here in terms of developing constructive solutions jointly for which both sides will be responsible.

Revision to our "People Strategy"

Our "People Strategy" describes how we capitalise on our employees' potential as effectively as possible in order to achieve our corporate objectives. It became clear in early 2016 that we would need to scrutinise and adapt this strategy against the background of E.ON's new structure. We therefore revised our "People Strategy" over the course of the year. It now focuses more closely on the five values in our corporate vision – "Putting Our Customer First", "Working Together", "Improving & Innovating", "Winning Together" and "Acting Responsibly and with an Open Mind". We have produced a film aimed at sparking enthusiasm for the changes among our employees, and which conveys the messages of the "new E.ON" with emotion. The film was cited as a good example in a study by Promerit AG of how companies can inform and inspire their employees in the event of changes.

New intranet platform introduced

More than 43,000 colleagues across the entire Group have been able to access our new intranet platform "Connect" since November 2016. It is similar to a social media platform: our employees are able, for example, to come together in groups to engage in discussion and cooperation. More than 1,000 of these "communities" have been formed since its introduction. The human resources division also has its own closed discussion platform known as the "Global HR Community". This provides the latest news, information and opportunities for discussion specifically for the HR team.

Employee survey – Pulse Check

With the fourth Pulse Check, which was carried out at the end of 2016, we once again surveyed our employees on different aspects of our work, including our vision and strategy, our work with customers and teamwork, the sense of responsibility as well as general potential for improvement. More than 11,000 employees took part in the survey. Issues were evaluated on a scale of 1 (very poor) to 5 (very good). Our scores for the different categories were between 3.5 and 4.3. The results of the check were communicated internally in order to highlight potential areas where action is required and to derive potential measures for improvement.

Key figures

Employees (general figures)^{1), 2)}

	2016	2015 ³⁾
Group employees	43,138 ✓	43,162
Employees by business unit		
Energy Network ⁴⁾	16,814 ✓	14,932
Customer Solutions ⁵⁾	19,106 ✓	20,860
Renewables	1,082 ✓	913
Corporate Functions/other ⁶⁾	4,102 ✓	4,237
Core Business	41,104 ✓	40,942
Non-Core-Business (PreussenElektra)	2,034 ✓	1,998
Other (Divested operations) ⁷⁾	- ✓	222

1) Excluding board members/managing directors and apprentices

2) Figures taken from the reviewed section of the Annual Report

3) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

4) Figures include: Germany, Czech Republic, Hungary, Romania, Slovakia, Sweden

5) Figures include: Germany, Czech Republic, Hungary, Italy, Romania, Sweden, UK, ECT

6) Figures include: E.ON SE, EBS (IT+EBUS), Other

7) Including: Poland, Italy, Denmark and several other countries

Occupational health and safety

	2016	2015 ¹⁾
TRIF combined^{2), 3)}	2.5	2.4
E.ON employees	2.5 <input checked="" type="checkbox"/>	2.3
Contractors employees	2.6	2.6
LTIF^{2), 4)}		
E.ON employees	1.9 <input checked="" type="checkbox"/>	1.9
Contractors employees	2.1	2.0
Near miss incidents E.ON employees and contractors employees²⁾	4,458	6,998
E.ON employees	3,634	4,757
Contractors employees	824	2,241
Number of fatal accidents E.ON employees and contractors employees²⁾	4 <input checked="" type="checkbox"/>	2
Health rate E.ON employees (percentages)⁵⁾	96.5⁶⁾ <input checked="" type="checkbox"/>	96.5

1) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

2) Unlike from the general approach of reporting, our safety reporting includes companies in which E.ON holds less than a 50 per cent stake but over which E.ON has operational control.

3) Total Recordable Injury Frequency – The number of work-related accidents and occupational diseases per million hours worked

4) Lost Time Injury Frequency – work-related accidents resulting in lost man hours per million hours worked

5) Including board members/managing directors and apprentices

6) Figures taken from the reviewed section of the Annual Report

Diversity and equal opportunity¹⁾

	2016	2015 ²⁾
Ratio of women among total workforce (percentages) ³⁾	32.1 <input checked="" type="checkbox"/>	32.0
Ratio of women among management across E.ON Group (percentages) ⁴⁾	19.6 <input checked="" type="checkbox"/>	18.4
Ratio of women among management in Germany (percentages) ⁴⁾	15.7 <input checked="" type="checkbox"/>	15.4
Number of employees with severe disabilities in Germany ⁵⁾	934 <input checked="" type="checkbox"/>	970
Number of apprentices with a severe disability in Group companies located in Germany ⁵⁾	6 <input checked="" type="checkbox"/>	6
Proportion of employees with severe disability in Germany (percentages) ⁵⁾	5.4 <input checked="" type="checkbox"/>	5.7
Number of nationalities	97 <input checked="" type="checkbox"/>	96

1) Figures taken from the reviewed section of the Annual Report

2) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

3) Including board members/managing directors and apprentices

4) Including board members/managing directors

5) Excluding board members/managing directors, including apprentices

Employee development¹⁾

	2016	2015 ²⁾
Apprentices in Germany	971 <input checked="" type="checkbox"/>	990
Apprentices – ratio in Germany (percentages)	5.3 <input checked="" type="checkbox"/>	5.5

1) Figures taken from the reviewed section of the Annual Report

2) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

Working conditions

	2016	2015 ¹⁾
Employees with full time contracts (percentages) ²⁾	92	91
Employees with permanent employment contracts (percentages) ²⁾	95	96
Employees with part time contracts	3,517 ³⁾ ✓	3,937
Employees with collective bargaining agreements (percentages)	84	84
Turnover rate (percentages) ²⁾	5.3 ✓	3.5
Average length of service (years) ²⁾	14.2 ³⁾ ✓	14.3
New hires		
New hires (headcounts)	4,451	4,207
New hires (FTE)	4,346	4,042
New hires permanent employment contracts (percentages)	67	67
Personnel costs (€ in millions)	2,839³⁾ ✓	2,995

1) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

2) Including board members/managing directors and apprentices

3) Figures taken from the reviewed section of the Annual Report

A photograph of an offshore wind farm at sunset. The sun is low on the horizon, creating a golden glow over the ocean. Several wind turbines are visible in the distance, and a large tower structure is in the foreground on the left. The sky is a mix of blue and orange.

Environment

As an energy company, we play a key role in climate protection. This is because the production and use of conventional energy produces large amounts of greenhouse gases. We publish our CO₂ footprint and provide explicit reporting on what measures we are taking to reduce it. As part of our environmental management programmes, we also take into consideration what possible impacts our operations may have on the environment and biodiversity. Our goal is to reduce our resource and energy consumption and see to it that our plants and grids do not pose a threat to species and habitat diversity.

Key role in climate protection

In 2016, the United Nations (United Nations - UN) climate conference in Marrakech ratified the Paris climate agreement from the previous year. For the first time, more than 190 countries made a joint pledge to limit global warming to well below 2°C – a clear signal in favour of climate protection. This two-degree goal can only be achieved if ambitious measures to reduce greenhouse gas emissions are taken worldwide. Carbon-neutral energy production will play a central role in this effort. Approximately 40 per cent of all greenhouse gas emissions worldwide are caused by the production of energy.

As an energy company we have a major responsibility in climate protection. The transfer of conventional power generation business to Uniper on January 1, 2016, and our new strategic focus on renewables → renewables have resulted in significant reductions in direct CO₂ emissions from our power and heat generation. However, indirect emissions caused by the consumption of electricity and gas by our customers remain high. We intend to apply innovative energy solutions → efficiency improvements that will help our customers reduce their energy consumption. One of the reasons climate protection is a key issue for us is that worsening climate change can have a negative impact on our business, as extreme weather can cause interruptions or outages at our power plants. Violent storms can adversely affect the operation of wind turbines, for example.

Transparency in climate reporting

To demonstrate the progress we are making in climate protection and to provide for direct comparison with our competitors, we have been reporting transparently on our CO₂ emissions for a number of years. Starting in 2004 we began releasing information on CO₂ emissions from power generation through the independent, non-profit organisation CDP (formerly: Carbon Disclosure Project). This is now the fifth year that we have published the E.ON Group's entire carbon footprint.

In 2016, we were again → recognised for our climate reporting by the CDP as one of the leading companies in the DACH region (Germany, Austria, Switzerland). CDP acknowledged the quality, processing and transparency of data that we publish in the annual CDP report on climate change. With a rating of A-, we are an industry leader in the "Leadership Index", which only ten per cent of surveyed companies from all industrial sectors manage to achieve. The CO₂ data that we provided was evaluated by an independent body.

CDP is one of the largest associations of international investors. Each year, companies from around the world are asked to publish their CO₂ emissions as well as their strategies for dealing with climate change. The CDP rating measures the transparency and detail of a company's CO₂ reporting.

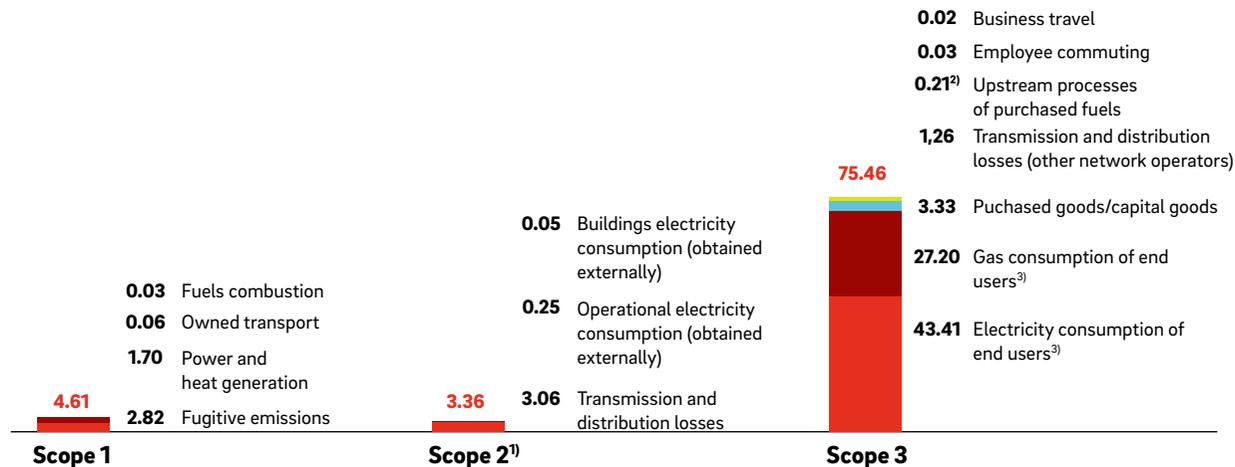
Comprehensive CO₂ accounting

In calculating our CO₂ emissions, we include the entire value chain – everything from our suppliers to the end user. In addition to CO₂ emissions from our power and heat generation, we also include CO₂ emissions from day-to-day business operations not directly related to the generation of power.

At the end of 2016 our total direct and indirect CO₂ emissions stood at around 83.43 million metric tonnes of CO₂.

The globally recognised WRI / WBCSD Greenhouse Gas Protocol Corporate Accounting and Reporting Standard serves as the basis for calculating emissions. CO₂ plays by far the most important role in our greenhouse gas emissions. Other greenhouse gases such as sulphur hexafluoride (SF₆) or methane (CH₄) are also important, but they occur only in smaller quantities in relation to direct CO₂.

Carbon footprint (total CO₂ equivalents in million metric tonnes)



1) For reasons of materiality, the calculation does not include internal consumption by district heating, however it does include relevant transmission and distribution losses from electricity and district heating. These result in the largest percentage of Scope 2 emissions.

2) Figure estimated on the basis of previous year values

3) Figures include private, commercial and industrial customers

Direct emissions from our power generation (Scope 1)

Scope 1 comprises emissions from our own plants and facilities used for example in electricity generation, including CO₂ emissions of methane and nitrous oxide (→ [GRI index G4 EN15](#)).

Scope 1 (total CO₂ equivalents in million metric tonnes)

	2016 <input checked="" type="checkbox"/>	2015 ¹⁾
Generation of power and heat	1.70	77.09
Fugitive emissions	2.82	2.76
Fuels combustion	0.03	0.08
Owned transport	0.06	0.06
Total	4.61	79.99

¹⁾ Figures not adjusted for discontinued operations (i.e. not adjusted for Uniper)

Our Scope 1 emissions in 2016 totalled 4.61 million metric tonnes of CO₂. This value dropped significantly compared to previous years. The reason for this is related to the transfer of the conventional generation business to a separate company on January 1. By focusing on electricity generated from → [renewables](#), the figure for CO₂-emissions from the generation of power and heat fell to 1.7 million metric tonnes. According to the "Greenhouse Gas Protocol" and DEFRA environmental reporting guidelines, there are no direct CO₂ emissions from renewables and these are therefore set to a value of "0". The residual amounts of 1.7 million metric tonnes can be attributed to emissions from facilities such as gas plants for heat generation and from cogeneration plants that we still own. With respect to these facilities, we distinguish between those with a capacity of over 20 megawatt, which are included under the European Union Emission Trading System (EU ETS), and those with a capacity below 20 megawatt, such as cogeneration plants (CHP facilities). For emissions from our installations included in the EU-ETS

we were required to produce certificates amounting to 1.2 million metric tonnes CO₂ in 2016. Based on the average price of CO₂, this corresponded to a market value of EUR 7 million.

In addition, 2.82 million metric tonnes resulted from fugitive emissions produced mainly by gas leaks in our networks. We aim to avoid future leakage by continuously modernising our → [gas lines](#). To reduce emissions from fuel used in company vehicles (owned transport), we began → [electrifying our fleet](#) in 2016.

We no longer report the CO₂ intensity of power generation, because these values are minimal owing to the reduction in emissions from the production of power and heat, as previously mentioned, which means they are no longer significant for us.

Indirect emissions associated with our electricity and heat consumption (Scope 2)

Scope 2 describes emissions we can influence indirectly. These are caused for example by the generation of electricity that we acquire for the operation of our facilities, or by losses through the distribution of power in our own networks.

Scope 2 (total CO₂ equivalents in million metric tonnes)¹⁾

	2016 	2015 ²⁾
Internal energy consumption in business operations (obtained externally)	0.25	0.46
Transmission and distribution losses ³⁾	3.06	3.19
Energy consumption by E.ON buildings (obtained externally)	0.05	0.04
Total	3.36	3.69

1) For reasons of materiality, the calculation does not include internal consumption by district heating, however it does include relevant transmission and distribution losses from electricity and district heating. These result in the largest percentage of Scope 2 emissions.

2) Figures not adjusted for discontinued operations (i.e. not adjusted for Uniper)

3) Figures for upstream CO₂ emissions were determined by geographic region ("location-based" method).

Our Scope 2 emissions in 2016 of 3.36 million metric tonnes of CO₂ were slightly lower than for the previous year. Compared to our other indirect emissions, this amount is of little relevance. But we want to achieve improvements here as well: In order to minimise losses in the transmission and distribution of electricity, we are investing in the → optimisation of our power networks. Besides that, we are also seeking to improve the energy → efficiency of our buildings.

According to the "Greenhouse Gas Protocol Scope 2 Guidance", which was expanded in 2015, the figure for the electricity procured under Scope 2 is determined in two ways. In the "location-based" method, emissions are calculated based on emission factors for specific geographic regions, that is, without taking into consideration a company's specific energy mix. In the "market-based" approach, on the other hand, actually occurring emissions are calculated using an emission factor that takes into account contracts with energy suppliers. If the exact origin of externally purchased electricity and the associated emission factor cannot be precisely determined, the so-called residual mix factor is used. This reflects greenhouse gas emissions that cannot be clearly assigned to a particular source and is in some cases significantly higher than the regional energy mix factor. In the table below, we report for the first time those emissions caused by transmission and distribution losses, which account for the majority of our Scope 2 emissions, using both methods. In our carbon footprint, we use the value determined by the "location-based" method.

Scope 2 GHG Protocol Guidance (total CO₂ equivalents in million metric tonnes)

	2016 
Transmission and distribution losses (location-based)	3.06
Transmission and distribution losses (market-based)	4.20 ¹⁾

1) A large part of the losses in the transmission and distribution of electricity in Sweden were offset by the purchase of green electricity.

Other indirect emissions (Scope 3)

Scope 3 includes other indirect emissions that occur in connection with our business activities. They result chiefly from electricity and gas consumption by our customers, but also, among other things, from the procurement of materials and from transmission and distribution losses of electricity in networks operated by other companies.

Scope 3 (total CO₂ equivalents in million metric tonnes)

	2016 	2015 ¹⁾
Electricity consumption of end users ²⁾	43.41	55.31
Gas consumption of end users ²⁾	27.20	45.15
Purchased goods/capital goods	3.33	3.88 ³⁾
Transmission and distribution losses (other grid operators)	1.26	2.72
Upstream processes of purchased fuels	0.21 ⁴⁾	9.40 ⁵⁾
Employee commuting	0.03	0.03
Business travel	0.02	0.02
Total	75.46	116.51

1) Figures not adjusted for discontinued operations (i.e. not adjusted for Uniper)

2) Figures include private, commercial and industrial customers

3) Including procurement of fuels

4) Figure estimated on the basis of previous year values

5) Including coal

Our Scope 3 emissions in 2016 totalled 75.45 million metric tonnes of CO₂. The majority of Scope 3 emissions results from the consumption of electricity and gas by our customers. These emissions also make up the major part of our whole carbon footprint now. The decrease in CO₂



Cleaner commuting

The transport sector alone emits around 18 per cent of Germany's carbon. Employee commuting accounts for a big part of this. Better mobility management could therefore make a significant contribution to climate protection. To find promising ways to improve ours, in 2016 we participated in Mobil.Pro.Fit.®, a project conducted by B.A.U.M., Europe's largest network of sustainability-minded companies. We surveyed the employees at three of our facilities in Germany regarding their mobility needs, preferred means of transport, and suggestions for improvements. We then took a wide range of steps – more charge points for electric cars, home office arrangements, shower facilities for bike commuters, discounts on public-transport passes, and climate-awareness days – to make commuting to E.ON greener.

emissions from gas consumption can be attributed primarily to the fact that the spin-off of the energy trading business to Uniper included the transfer of the gas wholesale operations. The decrease in emissions from end use of electricity is mainly a result of the 3.6 billion kilowatt-hours drop in electricity sales during the 2016 reporting year. Reducing CO₂ emissions attributable to our customers was brought into greater focus as a result of our realignment. That's why we are developing new solutions that can help our customers use less energy. In addition, we are of course also working to reduce Scope 3 emissions that do not result from our customer's use of electricity and gas. Our travel policy, for instance, encourages the use of carbon-neutral means of transportation. In 2016, we began providing a shuttlebus for employees who commute between Dusseldorf and Essen.

Resource conservation, environmental protection

With the growth of the world's population, global consumption of valuable resources is also on the rise. Policymakers have responded to these developments with ambitious legal requirements, particularly in Europe: Since 2008, the European Waste Framework Directive, for example, sets clear requirements for the prevention and recycling of waste. The EU energy efficiency directive from 2012 aims at reducing energy consumption across Europe. With this in mind, we continuously analyse our own resource and energy consumption and identify potential savings. By doing so, we fulfil legal requirements, save resources, reduce our carbon footprint and cut costs.

Another focus of our environmental management programmes involves reducing the environmental impact of our business activities. In further expanding renewable energy, it is important to take into account environmental regulations so as to preclude the possibility, for example, that offshore wind turbines could pose a threat to fish species. The expansion of renewables goes hand-in-hand with the further expansion of our energy networks. Here, too, we need to bear in mind any potential effects on the environment and ensure that our operations pose no danger to species and habitat diversity. Only by pursuing ecologically sustainable development will we be able to secure public acceptance of these projects.

Applying the principle of prevention to environmental management

We want to be an environmentally responsible energy partner. For us this means keeping our environmental impacts as small as possible and offering our customers energy-efficient solutions. And here the preventative principle embodied in the United Nations (UN) is of crucial importance to us – that's why we are constantly working where possible to see that environmental damage does not occur. Through our → [energy solutions](#) we are already making a significant contribution to resource-efficient power generation and helping our customers save energy. But we also want to continuously reduce our own energy consumption as well. We also take care to make efficient use of resources like fresh water and office supplies and to avoid waste. In doing so, we also ensure that all legal requirements are being met. We have also defined environmental standards of our own, which apply Group-wide and which we require our partners comply with as well.

For us, human health and safety is closely related to environmental protection. This is why we have taken a forward-looking approach to the management of health, safety and environment (HSE) by consolidating everything under one roof.

Responsibilities

Our board and senior HSE management teams share responsibility for our performance in HSE. They are responsible for our strategies and promote continuous improvement. In addition, all employees are actively involved in HSE activities and are committed to making sure we achieve our goals. You can find a description of our HSE organisational structure in the chapter on → [sustainability structures](#).

Despite all the precautionary measures we take, environmental incidents cannot be entirely ruled out. When such incidents occur, our → [incident and crisis management system](#) sees to it that the impact is kept to the minimum possible.

Principles und policies

→ [E.ON Health, Safety and Environment Policy Statement](#) (2013; revised 2014)

Through this declaration of principles, we commit, among other things, to reducing our ecological footprint and ensuring operational efficiency. We examine a facility's entire life cycle – from planning up to decommissioning. This is how we seek to achieve the most efficient use of resources.

Internal guidelines and policies

Management Group policy HSE (2013; updated in 2015)

This policy defines roles, responsibilities, management concepts and reporting lines to HSE that apply Group-wide.

Business governance Group policy HSE management (2013)

This Group directive defines minimum requirements and management tools for standardised processes relating to HSE. It obligates all global and regional units¹⁾ to introduce an externally certified environmental management system that complies with the international standards ISO 14001 or EMAS.

1) "Exceptions are allowed if the level of risk borne by a management unit in performing routine and non-routine activities/work processes is low." (Business governance Group policy HSE management; p. 7)

Business governance Group policy procurement (updated in 2016)

This directive defines processes by which we identify HSE risks when purchasing a service or product. New suppliers undergo a qualification process based on risk. Any deficiencies must be eliminated. Depending on the size of the supplier, we require, among other things, certification under ISO 14001 or EMAS III or we conduct HSE audits.

External frameworks and commitments

Ten Principles of the United Nations
 "Global Compact" (since 2005)

With our affirmation of the "Global Compact" principles, we have committed to comply with environmental protection standards.

Procedures

Environmental impact assessments
 and monitoring

We continuously register potential environmental risks in the planning, construction and operation of our power plants and energy networks. We also conduct regular environmental impact assessments (EIA). We consistently meet the requirements set by public authorities and consult where necessary with external environmental experts. EIA findings must be given due consideration by all project managers.

"Prevent!" incident management system (since 2013)

Our units use this online system to detect incidents that involve risk as well as environmentally relevant events. This lets us analyse the events systematically and develop specific measures to minimise risks. We differentiate between four levels of environmental incidents based on certain characteristics: 0 (no actual damage), 1, 2 and 3 (serious impact). All serious incidents are subject to a 24-hour reporting requirement. Serious incidents include, for example, irreparable damage to protected habitats.

Central approval platform for the
 construction and operation of plants
 (since 2012)

With the aid of this platform, we can evaluate regulatory changes at the national, European and international levels that may potentially have an impact on our systems. Each regional unit has designated a contact person. This person uses the platform to publicise legally relevant changes that have a major impact on our business. The contact person also assesses the challenges we face as a consequence of these changes.

Projects to increase the energy efficiency
 of E.ON buildings

We identify potential energy savings by evaluating our energy consumption and analysing our needs. Recommendations for energy savings projects are promulgated as a result. These also include assessments of cost effectiveness. Based on these recommendations, we then draw up plans for appropriate efficiency measures.

Progress and measures in 2016

In 2016 we concentrated mainly on evaluating the current state of the environmental and energy management systems at our global and regional units. We also set specific targets for 2016-2018 regarding environmental and energy management. These objectives include introducing by 2018 an environmental management system that complies with ISO 14001 and a general energy management system in all units (either per ISO 50001 or DIN EN 16247-1). In 2016, 95 per cent of our companies were already certified under ISO standard 14001. We also want to encourage all employees to get involved in environmental protection and energy efficiency at the company. We have listed all our goals in the HSE work programmes for 2016-2018.

Energy management systems implemented in accordance with ISO 50001

In 2016 we introduced energy management systems compliant with ISO 50001 at all E.ON companies in Germany. This will help us identify potential energy savings and systematically improve our efficiency. To this end, all our companies have formulated their own energy efficiency targets. Some of these energy management systems were certified externally during 2016. Prior to this, our own employees – so-called internal auditors – performed audits to determine whether we fulfilled the requirements of the ISO standard. These employees received training in the requirements of the standard using web-based seminars.

With the introduction of energy management systems, we are meeting the requirement to implement the EU directive on energy efficiency under the German Energy Services Act (EDL-G). In 2016, we introduced and successfully certified energy management systems per ISO 50001 in the Czech Republic and Hungary.

Making networks safer for birds

Power lines pose a big hazard to birds. We put the lines up, so it's on us to make them safer wherever we operate. In partnership with the Czech Society for Ornithology (CSO), we're identifying the segments of our Czech distribution system that are crucial for bird conservation so that our safety measures – like bird-diverting line markers – do the most good. We're also involving bird-watching enthusiasts in this effort. ZSE, our subsidiary in west Slovakia, works closely with Raptor Protection Slovakia (RPS) and has supported RPS's flagship project, LIFE Energija (lifeenergija.sk), since 2003. The project encompasses equipping power lines with bird-diverting markers to reduce raptor collisions, mounting nest boxes on power pylons, and rehabilitating injured raptors.



Improvements in Group-wide dialogue

In 2016, we established a Group-wide competence network of energy experts. It allows employees responsible for energy management at our various units to engage in an exchange of ideas. This dialogue has already led to the distillation of working priorities with respect to energy efficiency.

During the reporting period, moreover, the E.ON energy team formed working groups to deal with the collection of our energy data. The energy team is made up of energy coordinators with our companies in Germany. Among other things, the working groups are seeking to improve the user-friendliness of data systems. In 2017 we plan to continue the international dialogue between our environmental experts. In addition, we would like to establish a network for employees to identify relevant environmental issues.

Energy efficiency buildings enhanced

In order to reduce our energy consumption, we must focus on increasing the efficiency of our buildings. The increased use of LED lighting makes a contribution in that regard. Since 2016 intelligent LED lighting systems have been used in selected locations in the UK, Italy, Hungary and Romania. In addition, we have also introduced advanced building energy management at a site in the UK, resulting in annual savings of more than EUR 76,000 in electricity costs. In 2016, we installed a system at our headquarters in Essen that lets us display in real time the energy consumed by lighting, ventilation, elevators and other building technology and equipment. This provides us with better control of our energy consumption and lets us better manage cost trends. The system is currently in trial mode. In order to encourage our employees to save energy, our subsidiary, E.ON Germany will conduct a motivational campaign, "mission E", put together by EnergieAgentur.NRW.

Efficiency of wind parks increased

Compared to conventional generation plants, renewables are associated with lower CO₂ emissions and other harmful discharges. However, the efficiency of existing wind farms can be further improved. Particularly in the case of onshore wind parks, replacing old systems with new ones (so-called repowering) can increase output. In 2016, we made the decision to replace several of the systems at two German wind parks that were already more than 15 years old. This repowering effort will more than double the performance of one of the wind farms, while increasing the performance of the second more than threefold. This will increase energy output by a factor of six and eight, respectively. Meanwhile, the number of wind turbines is reduced. We are continually examining other ways to improve the efficiency of our existing wind farms.

Smarter schools

Kids go to school to get smarter. We're helping them find ways to make their school buildings smarter too. In partnership with ŽIVICA, a leading Slovak environmental organisation, ZSE launched a programme to encourage schools to conduct practical and educational activities that reduce their energy use, shrink their carbon footprint, and have a positive impact on the surrounding environment. In 2016 the programme involved five schools in west Slovakia that implemented a total of ten energy-saving and environmental projects. ZSE and ŽIVICA are extending the programme to other schools in 2017.



Taking the entire life cycle into consideration

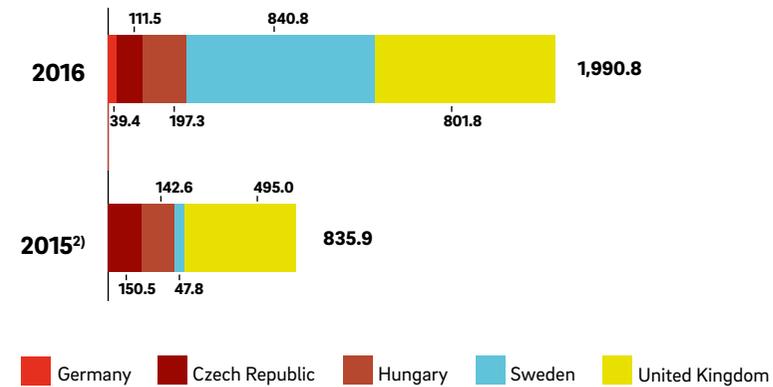
In 2015 a revised version of the international environmental management standard ISO 14001 was issued. It now calls on companies to look at the entire life cycle of its systems. It calls for attention to be focused above all on those processes that take place outside a company, over which the company can nevertheless exercise guidance and influence. To meet these new requirements, we developed an evaluation methodology in 2016, which we then tested at our companies in Germany. During an initial phase, this allows us to examine which parts of the life cycle of the activities or departments observed lie within our sphere of influence. The method is to be implemented Group-wide in 2017 through the relevant environmental expert working groups.

Air emissions

The transfer of conventional generation operations to Uniper on January 1, 2016 resulted in significant changes in terms of our air emissions. Coal-fired power plants, for example, which were transferred to Uniper as part of conventional generation business, had been the main source of sulphur dioxide (SO₂), nitric oxide (NO_x), dust and mercury. The remaining amounts of SO₂- and NO_x being emitted into the air can be attributed to gas-fired facilities for heat generation, such as communal heating and cogeneration plants (CHP), which we still own.

In accordance with our → [reporting approach](#), last year's figures were adjusted to reflect discontinued activities now controlled by Uniper.

NO_x emissions (metric tonnes)¹⁾



1) Possible variations in totals through rounding of numbers

2) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

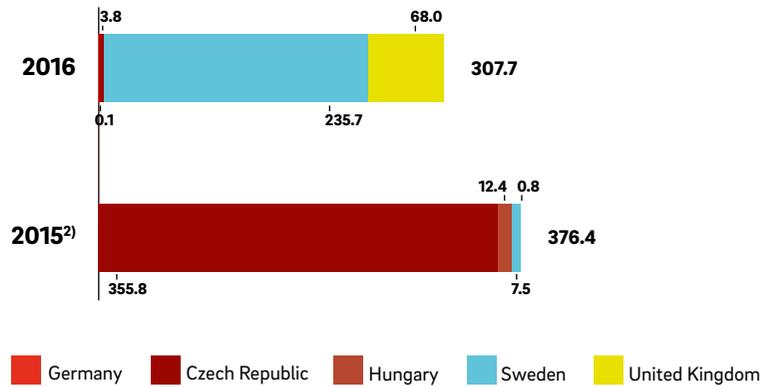
NO_x emissions rose to 1990.8 metric tonnes in 2016, up from 835.9 metric tonnes in the previous year. However, this seemingly significant increase by more than double can be traced primarily to changes in data collection. In 2016, plants under 20 megawatt, such as CHP plants, which are not part of the European Union Emissions Trading System (EU ETS), were included in the survey for the first time. The comparability of the two values is therefore limited. The actual trend cannot be assessed reliably until next year.



E.ON Woods

Environmentalists say "plant a tree, save the planet." E.ON Italia is doing its part. Since 2011, E.ON Italia has planted a tree for each new customer who signs up for a gas supply product called E.ON Green Gas. Customers can also use loyalty points to have trees planted. Reforestation offsets carbon emissions, promotes biodiversity, and beautifies the landscape. → "[I boschi E.ON](#)" (E.ON Woods) now consist of more than 28,000 trees in nine areas around Italy. E.ON Italia aims to reach 60,000 trees by the end of 2017, making E.ON Woods one of Italy's biggest reforestation projects.

SO₂ emissions (metric tonnes)¹⁾



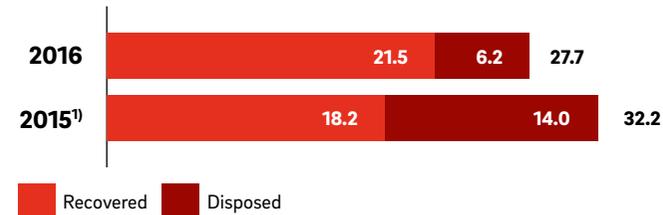
1) Possible variations in totals through rounding of numbers
2) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

The total amount of SO₂ discharged in 2016 stood at 307.7 metric tonnes, which was 68.7 or 18.2 per cent below that of the previous year. The decrease is due to E.ON's transfer of a large thermal power plant in the Czech Republic. SO₂ emissions rose in Sweden and the UK, which as with NO_x emissions can be attributed to a change in data collection.

Waste reduction

Hazardous and non-hazardous waste as well as ash, slag and gypsum likewise were previously produced in substantial quantities through conventional generation operations. This is why we no longer report on the quantity of ash and slag as well as gypsum. However, hazardous and non-hazardous waste still occurs, both in our business operational – and project-related activities – such as in network operations or during the dismantling of our German → nuclear power plants. In handling waste, we differentiate between waste for disposal and recovered waste.

Hazardous waste (metric kilotonnes)

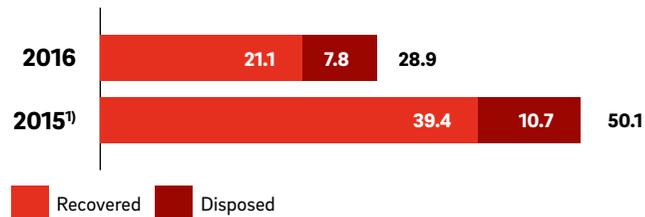


1) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

The total amount of hazardous waste dropped to 27.7 metric kilotonnes in 2016, marking a 14.2 per cent reduction over last year. In all, 77.6 per cent of accumulated hazardous waste was recovered.

The increase in the amount of recovered waste by 3.2 metric kilotonnes can be attributed primarily to the outage of the biomass power plant Stevens Croft in the UK in 2016. As a consequence, some power plant components had to be replaced and miscellaneous maintenance work carried out. Therefore, the amount of recovered waste arising from business operations increased. The reason for the sharp 7.8 metric kilotonnes drop in disposed waste is related to the decline in hazardous waste incurred from the dismantling of nuclear power plants by our operating unit PreussenElektra.

Non-hazardous waste (metric kilotonnes)



¹⁾ Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

The amount of non-hazardous waste fell in 2016 by 42.3 per cent compared with the previous year to 28.9 metric kilotonnes. 72.9 per cent of that was recovered. The sharp decline in both – recovered and disposed waste – can be attributed, again, primarily to the fact that less non-hazardous waste was generated by our activities in nuclear decommissioning in both operational – and project-related operations in 2016.

Information on radioactive waste can be found in the chapter on → [nuclear power](#).

Non-core business: water management at PreussenElektra

Our previous conventional generation business – including hydropower – has been under Uniper's control since the start of 2016. Because of this, water currently plays a role as a resource used in nuclear power generation only. In nuclear power plants, which are operated by PreussenElektra (PE), water is used both as a coolant and as process water for power generation.

PE seeks to make sustainable and efficient use of water resources. This includes reducing water consumption and ensuring a high level of water quality at nuclear power plants. It goes without saying that all legal requirements for the withdrawal and discharge of water are met. Mechanical cleaning processes, the non-use of biocides and constant temperature control of the cooling water return help protect water ecosystems.

In 2016, the cost of water use for nuclear power plants totalled around EUR 22 million. Water system maintenance costs amounted to EUR 4.8 million. Contractors are also expected to manage water responsibly. This is required through binding supplementary terms for goods and services.

PE collates water data in an overall water balance. This provides an overview of water withdrawal and discharge.

Water balance of PreussenElektra (million cubic metres)

	2016	2015 ¹⁾
Fresh water withdrawal	2,355.5	2,409.0
Fresh water discharge	2,329.3	2,374.2
Fresh water consumption	26.2	34.8

¹⁾ Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

Fresh water withdrawal used mostly as cooling water comes almost exclusively from rivers. The volume of fresh water withdrawal in 2016 fell by 54 million cubic metres compared with the previous year owing to plant shutdowns. PE directed 98.8 per cent of the total fresh water withdrawal of 2355.5 million cubic metres back into rivers. Around 26 million cubic metres of fresh water evaporated into the atmosphere through the cooling towers of nuclear power plants.

Key figures

Carbon emissions

	2016	2015 ¹⁾
CO₂ emissions (CO₂ equivalents in million metric tonnes)		
Scope 1	4.61 <input checked="" type="checkbox"/>	79.98
Scope 2	3.36 <input checked="" type="checkbox"/>	3.68
Scope 3	75.46 <input checked="" type="checkbox"/>	116.52
Total (CO₂ equivalents in million metric tonnes)	83.43 <input checked="" type="checkbox"/>	200.18

1) Figures not adjusted for discontinued operations (i.e. not adjusted for Uniper)

Energy

	2016	2015 ¹⁾
Energy consumption within the organisation (million GJ)	382.0	540.0

1) Key figures not adjusted for discontinued operations (i.e. not adjusted for Uniper)

Environmental management

	2016	2015 ¹⁾
Share of sites with ISO 14001 certification (percentages)	95	–
Provisions for environmental remediation and similar obligations (€ in millions) ²⁾	469 ³⁾ ✓	851
short-term	23 ³⁾ ✓	76
long-term	446 ³⁾ ✓	775
Number of environment-related incidents		
Category 3 (serious impact)	0	0
Category 2	10	29
Category 1	119	102
Category 0 (no actual damage)	369	304
Number of incidents as measured on the seven-step International Nuclear Event Scale (INES)⁴⁾	0	0

1) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

2) To guarantee funds for potential redevelopment and water protection measures and to the rehabilitation of contaminated sites

3) Figures taken from the reviewed section of the Annual Report

4) Additional information in the chapter on → "[nuclear power](#)"

Air emissions

	2016	2015 ¹⁾
SO ₂ emissions (metric tonnes)	307.7	376.4
NO _x emissions (metric tonnes)	1,990.8	835.9

1) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

Waste

	2016	2015 ¹⁾
Total waste (metric kilotonnes) ²⁾	57.0	82.9
Share of total amount of waste recycled (percentages) ³⁾	74.7	69.6
Total amount of hazardous waste (metric kilotonnes)	27.7	32.2
Total amount of non-hazardous waste (metric kilotonnes)	28.9	50.1
Low and intermediate-level nuclear waste (metric tonnes) ⁴⁾	423.8	490.0
High-level nuclear waste (metric tonnes) ⁴⁾	20.4	105.4

1) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

2) Consists of: radioactive, hazardous and non-hazardous waste

3) Consists of: percentage of recycled hazardous and non-hazardous waste

4) Additional information in the chapter on → "nuclear power"

Water¹⁾

	2016	2015 ²⁾
Fresh water withdrawal (million cubic metres)	2,355.5	2,409.0
Fresh water discharge (million cubic metres)	2,329.3	2,374.2
Fresh water consumption (million cubic metres)	26.2	34.8

1) Figures just include non-core business activities (see → [water balance of PreussenElektra](#))

2) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

Supply chain



We attach great importance to ensuring that social and ecological standards are adhered to – and this applies to our supply chain as well. Our suppliers must provide appropriate working conditions, engage in ethical business practices and ensure respect for human rights. To this end, we identify possible risks and use appropriate measures to deal with them through our supplier relationship management efforts.

Commitment to a sustainable supply chain

We are dependent on numerous suppliers who provide us with different products and services (non-fuels) as well as biomass (fuel). We can only be economically successful if they supply us both reliably and in accordance with contract. We consider it very important that our suppliers meet high social and environmental standards. This applies in particular to suppliers from countries that are not members of the Organization for Economic Co-operation and Development (OECD) where there is a greater risk of violations of social and environmental norms. Any violation of standards can result in an enormous loss of reputation on our part.

Our cogeneration plants make use of woody biomass. As an alternative fuel, it makes a significant contribution to → reducing CO₂. However, in procuring the woody biomass, care must be taken that deforestation does not produce changes in the microclimate, that no animal or plant habitats are lost and that the landscape is not altered.

Strict requirements on all suppliers

Our aim is to ensure adequate working conditions, apply ethical business practices and prevent human rights violations. We require the same from our business partners in the supply chain. To achieve this, we have developed policies that apply Group-wide and introduced various management processes. Our policies incorporate the practices and standards from our Code of Conduct as well as the principles of the United Nations' "Global Compact". In our policies for the non-fuel procurement we also recognise the UN's "Universal Declaration of Human Rights" (UDHR) as well as the conventions of the International Labour Organization (ILO).

Internal guidelines and policies

General Terms and Conditions for purchase contracts (GTC)¹⁾ (updated 2015)

Our General Terms and Conditions (GTC) apply to purchasing contracts with non-fuel suppliers. They contain, among other things, clauses relating to health, safety and environmental protection (Health, Safety and Environment - HSE) as well as quality assurance. The GTC obliges our non-fuel suppliers to comply with our "Supplier Code of Conduct" and the principles of the "UN Global Compact". Since 2015, they also include the pledge that both E.ON and our non-fuel suppliers take all necessary precautions to minimise compliance risks.

→ [Supplier Code of Conduct](#)¹⁾ (formerly "Principles for responsible procurement" 2008; updated 2016)

The Supplier Code of Conduct contains binding Group-wide standards on the subject of human rights, working conditions, environmental hazards and ethical business practices. The Code is binding on all non-fuel suppliers; in addition, suppliers of uranium and solid biomass¹⁾ pledge compliance by contract.

¹⁾ with the exception of biomass suppliers from Sweden

Business governance Group policy procurement¹⁾ (updated in 2016)

This policy lays down the principles, processes and responsibilities for non-fuel procurement that apply Group-wide. Among other things, it defines how we identify and minimise potential HSE risks. In addition, it regulates the processes for supplier qualification, supplier evaluation as well as risk assessment. Depending on the size of the supplier, we also request certification under OHSAS 18001 or conduct an → [HSE audit](#).

→ [Biomass Purchasing Amendment](#)²⁾ (2010)

This document defines our sustainability requirements for the procurement of biomass. This also includes risk assessments, supplier audits as well as provisions for joint ventures. The amendment is an integral part of all contracts with biomass suppliers. They undertake to ensure respect for human rights and protect the general living conditions of persons affected by biomass production. They must also ensure biodiversity and environmental quality.

Processes

Supplier qualification¹⁾

New non-fuel suppliers that meet one of the following criteria must undergo a supplier qualification process:

- an expected annual business volume of EUR 500,000 for products or EUR 100,000 for services
- suppliers with a medium to high risk potential with respect to HSE, irrespective of the expected business volume

The process consists of a pre-qualification and a qualification process. In addition, optional measures such as product and service tests, audits of the production sites, supplier locations or sample orders may be added. Risks relating to the environment, social or governance (ESG) factors are included in the assessment.

Supplier risk assessments¹⁾

Non-fuel suppliers with an annual volume of orders of more than EUR 5 million are of particular strategic importance to us. They are subjected to a two-year risk assessment in the areas of environment, sustainable procurement, fair business practices and working conditions.

Supplier evaluation and development^{1), 2)}

With respect to orders with a volume of more than EUR 500,000, the supplier shall be evaluated according to twelve criteria after rendering services. Two of these criteria relate to sustainability: environmental regulations and mandatory safety requirements. In addition, the quality of products and services as well as adherence to delivery date are also evaluated. Findings from the supplier's self-assessment and on-site audits are also included in the results. Together with the supplier, it is determined which areas still have potential for improvement; measures and deadlines for implementation are then agreed upon. With respect to biomass suppliers, this supplier evaluation is required at a contract volume of more than five gigawatt-hours.

Supplier compliance check¹⁾ (since 2015)

Using the supplier compliance check, we verify whether new suppliers meet our requirements with regard to antitrust and criminal law. This test, which takes place as part of the non-fuel supplier prequalification process, was made mandatory throughout the Group in 2015 in order to reduce reputation and liability risks.

"E.ON Värme Sverige"²⁾ (since 2014)

We have been using this model since 2014 to evaluate our biomass suppliers in Sweden with respect to corporate social responsibility (CSR).

Industry initiatives

econsense – forum for sustainable development of German business e. V.^{1), 2)} (since 2010)

econsense is an association of leading businesses and German business organisations with operations around the world. Since the foundation of the forum, we have been involved in various working groups, including one on "sustainability in the supply chain". As part of the "National Action Plan for Economic Affairs and Human Rights" (NAP), we were involved in the conceptualisation and development of a human rights training module in 2016 through the "Supply Chain Management" working group.

1) applies to non-fuel suppliers
2) applies to fuel suppliers

Progress and measures in 2016

The central focus of our work in 2016 was on the further development of our non-fuel supplier qualification and our risk assessment model. We launched a number of different measures as part of this effort, including revising the guidelines and the questionnaire for supplier qualification. The guideline and the training documents for the risk assessment model were also updated as was the definition of and responsibilities for conducting the risk assessments. For the first time, all non-fuel supplier evaluations were also consolidated and evaluated throughout the Group in order to provide data that would serve as a basis for monitoring supplier services and to derive suitable improvement measures on a case-by-case basis.

In addition, we began to develop specialised training on sustainability in the supply chain for all procurement employees. The aim is to convey knowledge and to raise the awareness of our employees on issues relating to sustainability.

CSR rating of our most important non-fuel suppliers

In 2016, we conducted a pilot project together with EcoVadis, an external provider of CSR ratings. Between July and December 2016, EcoVadis analysed more than 200 of our most important non-fuel suppliers with a purchasing volume of more than EUR 5 million. By doing so we were able to gain a comprehensive overview of our key suppliers' CSR activities, compile strength-weakness profiles and, where necessary, use this information to derive action plans for improvements. We plan to continue our efforts in this regard in 2017.

Sustainability figures acquired

In 2016, we continued to improve our performance indicators in procurement by supplementing them with new sustainability indicators: these include the number of non-fuel supplier evaluations as well as safety-relevant performance indicators. This is how we manage our procurement

activities. The figures are collected across the Group and evaluated quarterly. In 2016, we used our supplier qualification process to pre-certify or certify nearly 600 non-fuel suppliers of products and services with regard to environmental and human rights criteria.

Improvement plans for a more sustainable supply chain

Our new → improvement plans stipulate that we develop new objectives and measures for achieving a more sustainable supply chain. Local procurement also plays an important role in the sustainable design of our supply chain. Shorter transport routes reduce CO₂ emissions and thus improve our → CO₂ performance. In 2016, we procured 88 per cent of our purchasing volume from the countries we serve.

First "Supplier Innovation Day" in Essen

In October 2016, about 20 of our non-fuel suppliers took part in the first "E.ON Supplier Innovation Day" in Essen (Germany). About 150 employees and selected customers from twelve different countries attended the event. Together with the suppliers, we discussed innovative and sustainable solutions. At the conclusion of the event, four non-fuel suppliers received the "E.ON Supplier Innovation Award" for their ideas and concepts. A total of three prizes were awarded for innovation along with a customer prize. The winner of the customer prize, NetThings, has already concluded a contract to work with EON.



Assessment of all biomass suppliers in Sweden

In 2016, we surveyed 42 of our biomass suppliers in Sweden using the "E.ON Värme Sverige" model. They provide us with over 95 per cent of the volume of biomass needed in Sweden. No environmental or business risks were identified. We also conducted audits at two of the fuel suppliers during the course of the year.

Non-core business: Uranium procurement for PreussenElektra

To generate electricity in our nuclear power plants, we need uranium. We must ensure compliance with high standards in the procurement of this fuel. Our "Supplier Code of Conduct" is therefore incorporated into existing supply contracts for uranium as well as contracts for the production of fuel elements. It is supplemented by an amendment, the → "[Nuclear Fuel Purchasing Amendment](#)", which provides specifics with regard to nuclear fuels. The process for the selection and reviewing of new uranium suppliers is governed by the → "[Nuclear Fuel Policy](#)" from 2014. We purchase uranium exclusively from established suppliers that for the most part produce in politically stable countries. We use media analyses to continually monitor the situation in countries where we procure these raw materials. We conduct reviews and on-site audits of new long-term suppliers and of existing suppliers where reasonable suspicions exist. As our demand for uranium will decrease in the coming years, no new contracts were concluded in 2016. Mines or uranium processing plants were not audited.



Stakeholders

Our stakeholders should have an understanding of our corporate actions and be able to accept them. It is therefore very important for us to engage in dialogue with them and integrate them into our business processes. This is the only way to understand their expectations and to shape the energy world of tomorrow in consensus with them. As part of our social responsibility, we also want to contribute to the prosperity and economic development of the regions in which we operate.

We take stakeholder interests seriously

Everything we do involves an interplay of competing demands and interests – both globally and regionally. Our goal is to ensure that our customers, employees, the general population, policy makers and other stakeholders understand and accept corporate actions ("license to build and operate"). To do so, we seek to better appreciate their needs and interests and take them into account in our business decisions. This is the only way to secure the trust of our stakeholders, our reputation and our long-term success. And we must endeavour to do this in a challenging market environment characterised by regulatory interventions and technological change.

By expanding → renewables we are participating in the energy transition backed by social consensus. This involves many small and large infrastructure projects that not only require the approval of public authorities, but which need to be designed in close consultation with our stakeholders. That is why we seek contact with regional interest groups and include them in our planning and approval processes. Citizens, councils, environmental organisations and public authorities often have ecological, health or financial concerns about the expansion or upgrading of power networks

or generation plants. Open and transparent dialogue helps us identify these concerns in a timely manner so that we can make allowance for them wherever possible and thereby provide for more planning security our construction projects.

We consider anyone with an interest in our company to be a stakeholder. The chart on the next page summarises our main stakeholder groups, their significance for us as well as their expectations of us.

Significance for E.ON	Stakeholder group	Expectations of E.ON
Our customers' decision to purchase is central to our success as a company.	Customers	<ul style="list-style-type: none"> • Safe supply of power at appropriate prices • Active contribution to the energy transition in Europe • Support for self-generated power and energy efficiency
Investor capital is essential to our successful development as a company.	Shareholders and investors	<ul style="list-style-type: none"> • Transparent information on how we do business with their capital • Information on the assessment of value and potential value
Employee performance is crucial to our business success.	Employees	<ul style="list-style-type: none"> • Safe and interesting work environment • Fair remuneration and equal opportunities
As part of our procurement processes, we draw on the services of numerous suppliers and sub-suppliers.	Suppliers and business partners	<ul style="list-style-type: none"> • Fair terms • Collaboration based on mutual respect
The energy transition in Europe can only be successful if it is actively shaped and supported by citizens as consumers and residents.	Municipalities and regions	<ul style="list-style-type: none"> • Transparency on planned measures • Participation at the municipal level
Our business activity is strongly influenced by social developments and political decisions that result from them.	Policy makers, society and the general public	<ul style="list-style-type: none"> • Transparency • Reliable, economical and environmentally compatible energy supply • Compliance with regulatory frameworks
We see universities and social institutions as important cooperation partners. Non-governmental organisations give us valuable insights into social expectations.	Non-governmental organisations and sustainability experts	<ul style="list-style-type: none"> • Transparency • Accountability

Our goal: constructive and solution-oriented dialogue

Dialogue with our stakeholders is a daily part of our work at the local, national and European level. In order to promote sustainable development, we have made stakeholder management a core element of corporate governance. We take into account both short- and long-term effects on our stakeholders. We interact with our stakeholders in different ways, depending on the target group and topic. This ranges from simply providing information to engaging in discussion as well as involvement in decision-making processes and direct participation in projects. We also engage in dialogue with stakeholders as part of various → national and international initiatives for example with policy makers and public authorities.

Maintaining our stakeholder relationships is also an integral part of our risk management process. Through dialogue we are able to identify potential conflicts as well as new business opportunities during the preliminary stages of the decision-making process. This provides a greater degree of certainty when making long-term investments and enables us to act quickly and with foresight in taking strategic actions.

Responsibilities

Group management defines the reasoning behind and positions on issues that affect the Group as a whole and sets the parameters for our activities. The → Sustainability Council advises the Management Board on the involvement of external stakeholders. It analyses trends and expectations and is responsible for establishing a relationship of trust with external stakeholders. The real drivers of our stakeholder dialogue, however, are our regional units, as they are more familiar with local needs and circumstances. Group Management is ready to provide advice with project design and implementation. Moreover, depending on the subject matter, a variety of different departments may also be involved in a project. The global units occasionally also conduct stakeholder dialogues.

Internal guidelines and policies

Management Group policy stakeholder management (2013; updated in 2015)

This policy defines key stakeholder groups (not including capital market participants) and provides principles for communications as well as descriptions of roles and responsibilities. They apply to internal and external communications as well as to sustainability management.

Business governance Group policy stakeholder management (updated in 2015)

This policy establishes responsibilities, processes and instruments as well as standards for providing information. It sets the rules for political decision-making processes and provides for open, substantively consistent interactions with our stakeholders.

Procedures

Dialogue forums and informational events

These events are conducted by our regional units. Part of this entails including stakeholders who live near our plants as part of our construction and planning processes. The open exchange of perspectives, interests, concerns and facts helps us to assess how our approach is being received locally.

Sustainability Council meetings

External stakeholders also participate in regular meetings of our → [Sustainability Councils](#). This lets us take into account external perspectives in our sustainability activities.

Social media channels

We use social media channels to engage in a dialogue with the following stakeholders:

- Twitter: political representatives, media, associations, science
- Facebook: the interested general public, customers

Altogether, we have more than 165,000 followers on both channels, with a slightly upward trend. We also use Instagram, YouTube, Google+, LinkedIn and SnapChat.

Direct participation in new construction projects

Municipalities want to play an active role in the energy transition. However, hurdles to investment and the associated risks are often very high. Plus, the energy management expertise needed to operate renewable energy systems is often lacking. In some regions, we give citizens or citizen associations the opportunity to have a financial stake in projects such as wind parks. This is one of the ways we seek to encourage acceptance of these projects.

Materiality analysis (since 2006)

Through systematic → [materiality processes](#), we ask our stakeholders to assess the impact of our business activities as well as our sustainability efforts. We then use the results to examine our activities and determine which issues need to be included in reporting.

Programmes

Customer immersion programme (since 2013)

In 2016, we decided to adopt a uniform approach for the dialogue between employees and customers. This programme provides various formats for our employees to come into contact with → [our customers](#), such as face-to-face meetings and online chats.

"Talking with E.ON" (German: "E.ON im Dialog") (since 2006)

As part of this communication campaign, our employees meet with stakeholders at congresses, trade fairs and other major public events. "E.ON ambassadors" listen to questions, suggestions and criticism. We have been offering a series of short presentations at major trade fairs since 2014. During these so-called micro-conferences held at our exhibition stand, E.ON experts provide information on projects, customer solutions and products.

Progress and measures in 2016

During 2016 we also offered stakeholders an opportunity to play a role in the reorientation of our → sustainability strategy. Our new approach to sustainability was developed in 14 workshops with over 60 employees from throughout the entire company. It was subsequently reviewed from a stakeholder perspective by other companies, sustainability experts, representatives of non-governmental organisations and business customers. Key issues were identified. These issues were also evaluated in an online survey by more than 3,600 private customers in the UK. We used our stakeholders' experiences to review our new approach to sustainability and to learn from their feedback.

Rewarding creativity, showcasing innovative solutions

Good ideas, particularly ones that promote energy saving and climate protection, deserve recognition. We help provide it in the Czech Republic, Hungary and Romania through the E.ON Energy Globe Award (E.ON EGA), the three countries' most coveted environmental prize. In 2016 more than 300 projects were submitted in the Czech Republic. In Romania and Hungary, where the prize was awarded for the first time, 100 and 160 ideas were submitted, respectively. Winners receive financial or in-kind support for their project. The awards are conferred on a nationally televised ceremony, which is very popular among viewers. E.ON România hopes to achieve a similarly high profile in its country and has pledged to organise the E.ON EGA for two more years.



On the road for "Talking with E.ON"

In 2016, our employees once again hit the road as part of the "Talking with E.ON" communications campaign. More than 100 employees attended nine events, where they engaged in dialogue with visitors and presented our position on current energy policy issues and provided background information on technical and economic matters. These conversations involved representatives from universities, institutes, associations and non-governmental organisations as well as energy, investment and innovation consultants and political decision-makers.

Highlights in 2016 were the participation at the Hanover Industrial Trade Show and the Wind Energy Hamburg trade fair. Conversations with those visiting our stand provided us with important information about current trends and public attitudes. The issue our guests were most interested in was the energy transition and the question of how the security of supply could be guaranteed despite an increased use of renewables. Micro-conferences were held every day of the fair, with a total of more than 90 presentations by experts accompanied by question-and-answer sessions.

Stakeholder dialogue for new offshore wind farm construction

We began construction of the Rampion → offshore windparks Rampion off the south coast of the UK in 2016. This coastal region is a popular destination for scuba divers and this presented enhanced challenges compared to previous projects. When the monopile foundations are driven into the sea bed, this generates underwater noise which can reach considerable distances. The project permits required an active strategy to minimise hazards and disruption to local divers which we fulfilled through appointment of a diving liaison officer, pro-active communications campaign and operational safeguards. Initiatives included a factsheet distributed to relevant stakeholders followed up with a kick-off event at the start of 2016 prior to works commencement, identifying exclusion zones to protect the divers, regular notices to mariners and guard boat patrols of the site. Cooperation agreements were also put in place with charter boat owners who operate

dive trips to ensure safe operations, whilst also reflecting the temporary inconvenience to their businesses. Through this close working the foundation installation campaign went according to plan with minimised disruption to divers and the project.

Non-core business: Stakeholder dialogue on the dismantling of nuclear power plants

The operation and dismantling of our nuclear power plants is the responsibility of our subsidiary PreussenElektra. Dialogue with stakeholders near power plants is an important concern for us.

The interest in transparent information – in particular on the dismantling of our nuclear power plants – is considerable. We have therefore developed a communication concept that aims to expand the dialogue with the various target groups. In addition to classic communication tools such as newsletters, press releases and press conferences, the focus is on personal contact with media and policy makers on selected topics. In addition, informational events for residents, media and policy makers are another key element: employees are on hand to address issues and provide clear answers to complex sets of facts. The first informational event was held in October 2016 at the nuclear power plant Unterweser in Germany.

Active community involvement

As a company, we are a part of the society. This goes hand-in-hand with an obligation to be involved in the surrounding community. We want to contribute to the prosperity and economic development of the regions we serve. Through our social involvement we are also making a contribution to the United Nations global goals for sustainable development (→ Sustainable Development Goals – SDGs). Our regional units lend their support to local projects (community involvement) in some cases through long-term partnerships. These partnerships focus in particular on energy and environmental education, climate protection and access to energy. Another way we demonstrate social commitment is through the voluntary participation of our employees in community projects. Since 2009, these activities have been taking place in all the countries we serve, though the extent varies from country to country. Our regional units have gained an understanding of local needs over many years. That is why they decide, based on need, which projects they want to become involved in. In 2016, we once again expressed our community engagement by taking part in a variety of activities. Here are some selected examples from the regions.



Energise Anything

Like many countries, Britain has a skills gap in science, technology, engineering, and mathematics (STEM). We want to help close it. In 2016 E.ON UK launched Energise Anything, an education programme that gives children and young people positive experiences with STEM and inspires them to pursue related careers. The programme encompasses a website, hands-on activities for schools and families, and a national competition for young people to share their creative energy ideas. In 2016 Energise Anything reached over 230,000 people, with over 17,000 pupils participating in interactive workshops.

Helping a community return to normal

Thankfully, most people only see natural disasters on television. But in the summer of 2016, severe flooding brought disaster to the doorstep of thousands of our customers in Rottal-Inn, a district located 125 kilometres northeast of Munich. The floodwaters also left about 10,000 households without power. After restoring power to everyone within three days, we donated EUR 70,000 to local charities to assist victims. We also offered each affected household a EUR 200 credit on its energy bill to help cover the cost of additional power needed for repairs. Altogether, we issued EUR 220,000 of credits.

Preventing power pilfering thanks to a rehabilitation programme

When someone sets an example, others tend to follow it. This also applies to bad examples, like stealing electricity. In some parts of Tatabánya, a small Hungarian city 50 kilometres west of Budapest, where there is huge poverty electricity theft had become an epidemic. In 2014, 90 per cent of power use there was illegal. In order to resolve the situation, we launched a comprehensive rehabilitation programme together with the Maltese Charity Service and Local Government. Vulnerable customers have learned to manage their energy consumption and expenses in a sustainable manner with continuous and professional guidance. Together with making our grid more theft-proof, line losses fell to two per cent in 2016, and unpaid bills had declined by almost two thirds. Our success in Tatabánya earned us a “Corporate Social Responsibility Project of the Year” award at the 2016 Energy Summit Budapest.

E.ON Energy Run

E.ON Italia has a long history of supporting healthy activities like cycling, running, and soccer across Italy. In 2016 it sponsored a series of five 10-kilometres-races through the streets and piazzas of five cities in northern Italy where it has branch offices (Venice, Monza, Milan, Bergamo, and Verbania). The purpose was to raise brand awareness and to engage E.ON customers and the general public in an energetic, healthy, and fun activity in beautiful urban surroundings. E.ON customers who participated in three races received a free fitness bracelet.



Partnering with the Alzheimer's Society

Around 850,000 people in Britain are living with a form of dementia. Some are our customers, and some are our employees' family members and friends. In 2016 E.ON UK's employees voted to make the Alzheimer's Society our charity partner in Britain. We aim to donate GBP 200,000 over two years and by year-end 2016 had already raised about GBP 40,000. We're also working with Alzheimer's Society to make E.ON a dementia-friendly community by offering our employees in Britain a Dementia Friends Information Session, an initiative encouraging everyone to learn more about dementia and take action to help people affected by it.



Helping refugees make a new start

In 2016 refugees fleeing war and persecution continued to come to Germany. On arrival, they need a roof over their heads, clothing, and food. The next step is to integrate them into German society. E.ON is helping refugees with different programmes. In 2016 employees of E.ON Germany could take for instance five days of leave to engage in volunteer activities on behalf of refugees like collecting clothing donations, preparing refugees for vocational trainings, and teaching them German. In addition, E.ON is part of a consortium of over 100 companies committed to helping refugees receive → vocational training and find work.

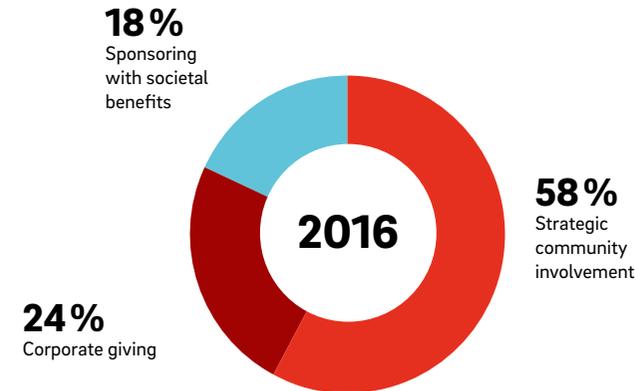
Our community investments in 2016

In 2016 the volume of community investments increased to EUR 18 million, up from EUR 14.7 million in the previous year. This increase is mainly attributable to a fund that we launched in the UK. We annually publish the level of our community investments in various thematic areas for eight categories.

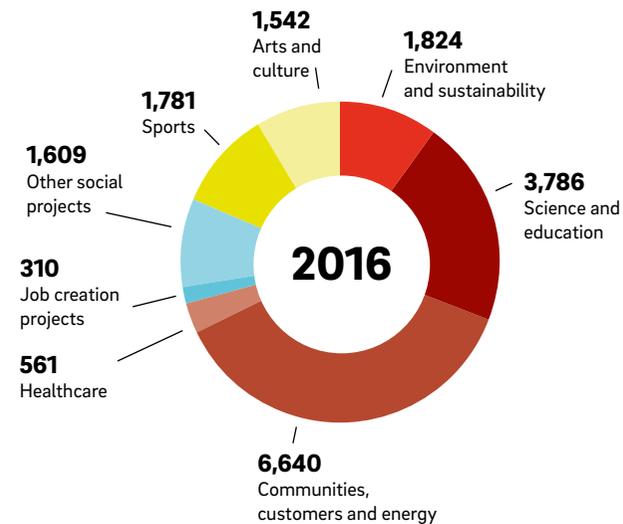
Employee volunteer activities

Since 2009, our employees have been involved in community projects in all the countries we serve. The extent varies, however, from country to country. Last year, more than 2,365 E.ON employees Group-wide performed around 11,828 hours of volunteer work. In total, therefore, the Group provided approximately EUR 295,700 worth of labour.

Community investments by type



Community investments by projects (EUR in thousands)



Nuclear power

Our subsidiary, PreussenElektra – formerly E.ON Kernkraft – operates eight nuclear power plants in Germany. PreussenElektra's purpose is to ensure the climate-friendly, reliable and affordable electricity generation in Germany, as well as the safe and reliable dismantling of decommissioned plants. We appreciate the great responsibility involved in the operation and dismantling of nuclear power plants and the storage of radioactive waste.

Ensuring maximum safety

The safety of our nuclear power plants has top priority in the operation, post-operation and dismantling of our nuclear plants. It is of central importance in protecting the public, our own employees as well as our partner companies and the environment.

The dismantling of the Würgassen nuclear power plant was successfully completed in August 2014. The Stade nuclear power station is currently in the final phase of dismantling. This has provided us with extensive expertise in the safe and efficient dismantling of nuclear plants, expertise that will be very useful in future projects of this kind.

The German Atomic Energy Act provides that by the end of 2022 all remaining nuclear power plants must be disconnected from the grid. Because of legal regulations, by the end of 2015 we had already disconnected three more of the nuclear plants we operate from the grid

(Isar 1, Unterweser and Grafenrheinfeld). The Unterweser and Grafenrheinfeld nuclear power plants are currently in post-operation – i.e. during the period between shutdown and official approval of decommissioning and dismantling. The required approval applications have been submitted. The Isar 1 nuclear power plant was granted approval for decommissioning and dismantling in early 2017. Direct dismantling is planned for these three nuclear power plants which means that dismantling is set to begin immediately after approval. Our Brokdorf, Grohnde and Isar 2 nuclear power plants will be phased out through the end of the period set by the Atomic Energy Act. Until then, they will continue to operate reliably.

Clear safety precautions

Our top safety principle is: "Protect life, health and materials from the hazards of nuclear power and the harmful effects of ionising radiation". We also seek to minimise any collateral impacts on people and the environment. We coordinate personnel, technology and management accordingly to make this happen. An effective management system ensures that the technical, organisational and administrative conditions for maximum safety are always in place and continuously being improved. This is regularly certified through external audits and inspections.

The most important principles of safe workplace practice in our nuclear power plants are kept updated in PreussenElektra's safety guidelines. These guidelines supplement or clarify the company's corporate policies with regard to specific aspects of nuclear power and are binding for all employees, including contractor employees who work at our nuclear power plants. The guidelines reaffirm the existing corporate and security culture, where safety always has absolute priority.

High system availability

The availability of our systems has been at around 90 per cent for many years. Our nuclear power plants continue to occupy the top ranks in terms of global power generation. This is not only the result of the high safety level and the careful maintenance of our plants, it is also an expression of the competence and commitment of our employees. Our expertise is also in demand internationally: Through the solutions we provide, we are contributing to making nuclear power safer and more reliable worldwide.

2016: no safety or environmentally relevant incidents

As in previous years, there were no incidents on the seven-category International Nuclear and Radiological Event Scale (INES) at our nuclear power plants in 2016. Similarly, there were also no environmentally relevant incidents recorded by our incident management system → "[Prevent!](#)".

Other issues → material to the field of nuclear power are reported in the respective chapters of this report (recognised as "non-core business"):

- [Occupational health and safety](#)
- [Water management](#)
- [Procurement of uranium](#)
- [Stakeholder engagement](#)

Safe handling of radioactive waste

Radioactive waste is generated during the operation and dismantling of our nuclear power plants. All radioactive waste generated will be safely stored in interim storage facilities until the federal government provides the necessary final repositories. We fulfil this obligation in compliance with the strict provisions of existing standards and regulations and we are monitored by relevant regulatory authorities.

Statutory framework and new developments

In April 2016 the Commission on the Review of the Financing of the Nuclear Power Phase-Out (German: Kommission zur Überprüfung der Finanzierung des Kernenergieausstiegs – KFK) presented its final report (KFK report). This expert commission was set up in 2015 by the German Federal Cabinet. Their task was to formulate recommendations on how to finance the decommissioning, dismantling and disposal of nuclear power plants in Germany. In its final report, the Commission adopted recommendations on how to finance the interim storage and final repository of radioactive waste. On the basis of the consensus recommendations on waste disposal, the Act on the Reorganisation of Responsibility in Nuclear Waste Disposal was adopted in 2016. This law also provides for the conclusion of a contract between the federal government and those energy providers that operate nuclear power plants.

The law and contract will then structure responsibilities for nuclear waste disposal and financing between the government and plant operators.

The new law stipulates that the federal government bears responsibility for implementing and financing the permanent disposal of radioactive waste. It also sets the terms and conditions for the conditioning and transfer of radioactive waste as well as for the transfer to federal control of interim storage facilities for radioactive waste. The funds for interim storage and final repository, including a risk surcharge of more than 35 per cent, shall be made available to the federal government by the operators (for further information see the → [Annual Report](#)). The operators will continue to be responsible for executing and financing the decommissioning and dismantling of their facilities as well as for the proper packaging of radioactive waste.

Our goal: minimising radioactive waste

Our goal is to minimise the volume of radioactive waste. At the same time, we want to increase the share of residual materials that can be reused through recycling. We are able to achieve this by, among other things, sorting out residual materials that have not been contaminated, and by using certain treatments and procedures prior to interim storage that reduce the volume of radioactive waste.

Basically, we differentiate between radioactive waste that generates negligible amounts of heat (low- and intermediate-level radioactive waste) and heat-generating high-level radioactive waste:

- **Low- and intermediate-level radioactive waste:** This represents the largest share of radioactive waste in terms of mass and volume and includes, for example, household-type mixed waste such as protective clothing, wood, cables, etc., and building debris from plant control zones. This waste represents less than one per cent of a nuclear power plant's total radioactivity.
- **High-level radioactive waste:** This contains more than 99 per cent of the total radioactivity of a nuclear power plant and consists primarily of fission products of uranium in the irradiated fuel elements generated during nuclear fission in the reactor.

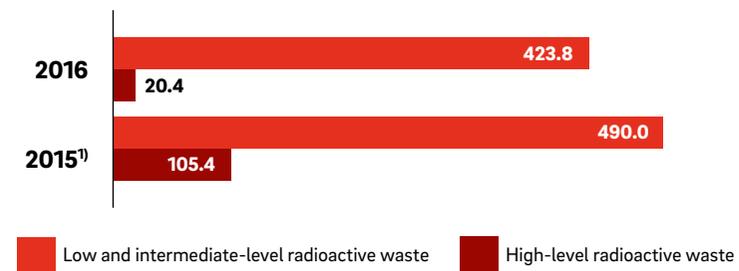
Safe disposal and storage of radioactive waste

Low- and intermediate-level radioactive waste is stored separately from high-level radioactive waste in interim storage facilities until final repository. In future, responsibility for wastes properly packaged by the operators will be transferred to the federal government upon emplacement of the waste at an interim storage facility. Germany has supra-regional storage sites (waste storage facilities in Gorleben and Ahaus), the Mitterteich interim storage facility for waste from Bavarian plants as well as local interim storage sites at some nuclear power plants (for example at the Stade, Würgassen and Unterweser nuclear power plants). The Konrad permanent storage facility for low- and intermediate-level radioactive waste is currently under construction by the federal

government. According to the Federal Office for Radiation Protection (German: Bundesamt für Strahlenschutz – BfS) it will not be operational before 2022.

Irradiated fuel elements are safely stored in special transport and storage containers in on-site interim storage facilities at the respective power plants: This has been the case since the ban on reprocessing irradiated fuel elements (Section 9a(1) of the Atomic Energy Act) took effect on July 1, 2005. The fuel elements will remain at these interim storage sites until a repository for high-level radioactive waste is available in Germany. At this point in time it cannot be reliably determined when this will be available. Responsibility for this lies with the federal government.

Radioactive waste (metric tonnes)



¹⁾ Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

In 2016, there was a slight decrease in the volume of low- and intermediate-level radioactive waste. Compared with the previous year, 66 metric tonnes less low- and intermediate-level radioactive waste was incurred, corresponding to a decrease of 15.6 per cent. However, this figure is expected to rise again in coming years due to pending demolition projects.

The sharp reduction in the amount of high-level radioactive waste, which fell by 85 metric tonnes to 20.4 metric tonnes, can be attributed mainly to the fact that fewer fuel elements were replaced in 2016. This figure is also likely to rise again next year.

Appendix

Our Report

E.ON has published a Sustainability Report annually since 2004. The focus is on those issues that are crucial to both our stakeholders and ourselves, making them directly relevant to our business. We carry out a → [materiality analysis](#) each year in order to discover which issues these are. In preparing the topics, we consider it important to ensure transparency not just concerning strengths, but also difficulties. Our Sustainability Report has been published exclusively online since 2008. The latest edition is available for download in the → [Sustainability Channel](#) on our corporate website. Reports from previous years can be found in the archive.

Basis for the Report and editorial notes

This report is E.ON's 13th Sustainability Report in succession and was published in early May 2017. It discusses the reporting period between 1 January and 31 December 2016 and covers E.ON SE's core business areas: Energy networks, customer solutions and renewables. It also provides updates on our non-strategic activities: the operation of German nuclear power plants by our PreussenElektra operating unit. The editorial deadline was 31 March 2017. The report is available in German and English. For improved legibility we have refrained from stating legal forms.

Since 2005, our reporting has been based on the Global Reporting Initiative guidelines. This year's report also meets the requirements of the "German Sustainability Code" (DNK) and serves as a progress report within the framework of the United Nations Global Compact (UN).

Our sustainability reporting is addressed primarily to the following target groups:

- Investors and analysts
- Rating and ranking agencies
- Multipliers in the area of sustainability, such as policy-makers, authorities, civic leaders and researchers
- Customers
- Employees and potential employees

Structure of the Report

This Sustainability Report 2016 has one chapter on the topic of "Strategy and governance" and seven chapters on the following fields of action: "Energy solutions", "Customers", "Employees", "Environment", "Supply chain",

"Stakeholders" and "Nuclear power". These main chapters are supplemented by an appendix with condensed information on our materiality process along with the key performance indicators and standards. For each of our fields of action we explain how we manage the associated material topics and provide updates on our objectives and actions along with the status of their implementation. We also outline current and planned projects, including examples from the nine regions in which we operate. In order to highlight our regional activities we have added info boxes within the fields of action.

To a lesser extent within the main chapters we also report on topics that were not quite as relevant according to the materiality analysis. Our aim here is to address our stakeholders' diverse concerns and to meet the requirements of sustainability ranking and rating agencies.

Subject matter of the Report

The Sustainability Report 2016 covers E.ON SE and its direct equity holdings. The statements in the report always refer to all the subsidiaries and power plants in which E.ON holds a majority stake and which are fully consolidated in the Group's financial statements. Any deviations have been identified accordingly. The "Occupational Safety" section, for instance, also takes account of entities in which we are responsible for operational management even though we do not hold a majority stake.

The business areas conventional production, global energy trade and exploration & production which were transferred to Uniper in early 2016 are not covered in our reporting. Key figures for which the previous years' values have subsequently been adjusted due to a discontinuation of activities are identified with footnotes. For reasons of comparability, we just report key figures for two years (2016 and 2015) this year.

Our data collection focuses on indicators that we consider to be important based on the relevant business unit's operations and that we see as material in terms of their contribution to the Group's business. For instance, radioactive emissions are only recorded by entities with nuclear power plants while customer information is only collected by companies with sales activities. Statements on the future development of the E.ON Group and its equity holdings are merely estimations based on the information available at the time of reporting. The actual results may deviate from these statements.

In addition to the Sustainability Report, we also provide our opinions on sustainability issues in our Annual Report.

Audit of the Sustainability Report

As in previous years, key sections of the Sustainability Report 2016 have been audited with "limited assurance" by PricewaterhouseCoopers GmbH as auditing company (PwC). The "International Standard on Assurance Engagements (ISAE) 3000 (revised)" of the "International Federation of Accountants" (IFAC) was used as the basis. Reviewed content is identified with the  icon. The exact scope of the engagement can be found in the → [Assurance Report](#). The texts in German formed the basis for the review.

We concentrate on what is material

Which issues are important for our sustainability work? Where is there room for improvement? And what stakeholder expectations and concerns do we need to take into consideration? These are the questions we address when we select the focus issues for our sustainability report. Since 2006, we have conducted a systematic “materiality analysis” each year. This allows us to determine the issues that are currently especially important to us and our stakeholders. In this report, we provide information about these essential sustainability issues. To a lesser extent, we also discuss other aspects of sustainability.

Our internal prospects

In 2016, we gave our → sustainability work a new orientation. To do this, we conducted workshops with more than 60 employees from various departments and levels of hierarchy and analysed how certain sustainability issues affect our added value. Our focus was on central “value drivers” such as turnover, reputation, and innovation (see the information box) that have a particularly great effect on our added value.

We also wanted to know the areas of sustainability which we could improve. We compared these results with our 2015 materiality analysis and prepared a preliminary sequence of the most important sustainability issues for 2016.

Stakeholder prospects

The internal view alone is not sufficient. That is why, in the next step, we evaluated how important the specified issues are for our stakeholders. To do this, we assessed media reports, intranet news, and posts on social media channels and took expectations of rating agencies and standard organ-

isations into account. We compared the results to the preliminary issue sequence and summarised it to form a finalised issue list. We have sorted our sustainability issues in order of importance (“issue ranking”).

Which E.ON value drivers are affected by sustainability issues?

Value drivers	Sustainability issues affect E.ON's ability...
Sales	... to improve earnings
Reputation	... to secure or improve our reputation as a company
Employer attractiveness	... to attract new employees or retain existing employees
Efficiency and costs	... to improve processes and cut or avoid costs
Innovation	... to develop new products, services, and technologies
Regulatory robustness	... to develop business models with the least possible regulatory risks

Materiality analysis approach



Determination of material issues

The first nine issues in the issue ranking are the material issues for our 2016 sustainability reporting – we have thus identified a “materiality threshold”. All nine issues are related to our → [focus areas](#) and are the ones that have been rated as important throughout the company.

Our Vice President Sustainability introduced the materiality analysis approach and its results to the → [Sustainability Council](#). The results were confirmed by the Vice President Sustainability following the meeting.

From our nine material issues (see next page) nine aspects of the reporting standards of the Global Reporting Initiative (GRI) have been derived. We will deal with these aspects in this report and in the → [GRI index](#). At the beginning of each chapter, we refer to the GRI aspects that the chapter discusses. In some chapters, we jointly discuss related material issues.

Material issues for PreussenElektra

Our nuclear power branch, controlled by our subsidiary PreussenElektra (PE), is faced with other sustainability challenges. That is why we have conducted a separate materiality analysis for PE. The same analysis steps were performed as for E.ON. The following material issues for PE arose from this materiality analysis:

- Foster the health and safety of our employees
- Secure plant availability
- Involve and inform the public to increase acceptance
- Treat partners and suppliers fairly
- Ensure nuclear safety and security
- Ensure legally compliant behaviour and prevent corruption
- Foster the development of our employees
- Minimise effects on environment and biodiversity

We will deal with these issues at greater length in the special → [“Nuclear power”](#) chapter or in other thematically suited chapters of the report.

Material and further issues according to fields of action

	Material issues (GRI aspects)	Further issues
Energy solutions	<ul style="list-style-type: none"> → <u>Expand renewables (energy, emissions, research and development)</u> → <u>Foster customer energy efficiency (energy, emissions, research and development)</u> → <u>Secure energy supply (system efficiency, access, research and development)</u> → <u>Optimise networks (system efficiency, access, research and development)</u> 	<ul style="list-style-type: none"> → <u>Advance environmentally-friendly mobility</u>
Customer	<ul style="list-style-type: none"> → <u>Treat customers fairly (product and service labelling)</u> → <u>Foster customer satisfaction (product and service labelling)</u> → <u>Ensure health and safety of customers (customer health and safety)</u> 	<ul style="list-style-type: none"> → <u>Ensure data protection</u>
Employees	<ul style="list-style-type: none"> → <u>Foster the health and safety of our employees (occupational health and safety)</u> → <u>Advance inclusion and diversity (diversity and equal opportunity)</u> 	<ul style="list-style-type: none"> → <u>Support the development of our employees</u> → <u>Create attractive working conditions</u> → <u>Digitise personnel work</u>
Environment		<ul style="list-style-type: none"> → <u>Reduce our carbon footprint</u> → <u>Use resources efficiently</u> → <u>Improve energy efficiency of E.ON buildings</u> → <u>Minimise effects on environment and biodiversity</u>
Supply chain		<ul style="list-style-type: none"> → <u>Ensure supplier compliance with social and ecological standards</u> → <u>Design sustainable supplier management</u>
Stakeholders		<ul style="list-style-type: none"> → <u>Take the expectations of our stakeholders into account</u> → <u>Help meet social challenges</u>
Governance		<ul style="list-style-type: none"> → <u>Ensure legally compliant behaviour and prevent corruption</u> → <u>Pursue responsible lobbying</u> → <u>Manage crisis</u>

Global Reporting Initiative

We prepare our Sustainability Report in accordance with the current "G4" → Global Reporting Initiative (GRI) guidelines and have done so since 2014. We also include the Electric Utilities Sector Disclosures of May 2013. In our assessment, our 2016 Report, like the 2015 Report, applies the core of the GRI guidelines.

Background: Global Reporting Initiative

The GRI was founded in 1997 with the goal of developing internationally recognised guidelines for organisations to voluntarily report on their economic, environmental, and social performance. The GRI guidelines are the result of a transparent, multi-stakeholder process and consist of performance indicators for all sectors and all types of organisations. For various sectors there are also so-called Sector Disclosures. Here, industry-specific aspects and additional indicators are defined in these.

GRI content index

In accordance with the GRI G4 guidelines, we selected the contents of this year's report once again on the basis of a materiality analysis. Our GRI content index indicates how our reporting meets GRI standards.

The index specifies:

- which aspects we classify as material and therefore report on,
- whether the aspects are material within or outside the organisation or externally,
- which indicators we use (at least one indicator per material aspect) and to what extent,
- which indicators have been subject to an → assurance review,
- which E.ON-specific indicators we use in addition to, or in place of, GRI indicators, and
- where indicators and additional information can be found on our company's website or in our Annual Report.

The information used to fulfil the indicators can be found on the linked pages and in the → Annual Report 2016. Where an indicator is not completely covered by this information we have included further data directly in the index or have clearly labelled the gaps as "Omissions".

GRI indicators	References	Additions and omissions	Ext. Review
General Standard Disclosures			
Strategy and analysis			
G4-01 – Statement from the most senior decision-maker	→ Foreword* → Annual Report 2016 (pp. 4 f.)		
G4-02 – Key impacts, risks, and opportunities	→ Strategy and objectives → Foreword* → Good corporate governance* → Annual Report 2016 (pp. 18 f., pp. 62 ff.)	Key market developments and the opportunities and risks relating to them are addressed in the Annual Report, in the chapter on "Strategy and objectives", as well as in the foreword. A brief description of existing governance mechanisms for managing risks and opportunities is in the section on "Good corporate governance". At the start of each chapter we also describe which impacts, opportunities and risks are associated with the issues covered in that chapter.	<input checked="" type="checkbox"/>
Organisational profile			
G4-03 – Name of the organisation	→ E.ON at a glance* → Annual Report 2016 (p. 22)	E.ON SE	<input checked="" type="checkbox"/>
G4-04 – Brands, products, and/ or services	→ E.ON at a glance* → Annual Report 2016 (pp. 22 ff.) → www.eon.com*		<input checked="" type="checkbox"/>
G4-05 – Headquarters location	→ E.ON at a glance* → Annual Report 2016 (p. 22)	Essen (Germany)	<input checked="" type="checkbox"/>
G4-06 – Countries in operation	→ E.ON at a glance* → Annual Report 2016 (p. 22, p. 55, p. 203)		<input checked="" type="checkbox"/>

GRI indicators	References	Additions and omissions	Ext. Review
G4-07 – Nature of ownership	<ul style="list-style-type: none"> → Annual Report 2016 (p. 15) → www.eon.com* 	<p>E.ON is a stock corporation under EU law (Societas Europaea, or "SE"). This supranational corporate form represents a company that is fundamentally European and has an international orientation; it is therefore appropriate for a globally active company with a European focus in its activities and corporate centre. The shareholder structure at E.ON SE is characterised by a wide international distribution of private and institutional shareholders.</p>	
G4-08 – Markets served	<ul style="list-style-type: none"> → Annual Report 2016 (p. 22, pp. 30 ff.) → www.eon.com* 	<p>We make a distinction between private and small business consumers, industrial and commercial customers and distributors in our power and gas business. However, a break-down by sector is not practical for E.ON.</p>	☑
G4-09 – Scale of the organisation	<ul style="list-style-type: none"> → E.ON at a glance* → Annual Report 2016 (p. 22, pp. 31 ff., pp. 43 ff., p. 55, pp. 108 ff., p. 148) → www.eon.com* 		☑
G4-10 – Total number of employees	<ul style="list-style-type: none"> → E.ON at a glance* → Employees (Key figures)* → Annual Report 2016 (pp.18f., pp. 54 f.) → www.eon.com* 		☑
G4-12 – Organisation's supply chain	<ul style="list-style-type: none"> → Supply chain* 		
G4-13 – Significant changes regarding size, structure, or ownership	<ul style="list-style-type: none"> → E.ON at a glance* → Foreword* → About the Report* → Annual Report 2016 (p. 7, pp. 10 f., pp. 18 f., p. 203) 		☑

GRI indicators	References	Additions and omissions	Ext. Review
G4-14 – Precautionary approach	<ul style="list-style-type: none"> → Good corporate governance* → Energy solutions * → Customers* → Employees* → Environment* → Stakeholder* → Supply chain* → Nuclear power* → Annual Report 2016 (pp. 62 ff.) 	<p>In general, E.ON operates all units within the company and areas of activity from a long-term perspective. The precautionary approach is used for environmental protection in everyday business and is anchored in our investment projects through impact assessments. The E.ON risk management system takes environmental and social risks into account beyond legal requirements. We investigate our work's impact beyond the legally stipulated scope for construction and infrastructure projects.</p>	
G4-15 – External charters, principles, or other initiatives	<ul style="list-style-type: none"> → Good corporate governance* → Responsible lobbying* → Human rights* → Renewables → Climate-friendly mobility → Occupational health and safety → Diversity and equal opportunity → Environment* → Supply chain* 		<input checked="" type="checkbox"/>
G4-16 – Memberships in associations and advocacy organisations	<ul style="list-style-type: none"> → Good corporate governance* → Responsible lobbying* → Human rights* → Renewables → Climate-friendly mobility → Occupational health and safety → Diversity and equal opportunity → Environment* → Supply chain* 	<p>When we describe initiatives, industry associations and other organisations in the Report, we include the most important examples in the context of sustainability. Our global and regional units are integrated into additional local initiatives and networks.</p>	<input checked="" type="checkbox"/>
G4-EU1 – Installed capacity	<ul style="list-style-type: none"> → Annual Report 2016 (pp. 34 ff.) → Facts & Figures 2017 (p. 9, pp. 13 ff.) 		

GRI indicators	References	Additions and omissions	Ext. Review
G4-EU2 – Net energy output broken down by primary energy source and by region	<ul style="list-style-type: none"> → Annual Report 2016 (pp. 34 ff.) → Facts & Figures 2017 (p. 9, pp. 61 ff.) 		
G4-EU3 – Number of residential, industrial, institutional and commercial customer accounts	<ul style="list-style-type: none"> → E.ON at a glance* → Annual Report 2016 (pp. 32 f.) → Facts & Figures 2017 (p. 5, pp. 43 f.) 	E.ON reports on sales of electricity and gas according to customer segment. Customer numbers are broken down by country; however, in our external communication we do not report on customer segments.	
G4-EU4 – Length of transmission and distribution lines by region	→ Security of supply		
G4-EU5 – Allocation of CO ₂ emissions allowance or equivalent, broken down by carbon trading framework	→ Carbon footprint*		
Identified material aspects and boundaries			
G4-17 – Entities included in the organisation’s consolidated financial statements	<ul style="list-style-type: none"> → About the Report → Annual Report 2016 (p. 135) 		<input checked="" type="checkbox"/>
G4-18 – Process for defining the report content	<ul style="list-style-type: none"> → Materiality analysis → About the Report 		<input checked="" type="checkbox"/>
G4-19 – Material aspects identified	→ Materiality analysis		<input checked="" type="checkbox"/>

GRI indicators	References	Additions and omissions	Ext. Review
G4-20 – Aspect boundaries within the organisation	<ul style="list-style-type: none"> → Materiality analysis → Renewables → Efficiency improvements → Security of supply → Customer satisfaction → Customer health and safety → Occupational health and safety → Diversity and equal opportunity → Carbon footprint* 		☑
G4-21 – Aspect boundaries outside the organisation	<ul style="list-style-type: none"> → Materiality analysis → Renewables → Efficiency improvements → Security of supply → Customer satisfaction → Customer health and safety → Occupational health and safety → Diversity and equal opportunity → Carbon footprint* 	The home page for each field of action describes whether and the extent to which the aspect discussed in the chapter is material to a specific value chain step or a specific group of stakeholders, even those external to E.ON.	☑
G4-22 – Restatements of information	→ About the Report	Retroactive changes are shown in the respective location in the form of a footnote.	☑
G4-23 – Significant changes in the scope, and aspect boundaries compared to previous years	→ About the Report		☑
Stakeholder engagement			
G4-24 – Stakeholder groups	→ Stakeholder engagement*		☑
G4-25 – Stakeholder identification and selection	→ Stakeholder engagement*		☑

GRI indicators	References	Additions and omissions	Ext. Review
G4-26 – Approaches to stakeholder engagement	<ul style="list-style-type: none"> → Strategy and objectives → Materiality analysis → Customer satisfaction → Stakeholder engagement* 		<input checked="" type="checkbox"/>
G4-27 – Key topics and concerns raised by stakeholders	<ul style="list-style-type: none"> → Materiality analysis → Stakeholder engagement* 		<input checked="" type="checkbox"/>
Report profile			
G4-28 – Reporting period	→ About the Report	1 January to 31 December 2016	<input checked="" type="checkbox"/>
G4-29 – Date of most recent previous report		The most recent sustainability report was published in May 2016.	<input checked="" type="checkbox"/>
G4-30 – Reporting cycle		E.ON reports on sustainability-related activities annually. The next report is due to appear in the Q2 2018.	<input checked="" type="checkbox"/>
G4-31 – Contact point for questions	→ www.eon.com *		<input checked="" type="checkbox"/>
G4-32 – Chosen 'In accordance' option, GRI-index and external assurance report	→ GRI index		<input checked="" type="checkbox"/>
G4-33 – External assurance for the report	<ul style="list-style-type: none"> → About the Report → Assurance Report 	The Executive Board reviews the report prior to issuing approval.	<input checked="" type="checkbox"/>
Governance			
G4-34 – Governance structure	<ul style="list-style-type: none"> → Good corporate governance* → Sustainability structures → Annual Report 2016 (pp. 75 ff.) 		<input checked="" type="checkbox"/>

GRI indicators	References	Additions and omissions	Ext. Review
G4-36 – Sustainability at executive board level	→ Sustainability structures		<input checked="" type="checkbox"/>
G4-38 – Composition of the highest governance body and its committees	→ Good corporate governance* → Annual Report 2016 (pp. 78 f.) → www.eon.com*		
G4-39 – Function of highest governance body	→ Good corporate governance* → Annual Report 2016 (pp. 6 ff.) → www.eon.com*		
G4-40 – Nomination and selection processes for the highest governance body	→ Annual Report 2016 (p. 9, p. 78, p. 81)		
G4-41 – Processes for the highest governance body to avoid conflicts of interest	→ Annual Report 2016 (pp. 76 ff.)		
G4-42 – Highest governance body's role in the development of the organisation's purpose	→ Annual Report 2016 (pp. 76 ff.)		
G4-46 – Highest governance body's role in risk management processes	→ Annual Report 2016 (pp. 62 ff., pp. 78 ff.)		
G4-47 – Frequency of the review of impacts, risks, and opportunities	→ Annual Report 2016 (pp. 78 ff.)		
G4-48 – Review and approval of the Sustainability Report		The Executive Board reviews, approves and ensures that all material aspects have been taken into account.	

GRI indicators	References	Additions and omissions	Ext. Review
G4-51 – Remuneration policies for the highest governance body	→ Annual Report 2016 (pp. 82 ff.)		
G4-52 – Governance structure	→ Annual Report 2016 (pp. 82 ff.)		
Ethics and integrity			
G4-56 – Organisation’s values, principles, standards and norms of behaviour and codes of ethics	→ Good corporate governance * → Compliance and anti-corruption *		
G4-57 – Mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity	→ Compliance and anti-corruption *		
G4-58 – Mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity	→ Compliance and anti-corruption *		

GRI indicators	References	Additions and omissions	Ext. Review
Specific Standard Disclosures			
Category: economic			
Material aspect: research and development (sector specific)		<i>Boundaries: within the organisation</i>	
G4-DMA – Disclosure on management approach	<ul style="list-style-type: none"> → Renewables → Efficiency improvements → Security of supply 	Expenditures on research and development were reviewed as part of the Annual Report 2016. It was not possible to include in this year's report a breakdown of expenditures for research and development into categories of relevance from a sustainability perspective.	<input checked="" type="checkbox"/>
Material aspect: system efficiency (sector specific)		<i>Boundaries: within the organisation</i>	
G4-EU12 – Distribution losses as a percentage of total energy (Core)	→ Security of supply	Losses in our distribution networks in 2016 averaged 4.6%. E.ON views a breakdown of the information according to technical and non-technical losses as irrelevant and thus have no report.	<input checked="" type="checkbox"/>
Category: environmental			
Material aspect: energy		<i>Boundaries: within the organisation</i>	
G4-DMA – Disclosure on management approach	<ul style="list-style-type: none"> → Renewables → Efficiency improvements 		<input checked="" type="checkbox"/>
G4-EN03 – Energy consumption within the organisation (Core)	→ Environmental management *	Of greater relevance to us than energy consumption within the organisation was the amount of electricity produced in our renewable power plants.	

GRI indicators	References	Additions and omissions	Ext. Review
Material aspect: emissions			
<i>Boundaries: within and outside the organisation</i>			
G4-DMA – Disclosure on management approach	→ Renewables → Efficiency improvements		<input checked="" type="checkbox"/>
G4-EN15 – Direct greenhouse gas (GHG) emissions (Scope 1)	→ Carbon footprint	<p>The following greenhouse gases are included:</p> <ul style="list-style-type: none"> • CH₄-emissions (from power generation) • N₂O-emissions (from power generation) • CH₄-emissions (from the handling, transport and distribution of biogas) • CH₄-emissions (from the handling, transport and distribution of natural gas) • CO₂-emissions (from power and heat generation) • CO₂-emissions (from the handling, transport and distribution of biogas) • CO₂-emissions (from the handling, transport and distribution of natural gas) • CO₂-emissions (from the handling, transport and distribution of liquefied natural gas, LNG) • CO₂-equivalents (from the use of coolants to air condition buildings) • Transmission losses from sulphur-hexafluoride emissions (SF₆) <p>Base year is as per Kyoto Protocol 1990. The globally recognised WRI/WBCSD Greenhouse Gas Protocol Corporate Accounting and Reporting Standard was used as a basis for calculating emissions.</p> <p>GHG emissions also include all subsidiaries and power plants where E.ON owns a controlling share and which are fully consolidated in the Group financial statements.</p> <p>No information about biogenic CO₂ emissions is provided.</p>	<input checked="" type="checkbox"/>

GRI indicators	References	Additions and omissions	Ext. Review
<p>G4-EN16 – Energy indirect greenhouse gas (GHG) emissions (Scope 2)</p>	<p>→ Carbon footprint</p>	<p>The following greenhouse gases are included:</p> <ul style="list-style-type: none"> • CO₂-equivalents (from consumption of own electricity) • CO₂-equivalents (resulting from transmission and distribution losses) • CO₂ equivalents (from building energy consumption) 	<p><input checked="" type="checkbox"/></p>
<p>G4-EN17 – Other indirect greenhouse gas (GHG) emissions (Scope 3) (Core)</p>	<p>→ Carbon footprint</p>	<p>Base year and consolidation approach: see G4-EN15 Taking into account the "GHG Protocol Scope 2 Guidance" expanded in 2015.</p>	<p><input checked="" type="checkbox"/></p>
<p>G4-EN18 – Greenhouse gas (GHG) emissions intensity</p>	<p>→ Carbon footprint</p>	<p>No information about biogenic CO₂ emissions is provided.</p>	<p><input checked="" type="checkbox"/></p>
<p>G4-EN19 – Reduction of greenhouse gas (GHG) emissions</p>	<p>→ Carbon footprint</p>	<p>Base year and consolidation approach: see G4-EN15</p>	<p><input checked="" type="checkbox"/></p>
		<p>No information about biogenic CO₂ emissions is provided.</p>	
		<p>We no longer report the CO₂ intensity of power generation, because these values are minimal owing to the reduction in emissions from the production of power and heat, as previously mentioned, which means they are no longer significant for us.</p>	
		<p>The reduction of GHG emissions concerned emissions from power generation and therefore Scope 1 emissions. For the greenhouse gases included in the calculation: see G4-EN15.</p>	

GRI indicators	References	Additions and omissions	Ext. Review
<p>Category: social</p>			
<p>Sub-category: labour practices and decent work</p>			
<p>Material aspect: occupational health and safety</p>		<p><i>Boundaries: within and outside the organisation</i></p>	
<p>G4-DMA – Disclosure on management approach</p>	<p>→ Occupational health and safety</p>		<p><input checked="" type="checkbox"/></p>
<p>G4-LA06 – Injuries, occupational diseases, lost days, absenteeism, and total number of work-related fatalities (Core)</p>	<p>→ Occupational health and safety</p>	<p>At E.ON, reporting of accident numbers is carried out with the following key figures:</p> <ul style="list-style-type: none"> • Total Recordable Injury Frequency (TRIF) – number of work-related accidents and illnesses with and without lost working time • Lost Time Injury Frequency (LTIF) – work-related accidents with lost working time. <p>Both indicators are reported for both E.ON employees and contractors employees. Only the figures for E.ON employees were audited.</p> <p>Instead of breaking these down by region, we use reporting units. A breakdown by gender is regarded as not useful.</p>	<p><input checked="" type="checkbox"/></p>
<p>G4-LA07 – Workers with high incidence or high risk of diseases related to their occupation</p>	<p>→ Occupational health and safety</p>		<p><input checked="" type="checkbox"/></p>
<p>G4-LA08 – Health and safety topics covered in formal agreements with trade unions</p>	<p>→ Occupational health and safety</p>	<p>In countries in which unions represent employees directly, occupational safety topics are included in the agreements.</p>	<p><input checked="" type="checkbox"/></p>

GRI indicators	References	Additions and omissions	Ext. Review
Material aspect: diversity and equal opportunity		<i>Boundaries: within the organisation</i>	
G4-DMA – Disclosure on management approach	→ Diversity and equal opportunity		<input checked="" type="checkbox"/>
G4-LA12 – Composition of governance bodies and breakdown per employee category according to different indicators of diversity (Core)	→ Diversity and equal opportunity		<input checked="" type="checkbox"/>
Sub-category: product responsibility		<i>Boundaries: within and outside the organisation</i>	
Material aspect: customer health and safety		<i>Boundaries: within and outside the organisation</i>	
G4-DMA – Disclosure on management approach	<ul style="list-style-type: none"> → Customer health and safety → Occupational health and safety → Crisis management* → Nuclear power* 	<p>The issue of customer health and safety as it relates to product safety has gained in importance for us recently. Appropriate processes are therefore currently under development. It is therefore currently not possible to state in any qualitative and quantitative detail how we intend to measure success in this area.</p> <p>We take into account risks to community health and safety arising from our business activities through our management of health, safety and environment (HSE). For example, our business governance policy on HSE defines minimum requirements as well as the processes meant to minimise impacts on health, safety and the environment. This also includes ensuring the safety of our plants and processes so as to protect people and the environment and to comply with legal requirements (HSE compliance).</p>	<input checked="" type="checkbox"/>

GRI indicators	References	Additions and omissions	Ext. Review
<p>G4-PR02 – Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services (Core)</p>	<p>→ Customer health and safety</p>	<p>E.ON complies with all legal and regulatory requirements in the markets in which it operates.</p>	
<p>Material aspect: product and service labelling</p>		<p><i>Boundaries: within and outside the organisation</i></p>	
<p>G4-DMA – Disclosure on management approach</p>	<p>→ Customer satisfaction</p>		<p><input checked="" type="checkbox"/></p>
<p>G4-PR04 – Non-compliance with product information standards</p>	<p>→ Customer satisfaction</p>	<p>E.ON complies with all legal and regulatory requirements in the markets in which it operates. In 2016, there were no known violations of codes of conduct with respect to the labelling of product and service information.</p>	
<p>G4-PR05 – Results of surveys measuring customer satisfaction (Core)</p>	<p>→ Customer satisfaction</p>		<p><input checked="" type="checkbox"/></p>
<p>Material aspect: access (sector specific)</p>		<p><i>Boundaries: within and outside the organisation</i></p>	
<p>G4-DMA – Disclosure on management approach</p>	<p>→ Security of supply</p>	<p>The System Average Interruption Duration Index (SAIDI) for electricity provides information about the disruption times in our grids and thus provides an indication of the reliability and availability of our power supply. We record this figure for scheduled and unscheduled disruptions in all distribution networks. We can thus reliably assess our performance and provide consistent management of reliability and availability.</p>	<p><input checked="" type="checkbox"/></p>

GRI indicators	References	Additions and omissions	Ext. Review
G4-EU28 – Power outage frequency (SAIFI)	→ Security of supply		<input checked="" type="checkbox"/>
G4-EU29 – Average power outage duration (SAIDI) (Core)	→ Security of supply		<input checked="" type="checkbox"/>
G4-EU30 – Average plant availability factor by energy source and by regulatory regime	→ Security of supply → Annual Report 2016 (p. 35)	Onshore wind/solar generation availability in fiscal 2016, which stood at 94.2%, was below the prior-year figure (95.8%) primarily because of unplanned outages. The offshore wind/other generation availability rate of 96.7% surpassed the prior-year figure (94.5%) primarily because of a reduction in outages at Robin Rigg and improved performance at Amrumbank and Humber.	

All pages marked with a * are not or only partially reviewed.



Commitment to the UN Global Compact

Since 2005 E.ON has been committed to upholding the ten principles of the United Nations Global Compact. With more than 9,000 participants from over 164 countries, the Global Compact is the world's largest sustainability initiative.

Basis for company policies and standards

As a signatory to the UN Global Compact we affirm our commitment to respect human rights, uphold labour and environmental protection standards, and fight against corruption. We use the ten principles to develop our own standards and guidelines. At the same time we align internal guidelines and policies with this framework. As a result of our participation in national and international Global Compact networks we strengthen collaboration across industries.

Reporting on the principles of the Global Compact

Our commitment to the Global Compact includes reporting on the annual progress in implementing the ten principles (Communication on Progress – COP). We make this part of our Sustainability Report. The table on the next page specifies which sections of the report address the various principles.

	Cross-references in the report	Downloads
<hr/> <p>Human rights</p> <p>Principle 1: Support and respect internationally proclaimed human rights</p> <p>Principle 2: Eliminate any participation in human rights abuses</p> <hr/>	<hr/> <ul style="list-style-type: none"> → Good corporate governance → Human rights → Compliance and anti-corruption → Supplier management → Diversity and equal opportunity <hr/>	<hr/> <ul style="list-style-type: none"> → Human rights policy statement → Supplier Code of Conduct → E.ON Code of Conduct → Code of Responsible Conduct for Business → Biomass Purchasing Amendment <hr/>
<hr/> <p>Labour</p> <p>Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p>Principle 4: Eliminate all forms of forced and compulsory labour</p> <p>Principle 5: Eliminate child labour</p> <p>Principle 6: Eliminate discrimination in respect of employment and occupation</p> <hr/>	<hr/> <ul style="list-style-type: none"> → Good corporate governance → Human rights → Compliance and anti-corruption → Supplier management → Diversity and equal opportunity → Working conditions <hr/>	<hr/> <ul style="list-style-type: none"> → Human rights policy statement → Supplier Code of Conduct → E.ON Code of Conduct → Joint "Diversity and Integration" Declaration of Principle <hr/>
<hr/> <p>Environment</p> <p>Principle 7: Support a precautionary approach to environmental challenges</p> <p>Principle 8: Undertake initiatives to promote greater environmental responsibility</p> <p>Principle 9: Encourage the development and diffusion of environmentally friendly technologies</p> <hr/>	<hr/> <ul style="list-style-type: none"> → Strategy and objectives → Good corporate governance → Renewables → Efficiency improvements → Climate-friendly mobility → Carbon footprint → Environmental management → Nuclear safety and security → Nuclear waste <hr/>	<hr/> <ul style="list-style-type: none"> → E.ON Health, Safety and Environment Policy Statement <hr/>
<hr/> <p>Anti-corruption</p> <p>Principle 10: Work against corruption in all its forms, including extortion and bribery</p> <hr/>	<hr/> <ul style="list-style-type: none"> → Good corporate governance → Compliance and anti-corruption → Responsible lobbying <hr/>	<hr/> <ul style="list-style-type: none"> → Supplier Code of Conduct → E.ON Code of Conduct → Code of Conduct Annex 1: Checklist Compliance → Code of Conduct Annex 3: Guidelines on Benefits <hr/>

ESG key figures

In order to assess the effectiveness of our strategies and measures we are taking, we collect key data relating to business operations, societal developments and the environment. Standardised indicators on the environment, social engagement and governance & integrity (Environment, Social and Governance – ESG) in particular are increasingly in demand on capital markets. This is why we have been presenting our key indicators in conformity with the ESG convention for a number of years.

In the following pages you will find selected ESG figures from this report. Some of the figures were audited by external reviewers and are indicated by a symbol. Additional information about the figures – such as detailed breakdowns – can be found in the following pages of the report:

Environment

→ [Renewables](#)

→ [Efficiency improvements](#)

→ [Climate-friendly mobility](#)

→ [Carbon footprint](#)

→ [Environmental management](#)

→ [Water management](#)

→ [Nuclear safety and security](#)

→ [Nuclear waste](#)

Social

→ [Occupational health and safety](#)

→ [Diversity and equal opportunity](#)

→ [Employee development](#)

→ [Working conditions](#)

→ [Stakeholder engagement](#)

→ [Community involvement](#)

Governance & integrity

→ [Good corporate governance](#)

→ [Compliance and anti-corruption](#)

→ [Human rights](#)

→ [Crisis management](#)

→ [Security of supply](#)

→ [Customer satisfaction](#)

→ [Customer health and safety](#)

→ [Data protection](#)

→ [Supplier management](#)

Environment

	2016	2015
E.ON Group carbon footprint (million metric tonnes)		
Scope-1 emissions	4.6 <input checked="" type="checkbox"/>	80.0 ¹⁾
Scope-2 emissions	3.4 <input checked="" type="checkbox"/>	3.7 ¹⁾
Scope-3 emissions	75.5 <input checked="" type="checkbox"/>	116.5 ¹⁾
Energy consumption within the organization (million GJ)	382	540
SO₂ emissions (metric tonnes)	307.7	376.4²⁾
NO_x emissions (metric tonnes)	1,990.8	835.9²⁾
Non-hazardous waste (kilotonnes)		
Recovered	21.1	39.4 ²⁾
Disposed	7.8	10.7 ²⁾
Hazardous waste (kilotonnes)		
Recovered	21.5	18.2 ²⁾
Disposed	6.2	14.0 ²⁾
Radioactive waste (metric tonnes)		
Low- and intermediate-level radioactive waste	423.8	490.0 ²⁾
High-level radioactive waste	20.4	105.4 ²⁾

1) Prior-year figures have been adjusted.

2) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

Social

	2016	2015
Group employees ¹⁾	43,138 ²⁾ ✓	43,162 ³⁾
Average length of service (years) ⁴⁾	14.2 ²⁾ ✓	14.3 ³⁾
Turnover rate (percentages) ⁴⁾	5.3 ²⁾ ✓	3.5 ³⁾
Average age (in years) ⁴⁾	42 ²⁾ ✓	42 ³⁾
Apprentices-ratio in Germany (percentages)	5.3 ²⁾ ✓	5.5 ³⁾
Ratio of women among total workforce (percentages) ⁴⁾	32.1 ²⁾ ✓	32.0 ³⁾
Ratio of women among management across E.ON Group (percentages) ⁵⁾	19.6 ²⁾ ✓	18.4 ³⁾
Proportion of employees with severe disability in Germany (percentages) ⁵⁾	5.4 ²⁾ ✓	5.7 ³⁾
TRIF combined (per million hours worked) ^{6),7)}	2.5	2.4 ³⁾
LTIF E.ON employees (per million hours worked) ^{7),8)}	1.9 ✓	1.9 ³⁾
LTIF contractors employees (per million hours worked) ^{7),8)}	2.1	2.0 ³⁾
Number of fatal accidents E.ON employees and contractors employees ⁷⁾	4 ✓	2 ³⁾
Total community-involvement investments (€ in millions)	18.1	14.7
Involvement of E.ON employees (number of volunteer hours)	11,828	12,747

1) Excluding Board Members/Managing Directors and apprentices

2) Figures taken from the reviewed section of the Annual Report

3) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

4) Including Board Members/Managing Directors and apprentices

5) Including Board Members/Managing Directors

6) Total Recordable Injury Frequency – The number of work-related accidents and occupational diseases

7) Unlike from the general approach of reporting, our safety reporting includes companies in which E.ON holds less than a 50 per cent stake but over which E.ON has operational control.

8) Lost Time Injury Frequency – work-related accidents resulting in lost man hours

Governance & integrity

	2016	2015
Number of power and gas customers (millions)¹⁾	21.4²⁾ <input checked="" type="checkbox"/>	22.7³⁾
Installed smart meters (millions)	2.1	1.8⁴⁾
Power distribution network (kilometres)	754	755
Gas distribution network (kilometres)	104	105
Research and development expenses (€ in millions)	14²⁾ <input checked="" type="checkbox"/>	20
Share of primary energy carriers in self-generation (percentages)		
Wind and solar	24.9	5.7
Natural gas/oil	1.8	33.7
Nuclear	69.5	26.4
Lignite and hard coal	-	26.0
Hydro	-	7.8
Other (incl. biomass)	3.8	0.4
Sales generated in countries with corruption risks (percentages)	14.6	6.6
Number of compliance notices⁵⁾	75	75

1) Excluding customers in Turkey (50/50 joint venture)

2) Figures taken from the reviewed section of the Annual Report

3) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

4) Prior-year figures have been adjusted.

5) The reported number of notices refers to cases on central files that resulted in investigations and which were determined not to be erroneous.

DVFA/EFFAS KPIs

Since 2010 we have reported our indicators in line with standards defined by the German Association for Financial Analysis and Asset Management (German: Deutsche Vereinigung für Finanzanalysten – DVFA) and the European Federation of Financial Analysts Societies (EFFAS). These core non-financial indicators are valid across Europe and also include sector-specific criteria. In selecting following KPIs we use the third generation of DVFA/EFFAS-KPIs.

		2016	2015
E01-01	Energy consumption within the organization (million GJ)	382	540
E02-01	Carbon emissions Scope 1 (million metric tonnes)	4.6	80.0 ¹⁾
	Carbon emissions Scope 2 (million metric tonnes)	3.4	3.7 ¹⁾
	Carbon emissions Scope 3 (million metric tonnes)	75.5	116.5 ¹⁾
E03-01	Total carbon emissions (million metric tonnes)	83.4	200.2 ¹⁾
	Total NO _x emissions (metric tonnes)	1,990.8	835.9 ²⁾
	Total SO ₂ emissions (metric tonnes)	307.7	376.4 ²⁾
E04-01	Total waste (kilotonnes) ³⁾	57.0	82.9 ²⁾

1) Prior-year figures have been adjusted.

2) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

3) Comprises: Radioactive, hazardous, and non-hazardous waste.

4) Comprises: Recycled share of hazardous and non-hazardous waste.

5) To guarantee funds for potential redevelopment and water protection measures and to the rehabilitation of contaminated sites

6) Figures just include non-core business activities (see → [water balance of PreussenElektra](#))

7) Including Board Members/Managing Directors and apprentices

		2016	2015
E05-01	Share of total amount of waste recycled (percentages) ⁴⁾	74.7	69.6 ²⁾
E06-01	Total amount of hazardous waste (kilotonnes)	27.7	32.2 ²⁾
E08-01 E08-02	Low and intermediate-level nuclear waste (metric tonnes)	423.8	490.0
E08-03	High-level nuclear waste (metric tonnes)	20.4	105.4 ²⁾
E12-05	Provisions for environmental remediation and similar obligations (€ in millions) ⁵⁾	469.0	851.0 ²⁾
E26-01	Generation portfolio (percentages)		
	Wind and solar	24.9	5.7
	Natural gas/oil	1.8	33.7
	Nuclear	69.5	26.4
	Lignite and hard coal	-	26.0
	Hydro	-	7.8
	Other (incl. biomass)	3.8	0.4
E28-01	Fresh water consumption (million cubic metres) ⁶⁾	26.2	34.8 ²⁾
E33-01	Share of sites with ISO 14001 certification (percentages)	95	-

1) Prior-year figures have been adjusted.

2) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

3) Comprises: Radioactive, hazardous, and non-hazardous waste.

4) Comprises: Recycled share of hazardous and non-hazardous waste.

5) To guarantee funds for potential redevelopment and water protection measures and to the rehabilitation of contaminated sites

6) Figures just include non-core business activities (see → [water balance of PreussenElektra](#))

7) Including Board Members/Managing Directors and apprentices

		2016	2015
S01-01	Turnover rate (percentages) ⁷⁾	5.3	3.5 ²⁾
S02-02	Training expenditure per employee (€)	811	1,052
S03-01	Average employee age (percentages)⁷⁾		
	<30	18	17 ²⁾
	31-50	55	55 ²⁾
	>50	27	28 ²⁾
S08-03	Consideration of ESG performance in performance agreements	→ "Good corporate governance"	
V02-01	Percentage of revenues in regions with Transparency International corruption index below 60 points	14.6	6.6 ²⁾
V04-01	Total R&D expenses (€ in millions)	14	20 ²⁾
V06-01	Customer satisfaction development	→ "Customer satisfaction"	
V11-02	Customers equipped with smart meters (millions)	2.1	1.8 ¹⁾
V28-04	Supply chain: Key performance narrative	→ "Supplier management"	
G01-01	Contributions to political parties	→ "Responsible lobbying"	

1) Prior-year figures have been adjusted.

2) Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper)

3) Comprises: Radioactive, hazardous, and non-hazardous waste.

4) Comprises: Recycled share of hazardous and non-hazardous waste.

5) To guarantee funds for potential redevelopment and water protection measures and to the rehabilitation of contaminated sites

6) Figures just include non-core business activities (see → [water balance of PreussenElektra](#))

7) Including Board Members/Managing Directors and apprentices

Independent Practitioner's Limited Assurance Report

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has performed a limited assurance engagement on the German version of the report of E.ON SE, Essen and issued an independent assurance report, authoritative in German language, which has been translated as follows:

To E.ON SE, Essen

We have been engaged to perform a limited assurance engagement on the sustainability information marked with "✓" in the Sustainability Report of E.ON SE, Essen, (hereafter the "Company") for the period from January 1, to December 31, 2016 (hereafter the "Sustainability Report").

Management's Responsibility

The Company's Management is responsible for the preparation and presentation of the Sustainability Report in accordance with the criteria as set out in the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (hereafter the "GRI-Criteria") and for the selection of the information to be assessed.

This responsibility includes the selection and application of appropriate methods to prepare the Sustainability Report as well as the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes

designing, implementing and maintaining systems and processes relevant for the preparation of the Sustainability Report, which is free of material misstatements due to intentional or unintentional errors.

Audit Firm's Independence and Quality Control

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

The audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors

and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Institut der Wirtschaftsprüfer ("Institute of Public Auditors in Germany; IDW"): Requirements to quality control for audit firms ("Entwurf eines IdW Qualitätssicherungsstandards 1 „Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis" (IdW EQS 1)") – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express an opinion on the sustainability information marked with "☑" in the Sustainability Report based on our work performed.

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

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the sustainability information marked with "☑" in the Sustainability Report has not been prepared, in all material respects, in accordance with the GRI-Criteria. In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgement. This includes

the assessment of the risks of material misstatements of the sustainability information marked with "☑" in the Sustainability Report with regard to the GRI-Criteria.

Within the scope of our work we performed amongst others the following procedures:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Sustainability Report regarding the preparation process, the underlying internal control system and selected sustainability information
- Monitoring visits under the exploration of the processes for collection, analysis and aggregation of selected data at:
 - E.DIS AG in Fürstenwalde/Spree, Germany
 - PreussenElektra GmbH in Hannover, Germany
 - E.ON Hungária Zrt in Budapest, Hungary
- Analytical procedures on selected sustainability information of the Sustainability Report
- Comparison of selected sustainability information with corresponding data in the consolidated financial statements and in the group management report
- Assessment of the presentation of selected sustainability information in the Sustainability Report regarding the sustainability performance

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the sustainability information marked with "☑" in the Sustainability Report of the Company for the period from January 1, to December 31, 2016 has not been prepared, in all material respects, in accordance with the GRI-Criteria.

Emphasis of Matter – Recommendations

Without qualifying our conclusion above, we make the following recommendations for the further development of the Company's sustainability management and sustainability reporting:

- Higher standardization and formalization of the internal control system for sustainability information
- Further harmonization and automation of the group-wide reporting processes for non-financial information

Restriction on Use and Distribution

We issue this report on the basis of the engagement agreed with the Company. The review has been performed for purposes of the Company and is solely intended to inform the Company about the results of the review. The report is not intended for any third parties to base any (financial) decision thereon. We do not assume any responsibility towards third parties.

Munich, 24th of April 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Wirtschaftsprüfer
(German Public Auditor)

ppa. Robert Prengel

Ratings and rankings

We have been awarded with good results in countless sustainability ratings and rankings over the years. Below we summarise our ratings, rankings and accolades that are of relevance to the Group as a whole.

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM

As a company operating in the "Multi and Water Utilities" industry sector we are listed in the → "[Dow Jones Sustainability Indices](#)" World and Europe (DJSI). E.ON's performance was rated to be well above average in many areas, with a "percentile ranking" in 2016 of 97.



In the → "[RobecoSAM Sustainability Yearbook](#)" we climbed into the bronze category in our industry sector in 2016 and into the silver category in 2017 – we now belong to the top 15 per cent among "Multi and Water Utilities" companies. We were also honoured as an "Industry Mover 2017" for having shown the biggest improvement year-on-year within our sector.



In 2016, → [CDP](#) (formerly known as "Carbon Disclosure Project") once again named us as one of the Leadership Group companies in the DACH region (comprised of Germany, Austria and Switzerland) for our climate reporting, with a rating of A-.



We were once again listed in the "Euronext Vigeo Eurozone 120" and the "Euronext Vigeo Europe 120" in 2016. We were also listed in the "Euronext Vigeo World 120" for the first time. The Euronext Vigeo family of indexes from the ESG research provider → [Vigeo Eiris](#) lists companies that have delivered excellent performances in terms of environmental, social and governance (ESG) criteria.

Further information

To learn more about our activities, visit our → [Sustainability Channel](#).

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