Sustainability Report 2017

e·on

E.ON at a glance

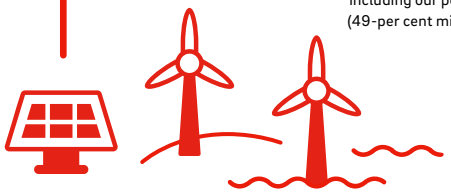
Our business areas

From 2016 onwards we have been focusing on the business areas energy networks, customer solutions and renewables. Doing this means that we are consistently focusing on the new energy world. In addition to these core business segments, we are also active in the area of nuclear energy through our PreussenElektra operating company in Germany. However, this is not a strategic business area for us.

863,000 km
power and gas networks[1]

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

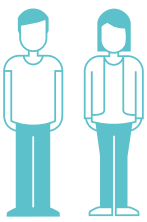
21.1 Mio
power and gas customers



13 billion kWh
of owned power generation renewables

Where we are active

Our regional units represent us in eight European countries: Germany, United Kingdom, Italy, Romania, Sweden, Slovakia, Czech Republic and Hungary. We also have renewable activities in the US and a joint venture in Turkey. Our head office is located in Essen, Germany.



42,699
employees
(31/12/2017)

10
countries

Content

Content that has been audited by PricewaterhouseCoopers GmbH with "Limited Assurance" is identified with the ☑ symbol. The exact scope of the audit can be found in the Assurance Report. Approaches to material topics are marked with the corresponding Global Reporting Initiative Reporting Standards (GRI-SRS) disclosure number on the right-hand side.

Dear readers,

Dr. Johannes Teyssen,
Chairman of the Management Board

An important turning point in our company's history dates back exactly one year: in 2016, we were the first major European energy company to fully focus on the new energy world. Since then we have been focusing on the business areas of energy networks, customer solutions and renewables while also pursuing a new sustainability strategy. In 2017 we continued to put this strategy into action. Our business units are working to accomplish this by continuing their work on specific action plans designed to achieve concrete goals and measures. In future, my fellow member of the Board of Management Leonhard Birnbaum will be responsible for our sustainability work. I transferred the role of Chief Sustainability Officer to him in November of this year.

Clear climate goals for 2030

As an energy company, we have an important role to play in climate protection. In order to make an effective contribution in this area, we adopted a new climate strategy in June 2017 after transferring our conventional power generation activities to Uniper. This reflects our new business model and includes climate targets for the year 2030. The focus here is on reducing carbon emissions resulting from the procurement and use of electricity and gas in the customer business. These indirect emissions make up the majority of our carbon footprint. In the years ahead, we will work hard to achieve our goals.

We would like our stakeholders to know exactly how we are progressing on climate protection. Our transparent reporting on our progress and strategy in dealing with climate change – both in reports such as this and since 2004 to CDP – is an essential part of this process. And we have had success in doing so: in 2017 CDP once again ranked us as one of the leading companies in climate reporting. Our A- rating allowed us to maintain our very good positioning from the previous year.

This is how we are shaping the energy world of tomorrow

We are committed to supporting our customers in the energy world of tomorrow – a world in which electricity comes primarily from sustainable sources and is generated locally. To this end, we are investing, among other things, in the further expansion of renewable energy. In 2017 our Rampion offshore wind farm in the UK and two onshore wind farms in the U.S. were brought online. In addition, the construction of the Arkona offshore wind farm in the Baltic Sea off the coast of Germany has begun and we are setting new standards in environmental protection. A new corrosion protection method reducing deposits into the sea significantly is used for all 60 monopiles of the plant. This technology we developed was named Innovation of the Year at the 2017 German Renewables Award.

Distribution networks are also a crucial element for a sustainable energy world. The challenge is to be able to supply our customers reliably with electricity from renewable sources. This means that grids have to become smarter and smarter. We use various measures to promote the development of smart grids. Among other things, we are participating in "InterFlex", the European smart grid project. Together with our partners, we are working on new ways of optimising the power supply and making it more flexible at the local level.

Our efficiency solutions are also an important lever for climate protection. They help customers save energy. In 2017 we installed custom-tailored energy solutions for several leading corporate customers, which will generate savings in energy and operating costs for them over the long term. We also continued to develop our digital solutions in 2017. With the new "E.ON Plus" offer, for example, our customers can flexibly combine various electricity and natural gas products with the energy-saving solutions of well-known European manufacturers. With our solar products, such as E.ON Aura and SolarCloud, we are also enabling our customers to generate and use solar power themselves. The electricity is stored directly on site or in a virtual account.

Dialogue with our customers

Our customers come first in everything we do. Working together with them, we want to shape the future sustainably and develop innovative energy solutions. The best way to find out what motivates our customers and what they expect from us is to talk to them face-to-face. In 2017 we once again sought this direct dialogue through the Customer Immersion Sessions: in 600 meetings, over 3,000 colleagues from all over the Group exchanged views with a total of more than 1,500 customers. My fellow members of the Board of Management and I also attended major Customer Immersion Sessions and gained interesting insights.

Responsibility for our employees

We take the health and safety of our employees very seriously and are committed to doing so with numerous measures. In 2017 we intensified our internal dialogue on health issues and addressed topics such as addiction and mental illness. We have also developed a new occupational safety training course for managers from lower and middle management. The course teaches participants how to identify security risks early and alert their employees to them. Despite our ongoing efforts, we unfortunately suffered setbacks in 2017 and regret the five deaths that occurred. In addition to our detailed accident analyses and measures derived from those analyses, we focus on the sustainable improvement of safety culture. In other words, we are taking a zero-tolerance line on incorrect actions and making sure that minor hazards and near misses are addressed even more consistently and that our fellow employees watch out for each other.

Change is in the air, not only at E.ON, but also around us: society is steadily transitioning towards sustainable development, challenging businesses, politics and civil society in equal measure. Our reorientation has paved the way for us to make our contribution to this. However, we are also aware that there is still much to be done. With this in mind, we at E.ON want to continue to promote sustainable action and thinking in the future and inspire our customers with innovative ideas for the new energy world. You can read about the progress we have made in 2017 in this report and in our separate Combined Non-Financial Report, which can be found in the sustainability channel of our Group website. If you have any questions or feedback, we would be pleased to hear from you. It is only by working together that we can shape the energy world of tomorrow.

Best wishes,

Dr. Johannes Teyssen

Strategy

Creating the energy world of the future

In 2016, we were the first major European energy company to be fully focused on the new energy world. Since then our focus has been on the business areas of energy networks, customer solutions and renewables. This represents our contribution to a sustainable future and our commitment to key market developments. We are investing in climate-friendly wind power and solar energy and delivering electricity to consumers via smart grids. Our innovative solutions also help our customers to reduce their energy consumption. In this way, they can participate in the new energy world according to their wishes.

Our company's consistent sustainable orientation is firmly anchored in our business strategy. This orientation helps us open up new business areas, making us stronger for the future. Our goal: we want to become even more sustainable in all relevant areas of operation and become a pioneer in our sector.

These are our priorities: our focus areas

In 2016, we formulated five focus areas that are in line with our business strategy. We have actively involved our employees and external stakeholders when defining these topics. In another internal workshop in 2017, our employees reaffirmed the importance and relevance of these focus issues. They continue to form the framework for our sustainability work and apply to the entire Group.

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 CO_2 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 well-being 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.

From strategy to action

To breathe life into the five focus areas, our business units drafted improvement plans by the end of 2016. At the beginning of 2017, these first drafts were further refined and presented and approved in the → Sustainability Council. Our business units define concrete actions and goals in the improvement plans – depending on their individual needs and particular context. These actions and goals are oriented on the focus areas, but also include other sustainability aspects that are relevant for the respective unit. In this way, we can ensure that the measures are optimally integrated into existing processes. One example is Sweden, where renewables already accounts for more than 50 percent of energy consumption. In line with this, our local unit has developed ambitious climate protection targets. Under the banner of "Clean 2025", it intends to switch to 100 percent recycled or renewable energy by 2025 and has developed appropriate measures to achieve this goal.

Making progress transparent

Our central sustainability offices – the Sustainability Council and the sustainability department – have provided support to all units in developing the improvement plans and have been monitoring their progress since then. This is done in direct exchange between the Sustainability Team and the local managers. Most of the activities are on schedule and have already made visible progress. We will continue to pursue the achievement and further development of these goals alongside the measures. With reports like this one, we will continue to provide transparent information about our sustainability work in the future.

SUSTAINABLE DEVELOPMENT GOALS

We support the Sustainable Development Goals

In 2015, the United Nations created an approach to addressing global challenges with the → Sustainable Development Goals (SDGs) of the "Agenda 2030 for Sustainable Development." We also support the SDGs. Our activities contribute in particular to goal 7 "Affordable and clean energy" and goal 13 "Climate protection". In this report, we use an SDG symbol in several places to indicate which of our activities contribute to the SDGs.

Activities of PreussenElektra

Our subsidiary PreussenElektra controls the operation and dismantling of our German nuclear power plants – which is no longer one of our strategic business areas. Nonetheless, we have also established an improvement plan here – though with a different focus. Using this plan, we are working on sustainability issues that are central to our subsidiary.

Focus on material topics

We carry out a systematic materiality analysis each year to determine which sustainability issues are particularly important for us and our stakeholders. We then use the results to identify the focus topics for our sustainability report.

In doing so, we also meet the requirements of the → Global Reporting Initiative (GRI), whose international standard we have used to prepare this report. The GRI encourages reporting companies to explain how they have selected the issues in their report. In addition, the Sustainability Report is intended to address issues that reflect the organization's significant economic, environmental and social impacts or substantively influence the decisions of stakeholders. This report focuses on these key sustainability topics. To a lesser extent, however, we also discuss other topics.

The view from the outside: online stakeholder survey

What do our stakeholders consider to be particularly important issues for E.ON as a responsible company? That's what we wanted to know and that's why we conducted an online survey in August 2017 – at eon.com, in the social media, on the intranet and by specifically addressing customers in our key markets of Germany and the UK. The participants rated topics from different areas of activity on a scale from "not very important" to "very important". Approximately 1,500 people – including customers, employees, suppliers and investors – took part in the survey. Based on the results of the survey, we created a ranking list of topics. To do this, we determined how important an issue is for respondents on average and sorted the list in descending order. We then defined a so-called materiality threshold: The twelve topics that were above this threshold in the ranking were classified as essential, and the 17 topics below the threshold in the ranking were classified as further topics.

Our prospects: internal workshops with department contacts

For each of the five action areas evaluated in the online survey, a discussion with the contact persons of the relevant departments was arranged. The survey results were presented and the topics were then evaluated from the perspective of the specialists and compared with the stakeholder perspective. The result: With few exceptions, the views of the respondents coincided with those of the company. In the end, we were able to identify eleven material topics and 18 further topics for our sustainability report. These correspond to ten aspects of the GRI Sustainability Reporting Standards (GRI-SRS). Approaches to material topics are marked with the corresponding GRI-SRS disclosure number on the right-hand side.

The materiality analysis approach and its results were presented to the → Sustainability Council in September. The results were confirmed by both the Council and the Chief Sustainability Officer.

Material and further topics according to action areas

		Material topics	Further topics
Action areas	→ **Customers**	Customer orientation *(GRI 102)* Efficiency solutions *(GRI 302; Research & Development*)* Health and safety *(GRI 416)* Data protection *(GRI 418)*	
	→ **Energy solutions**	Renewables *(GRI 302; Research & Development*)* Security of supply *incl. optimising energy networks (Acess*; Research & Development*)*	Climate-friendly mobility
	→ **Employees**	Occupational health and safety *(GRI 403)* Diversity and equal opportunity *(GRI 405)*	Employee development Working conditions *incl. employee involvement*
	→ **Climate and environment**	Climate protection *(GRI 305)*	Environmental management *incl. energy efficiency, air emissions, water management, biodiversity protection* Waste
Foundation	→ **Good corporate governance**	Compliance and anti-corruption *(GRI 205)* Human rights *(GRI 412)*	Responsible lobbying Crisis management Supplier management *incl. standards in the supply chain, local procurement, dealing fairly with partners* Stakeholder management Community involvement

Illustration 1: The graphic shows our five action areas – whereby we regard "Good corporate governance" as the foundation of our sustainable actions – as well as all the material and further topics. The corresponding aspects of the GRI Sustainability Reporting Standards 2016 are presented in brackets with corresponding identification after the material topics; aspects marked with an asterisk (*) are sector-specific GRI aspects. Some of the topics are grouped together in a single chapter, which is indicated by "incl. XX".

Material topics for PreussenElektra

The nuclear power branch, headed by our subsidiary, PreussenElektra (PEL), is faced with other sustainability challenges. The selection of key issues, which remained unchanged compared to the previous year, therefore differs accordingly:

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

Through the operation of nuclear power plants, we are contributing to economic efficiency and supply security as well as to CO_2-neutral power generation. We will deal with these and other more in-depth issues at greater length in the thematically suited chapters of the report. Contents that exclusively concern PEL are clearly indicated by the reference "non-core business."

Customers

Efficiency solutions

By providing them with smart solutions we help our customers to reduce their energy consumption, energy costs and CO_2 emissions.

Customer orientation

Our customers are our top priority because we want to shape the future with them.

Data protection

Protecting our customers' data is very important to us. Increasing digitalisation means that data protection requirements are on the rise.

Health and safety

We take responsibility for ensuring that our products, such as solar panels and battery storage devices installed in private homes, are safe.

material topic

Partnering with customers, earning their trust and loyalty

Global trends like sustainability and climate protection, digitisation and technological innovation are altering the energy landscape in exciting ways. The energy world is becoming greener, more distributed and more interconnected. All types of customers – households and businesses, municipalities and government entities – are eager to join this new world and reap its benefits. Working closely with our customers, we seek to help them find their way in this world by offering them innovative, sustainable energy solutions that meet their needs. If we do this well, we gain their trust and loyalty, which are crucial for us to sustainably grow our business.

7 AFFORDABLE AND CLEAN ENERGY

We ensure access to affordable and sustainable energy.

→ Sustainable Development Goals

Our achievements in 2017

In the past we wanted to be customer-centric. In 2017 we decided we needed to go further and become customer-led. This is more radical. It's about designing products, services and end-to-end experiences with our customers' interests and needs always in mind. In 2017 we took additional steps across several Programmess (including Customer Immersion and Net Promoter Score), all of which help make E.ON more customer-led.

In 2017 we also introduced CEO-led signature actions. Each unit has a set of specific key measures to enhance customer experience and customer advocacy. These are initiated and led by the unit CEOs who are personally responsible for improving their unit's customer orientation.

E.ON is ranked **1st** for customer service in Germany, according to the "Deutschland Test" survey published by Focus, a weekly news magazine. More than 300,000 consumers in 40 cities across Germany were surveyed. E.ON was named the energy company with the best customer service for the third year in a row.

Interacting directly with customers

Customer Immersion is a programme in which our customers engage in honest, two-way discussions with our employees, including those who would otherwise have no contact with customers. Over 3,000 of our employees participated in exchange and dialogue with over 1,500 customers at 600 immersion sessions across E.ON in 2017. Of the 600 sessions, 400 were face-to-face and 200 online. Many of our executives took an active part in 2017 as well. For example, E.ON CEO Johannes Teyssen and Management Board member Karsten Wildberger hosted sessions in April and October, respectively. In addition, a meeting with customers took place at a conference of our 100 top executives in Copenhagen in October.

Adopting design thinking to find creative solutions

After updating our understanding of our customers' main concerns in 2016, in 2017 we took specific steps to increase the speed at which we address these concerns so that customers feel the improvements sooner. In 2017 we continued to broaden our capability building by providing training for the design-thinking methodology, encouraging interdisciplinary collaboration and embedding user-centric creative methods in innovation that put the customer at the heart of the design process. Through year-end 2017, over 1,500 employees across E.ON completed various design-thinking sessions. Employees also apply what they have learned to the day-to-day business to continually improve the customer experience and develop products and propositions through our customers' eyes.

Monitoring and improving customer experience and loyalty through NPS

We measure customer loyalty and drive improvements in customer experience by means of Net Promoter Score (NPS), which indicates our customers' willingness to recommend us to their family and friends. We use NPS at various levels of the organisation. At a strategic level, we use NPS to assess and improve our performance relative to our competitors; at an operational level, we use NPS to listen, learn and act to improve the experience we provide to our customers. At a strategic level, in 2017 we expanded the basket of competitors with which we compare our NPS performance. The basket now includes not only our main peers but also new market entrants. This gives us an accurate picture of how we're performing in relation to the market, which enables us to take strategic actions to improve. We also made changes to the way in which NPS is incorporated into incentives for executives by increasing its relative importance and widening the reach to cover the whole business.

Reviewing and improving our complaints management

One important way to increase customer loyalty is to resolve complaints swiftly and efficiently. In 2017 we conducted a detailed review of our complaint-management performance in all of our markets. It considered our governance, people, processes, systems, actions, and data. Based on the review's findings, all of our regional units designed and implemented action plans to address areas where they need to do better. We plan to conduct another review in the second quarter of 2018 to monitor our progress.

Enhancing digital interactions with customers

A key strategic focus is to improve our digital interactions with customers in order to provide them with faster, more seamless and more flexible interactions, to manage their relationship with us. We strive to offer customers the same seamless digital experience they're used to from online retailers and banks. In 2017 we more than doubled our digital interactions with customers for service matters compared to 2016 and more than tripled the number of interactions on our customer self-service portal across the group. The number of online sales was three times higher than in 2016. On average, each customer interacted with us digitally more than once in 2017, and every second customer logged on to our self-service portal at least once.

Our approach to this issue

GRI 417/103

Loyal customers tend to stay with us longer, to purchase additional products and services, and to recommend us to their family and friends. That's why we're committed to earning our customers' loyalty by putting them at the centre of everything we do. We've shifted our focus from products to people. Our commitment to being a customer-led company is reflected in our brand idea: "Let's Create a Better Tomorrow". The E.ON brand promises to give our customers what they want in the new energy world: brilliant experiences and smarter, sustainable solutions. Delivering on this promise will make us distinctive in the marketplace and thus enable us to grow our business. Our ambition is to become the number-one energy-solutions company in our markets.

Responsibilities

Chief Operating Office
Chief Operating Office – Commercial (COO-C) at the Corporate Headquarter in Essen, Germany, coordinates all of our marketing activities with the aim of bringing the E.ON brand to life. COO-C helps launch and scale up our customer solutions, provides data-based insights into customer needs, and continually looks for new ways to improve our customer experience. COO-C supports our energy-sales and solutions businesses for all customer divisions, in all our markets.

Customer loyalty ambassadors
Our customer experience teams serve as our ambassadors for customer loyalty in their country. They're the direct contacts to our Group-wide customer experience organisation and take the lead on related projects and activities. We have teams in Germany, the United Kingdom, Italy, Romania, Sweden, the Czech Republic and Hungary. They regularly share information so that successful programs and service improvements in one sales territory benefit us elsewhere.

Customer advocacy councils
In 2017 customer advocacy councils met monthly in all of our markets. Chaired by the regional unit CEOs, they bring together senior leadership for the purpose of guiding the unit toward its goal of being the number on energy solutions company in its market and seeing the business through its customers' eyes. The councils track their unit's performance on key customer objectives such as NPS, monitor the effectiveness of improvement plans and, if necessary, adjust or reprioritize them, and review the progress of change initiatives aimed at customer advocacy.

Internal guidelines and policies

Customer experience principles

Our customer experience principles state our pledge for how we interact with our customers. They're derived from the characteristics of our brand personality: Simple, Authentic, Collaborative and Creative. This means that our efforts to design new customer journeys are inspired by our brand ambition to create brilliant experiences. This is our pledge:

- We'll get to know you and treat you like a person
- We'll speak your language and make it simple
- We're the experts so you don't have to be
- We'll always be honest and straightforward
- We'll respond to your needs as they change over time
- We'll empower you and help you become a better energy user

These Group-wide principles provide overall guidance. Each of our sales organisations adapts the principles to address their customers' needs, their own priorities, and the situation in their respective market. Each organisation defines its principles using a standard Group-wide process. Our organisations in Germany, the United Kingdom, Sweden, the Czech Republic, Italy, Hungary and Romania have had their own customer experience principles in place since 2015.

Methods und processes

Customer and market insights

We carefully monitor the trends that are shaping tomorrow's attitudes and behaviours. We conduct an insight-driven innovation process based on continual testing and learning so that we can deliver the best customer experience possible in both our energy-sales and customer-solutions businesses. Gaining a thorough understanding of our customers' needs and attitudes is vital for us to identify opportunities to improve their lives with individually tailored products and services. Consumer studies and broad market research help us detect new trends, such as customers' increasing demand for digital products or their perceptions of new solar and e-mobility services. Such information teaches us a lot about what gets customers excited and also what concerns they have. We disseminate these specific findings across our organisation. We also analyse them further by applying market research methods as well as advanced data analytics and modelling techniques. This enables us to enhance our customer communications and service offerings along the customer lifecycle.

Programmes

Net Promoter Score (NPS) programme (since 2013)

We strive continually to enhance customer loyalty. We measure our progress by means of Net Promoter Score (NPS) (see "Objectives and performance review" on the next page). It helps us identify which issues are important to customers and where we need to improve. We measure three types of NPS. Strategic or top-down NPS compares our performance to that of our competitors and is based on the feedback of customers regardless of whether they have had an interaction with us or not. It provides us with the general customer view. Bottom-up NPS is based on the feedback of customers who have had a specific interaction with us, such as talking to a call centre agent. It helps us understand and improve customers' experience. Journey NPS measures the loyalty of customers who have completed a journey with us, such as transferring their energy service to their new residence when they move.

The NPS programme, which we began rolling out in 2013, is now used by our units in all our markets (Germany, the United Kingdom, Italy, Romania, Sweden, the Czech Republic and Hungary). In consultation with COO-C, each organisation sets its own NPS target reflecting the situation in its particular market (the Group-wide target is set centrally). They report their progress to the E.ON Management Board on a quarterly basis. Since 2014, a proportion of senior managers' variable compensation has been based on NPS performance. This has gained more importance over time, with NPS accounting for 20 percent of compensation for E.ON executives in 2017.This creates a personal incentive to focus resolutely on customer loyalty.

Internal NPS (iNPS) programme (since 2014)

Even employees who have no contact with customers make an important contribution to customer loyalty. The internal NPS (iNPS) programme aims to sensitise all employees about the importance of customer loyalty for our company's success. iNPS was first introduced in 2009 in selected divisions and then rolled out across the Group in 2014. It has been implemented in IT, human resources, supply chain management, finance and other internal support functions.

Customer Immersion programme (since 2013)

Customer Immersion brings the voice of our customers into our organisation so that we can give them what they truly want. It's about embedding customer thinking into our entire business and getting us closer to customers more often. The programme, which has been offered in all our markets since 2015, has been managed at the Group level by the Global Customer Immersion function at COO-C since 2016.

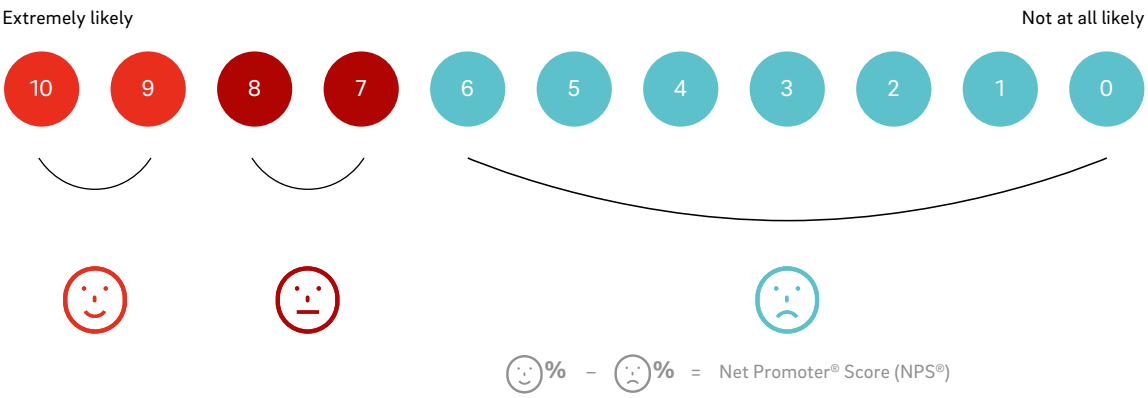
Assistance for vulnerable customers	We're committed to helping our vulnerable customers: older people, people who are physically or mentally challenged, people on low incomes, or people who require life-support medical equipment. We want to ensure that their energy supply isn't cut off – particularly in the winter – if they have difficulty paying their bill. Our assistance for vulnerable customers varies according to the welfare programs available in a particular country. Examples of this assistance include helping customers find out whether they qualify for government support schemes, partnering with other organizations to prefinance insulation for customers' homes and thus reduce their energy bills, helping customers get in touch with job centres and budget-management consultants, and sitting down with customers to work out a payment plan that fits their budget.
Individualized products	Individual products and payment models give our customers more control over their energy bills. Our offerings vary by country depending on customer needs and statutory requirements. Examples include: • Products with price caps as well as fixed-price products that give customers protection against rising energy prices • Products that track the average price of all products on the market and keep the price below the market average • Products with payments evenly distributed across the year in order to avoid higher bills during cold winters • Products that enable customers to earn credits by achieving personal energy-saving targets • Products like "Pay as you go" in the United Kingdom, which allow our customers to add credit to their energy account directly using their cell phone or other devices.
Easy-to-understand bills	The price customers pay for their energy consists of a sometimes bewildering array of components: the cost of the energy itself, grid and other fees, taxes and levies. That's why we make our energy bills for residential customers as short and easy to understand as possible. In the UK, for example, most customers receive a single-sheet bill, and customers who choose paperless billing get a discount. Easy-to-understand bills make life easier for our customers and them more likely to be loyal to us.

Objectives and performance review

NPS measures our performance in customer loyalty. It's a key performance indicator of our success because we can only expand our business if our customers are satisfied and recommend us to others.

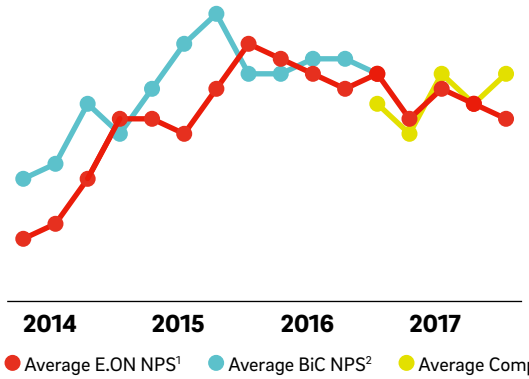
To calculate NPS, we ask our customers: "On a scale of zero to ten, how likely is it that you would recommend E.ON to a friend or colleague?" Based on their response, we divide customers into three categories: Detractors (0-6), Passives (7-8) and Promoters (9-10). NPS is calculated by deducting the percentage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

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

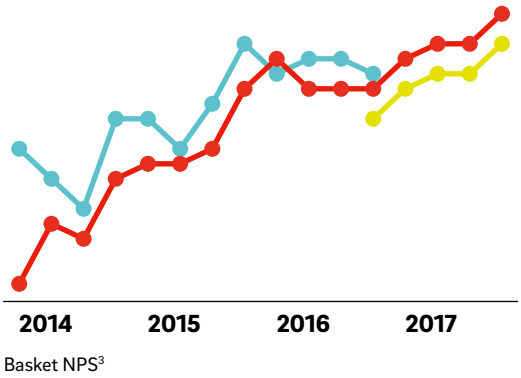


We analyse changes in NPS on a quarterly basis and publish them Group-wide. We also identify which factors currently have a strong influence on customer loyalty. This enables us to adapt our activities to current customer needs. Each quarter we hold discussions with our regional sales organisations to evaluate the results and to identify what steps should be taken to achieve the regional NPS target. The COO-C Global Customer Experience function assists as needed.

Strategic NPS residential customers



Strategic NPS small and medium-sized enterprises



Average E.ON NPS[1] Average BiC NPS[2] Average Competitor Basket NPS[3]

[1]Equal weighting of E.ON's top-down NPS in six countries (Germany, UK, Sweden, Czech Republic, Italy and Romania; excludes Hungary, Slovakia and Turkey).
[2]Best in class (BiC) refers to the NPS of the best or next-best company from the group of comparable competitors.
[3]Benchmark of BiC (main suppliers) is changed to a Competitor Basket, which includes new entrants alongside main suppliers.

Our average NPS for residential declined in 2017. Although two regions were ahead of their respective competitor baskets four regions were behind their respective competitor baskets. Deeper market analysis indicates that whilst E.ON tended to perform well against traditional competitors a number of challenger brands performed better than market average.

In our SME (small to medium enterprise) business, E.ON´s NPS continued to improve as did that of our competitors. Two out of six regions are now loyalty leads in their respective markets and five out of six regions, in which we measure top-down NPS, improved their score versus 2016.

From 2018 onwards we will make changes to the NPS methodology to ensure a more consistent, centrally governed approach with a single research partner across all regional units. This includes using an online customer research panel and comparisons against the market rather than selected competitors. As such, a graphical historical comparison will no longer be possible in the 2018 report.

Saving energy: smart, digital, connected

By using energy efficiently, it is possible to achieve several positive effects all at the same time. This is because lower consumption not only saves costs, but also protects the → climate. Our customers are increasingly seeking solutions for more efficient use of energy. As a result, we support them with innovative ideas for reducing their consumption. Our portfolio includes distributed solutions enabling energy to be generated directly where it is needed. Digitalisation also opens up new opportunities: digital energy management solutions make energy consumption transparent. This is based on smart meters, enabling consumption data to be analysed in real time.

Through distributed and digital solutions, we help our customers reduce their energy consumption and CO_2 emissions. By applying intelligent concepts, we also help cities and communities to use energy efficiently.

→ Sustainable Development Goals

Our achievements in 2017

In 2017 we continued to expand our range of efficiency solutions. For example, we carried out projects at a number of well-known business customers to reduce their energy and operating costs on a sustainable basis. This includes the installation of distributed electricity generation plants. Through such projects in industry and commerce, our business customers have saved on average between 20 and 40 percent in energy costs in recent years.

We have also developed numerous new efficiency solutions for our residential customers in different regions. These especially include new digital products that help to optimise the consumer's own energy consumption. We have also made progress with the widespread installation of smart meters, which are necessary for many digital applications. As a result, we have made strategic decisions that provide the framework for the introduction of smart meters in Germany.

Supporting business customers on their way to greater sustainability

In 2017 we installed a fuel cell for the Radisson Blu Hotel in Frankfurt. With this innovative solution, most of the energy required for running the hotel can be generated on site and pollution-free. The highly efficient fuel cell technology enables Radisson Blu to reduce its CO_2 emissions by around 600 tonnes annually. This is equivalent to the CO_2 emissions of approximately 50,000 mid-range cars over 100 kilometres.

We began our first major business customer project in the Netherlands in 2017. We will build and operate a new, highly efficient steam generator for the chemical company Dow Benelux in the coming year. It will be located at the company's largest European production site, in Terneuzen.

We were also active in 2017 for our long-term energy partner DSM Nutritional Products, a global enterprise from the nutritional and health sector. For instance, we extensively modernised the combined heat and power plant that the company has been using for the past 13 years at its site in Baden-Württemberg. In this way, the plant can meet the facility's energy requirements for a further 15 years in an efficient and sustainable way, thus making an important contribution to safeguarding the future of our partner's site.

Through our projects in industry and commerce, our B2B-customers have made a total of 2,215 GWh of energy savings in 2017. This means that they emitted 731 kt less CO_2 into the atmosphere. We owe these savings mainly to the increase in fuel efficiency in the B2B business and the expansion of digital solutions.

Testing tomorrow's homes today

What's it like to live in the new energy world? Avacon, an E.ON subsidiary in Germany, conducted an e-Home research project to find out. In 2011 it equipped 32 homes outside Bremen with new technology: rooftop solar panels, battery storage systems, smart meters, and electric vehicles (EVs). In 2017 Avacon concluded the project and analyzed the results. One thing we learned is that participants drove their EVs further than expected and that EV use rose continually throughout the project. That bodes well for the future of e-mobility. The project gave us valuable insights into our customers' behavior and needs in the new energy world.

New digital offerings for a smart home

In 2017 we added a new offering to our portfolio that will help customers make their homes energy-efficient and connected. "E.ON Plus" offers the opportunity to combine different electricity and natural gas products with smart energy-saving solutions from major European producers. Examples of such solutions are the "Hue" smart lighting system or the smart thermostats of tado. "Hue" can digitally control up to 50 lighting fixtures and reduce energy consumption by up to 80 percent using LED lamps. The thermostats of tado allow users to save up to 30 percent on heating costs. At → www.eonplus.de, customers can configure the various components of the "E.ON Plus" offering to meet their needs – from power supply to → electro-mobility. E.ON Plus" will be expanded in the coming months to include additional products and services.

We also worked on expanding "E.ON SmartCheck", which is offered in Germany, by adding various functionalities during the period under review. In future, for example, customers with a smart meter will be able to use a web app to view their own power consumption around the clock in real time. Customers can already use the platform to compare their energy consumption with that of similar households and obtain individual energy-saving tips without the need for smart meters.

We have also continued to improve existing digital offerings in other regions. In the UK, we introduced the "E.ON SEE App" in 2017 to replace our previous offering there, the Saving Energy Toolkit. This new app provides customers with an overview of their energy consumption and individual energy-saving tips. It also helps them understand how energy-saving measures affect their consumption. The "E.ON App" offers similar possibilities for our customers in Sweden. Since 2017, it has been taking into account lifestyle information to offer custom-tailored energy-saving tips.

Encouraging savings cravings in Turkey

Preventing carbon emissions is actually rather easy. Use less energy. Don't leave your TV in stand-by mode, replace old energy-hungry appliances with new energy-smart ones and turn off the lights when you leave a room. Enerjisa, our joint venture in Turkey, is helping its residential customers shrink their energy bills and their carbon footprints. In an awareness campaign called "Save Your Energy," it offers them energy-efficiency tips on its website and an app.

Welcome to the intelligent house of the future

By investing recently in Cuculus, a software company with headquarters in Ilmenau, Germany, we are expanding our expertise in digital and networked solutions for our customers. Together with Cuculus, we are developing solutions for the intelligent house of the future. The basis for this is the Internet of Things. Different devices and systems communicate with each other online, allowing them to be managed flexibly.

Efficient and sustainable heating

More efficient heating systems can also save a lot of energy. We offer our customers in the UK a variety of options to help them do this, including, for example, practical instalment payments to buy a high-efficiency boiler and free or discounted building insulation. Moreover since 2017, customers in the UK have been able to use low-carbon heating technology. With a heat pump, the energy stored in the ambient air can be used for home heating. This is of particular interest for homeowners in rural areas who previously depended on oil or LPG for heating.

In Germany, our new "HeatManager" ("WärmeManager") has been helping optimise night storage heating systems since 2017. The application analyses the weather forecast each day and determines on this basis how much electricity needs to be supplied to reach a certain desired temperature in the customer's home. The night storage heating system can also be conveniently controlled from the sofa with an app.

Big data, better solutions

Smart meters produce a lot of data. But it's only useful if we find meaningful relations in it. In January 2017, our Slovakian subsidiary ZSE invited students, data experts and web designers to do just that: analyse data from 1,000 smart meters and use it to design an app that helps customers conserve energy. The catch: it only gave them 24 hours. Eighty competitors divided into 11 teams accepted the challenge. The winning team received a €2,000 prize for a clever app with advanced functions. The contest, called Energy Hack, is one of the ways we're crunching big data to develop smart, sustainable solutions.

Strategic guidelines for the introduction of smart meters

In the spring of 2017 the E.ON Board of Management approved the company strategy for the introduction of smart meters in Germany. It defines a clear framework, both for the equipping of our customers with smart meters as stipulated by law in Germany and for further products and services related to energy efficiency. There is a delay to the start of the legal obligation for installing smart meters at present – it was actually scheduled for 2017. The reason for this is a pending decision by the German Federal Office for Information Security (Bundesamt für Sicherheit in der Informationstechnik – BSI) concerning certification of independent smart-meter manufacturers.

Installed smart meters by region (thousands)

	2017	2016	2015
Roll-out regions			
Sweden	1,035	1,000	1,000
United Kingdom	1,002	800	580
Pilot region			
Romania	252	240	165
Slovakia[1]	33	20	18
Hungary	26	10	10
Germany	30	30	26
Czech Republic	0.3[2]	4	4
Total	**2,378**	**2,104**	**1,803[3]**

[1] 49-per cent minority shareholding.
[2] Lower number compared to previous year due to completion of a government-sponsored pilot project.
[3] Prior-year figures have been adjusted.

Smart meters in a practical test: pilot projects started in Germany

In 2017 we started pilot projects for the rollout of smart meters in four selected regions of Germany. A total of several hundred customers are taking part in the projects on the islands of Fehmarn and Rügen in the north of Germany, in Saxony-Anhalt and in Lower Bavaria. The experience gained will help us to optimise the performance of the devices and to adapt the technology even better to the needs of our customers. The smart metering systems provided by E.ON meet the high protection profiles and technical guidelines issued by → German Federal Office for Information Security (Bundesamt für Sicherheit in der Informationstechnik – BSI).

Hundreds of thousands of smart meters installed: roll-out progressing in other countries

In Sweden, we made intensive preparations in 2017 to introduce the second generation of smart meters. This is because the meters installed up to 2009 do not comply with all current EU requirements for smart meters and must consequently be replaced. The widespread installation of the new generation of devices is scheduled to start in 2019 and be completed by 2025.

We had already installed around 250,000 smart metering systems in the Romanian region of Moldavia by the end of 2017. This corresponds to approximately 18 percent of our network customers in the country. In 2017 the Romanian regulatory authority decided not to complete the introduction by 2022, as originally planned. The new plan envisages that, by the end of 2020, around 30 percent of consumers will have a smart meter. As the first energy company to begin introducing smart meters in Romania, we are in a good position to meet the new conditions; we expect that 37 percent of our customers will be equipped with smart meters by the end of 2020.

Our approach to this issue

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No matter whether the customers are residential or from industry, commerce or the public sector, all of them are focussing more and more on the efficient use of energy due to regulatory requirements and rising energy costs over the long term. With our expertise, we can help them save energy. For commercial customers, we offer integrated energy solutions. These include products and services for distributed electricity and heat generation, such as combined heat and power (CHP) plants as well as energy efficiency measures, such as optimised lighting and air conditioning.

We offer digital energy 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 customers 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 (see “Our achievements in 2017”).

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

Responsibilities

Our business unit E.ON Connecting Energies (ECT) provides integrated, tailor-made energy solutions for our B2B customers. We offer solutions of this type in the markets of Germany, the UK, France, Italy, Belgium, the Netherlands, Sweden, Czech Republic, Romania and Hungary. ECT 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.

In Germany, Sweden, the Czech Republic, Slovakia, Hungary and Romania, the respective Distribution System Operators (DSO) are responsible for installing smart meters. In the UK, our distributor is handling installations. For the German market, our distributors and the E.ON Metering unit also offer solutions that go beyond the legal requirement for installing smart meters. At the corporate level, our Smart Meter Roll-out Committee oversees the introduction of smart meters.

The regional sales units are 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 Office – Commercial”.

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

Policy framework

The EU has adopted various directives and regulations with the aim of achieving the ambitious European energy, environmental and climate targets. These requirements are binding on all EU member states. They must be transposed into national law, however, in order to address the specific needs of each country.

Energy efficiency plays an important role in European energy and climate policy. By 2020, the European Union (EU) aims to reduce primary energy consumption within the EU by 20 percent compared to the projected energy consumption in 2020.

European Energy Efficiency Directive (2012/27/EU)	This directive aims to establish a common framework for achieving the EU's 20 percent goal. It requires member states to set national energy efficiency targets for 2020. It also contains various measures, including mandatory energy audits at large companies. In many countries the guidelines have already been transposed into national law. In Germany, the requirements were incorporated into the Energy Services Act of 2015.
EU Directive on the Energy Performance of Buildings (2010/31/EU)	The directive helps to promote the objectives of the Energy Efficiency Directive. It establishes efficiency requirements for new and existing buildings. This also includes requirements for components of buildings, such as heating systems, comprising boilers, piping and control units.
European Internal Market in Electricity Directive (2009/72/EC)	The directive stipulates that, as far as technically feasible and financially viable, all customers should be equipped with smart meters for recording electricity, gas, water or heat consumption. 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 transposed the EU recommendations into national law and set a clear goal of equipping 80 percent of consumers with smart meters by 2020. In Germany, according to the "Law on digitalisation of the energy transition" adopted in 2016, all customers with a minimum consumption of 6,000 kWh will be equipped with smart electricity and gas meters. This also applies to customers who feed in electricity with an installed capacity of over 7 kW. However, this requirement does not need to be implemented until 2032.

Programmes and projects

Strategic energy partnerships	When developing distributed 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 energy consultation. During implementation, we firstly optimise the energy consumption of processes or buildings, for example. We then build a smaller, decentralised generation solution which efficiently covers the reduced energy needed.
Introduction of smart meters (Einführung neuer intelligenter Messsysteme Systems – EniM) (since 2014)	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. There are similar projects in every region where we are responsible for introducing smart meters.
Apps for private customers	We offer our private customers a way to monitor their energy consumption using an app. The apps are adapted to the requirements of each country. Examples include: • "E.ON Plus" (since 2017): This modular offering for energy products and smart home technology enables customers to combine a variety of power and gas products with smart control solutions. • "E.ON SEE App" (since 2017) – previously "Saving Energy Toolkit" (since 2013): The app visualises energy consumption and cost for customers in the UK in a clear, informative and engaging way. • "E.ON App" (since 2017): The app visualises energy consumption data for customers in Sweden in a clear and informative manner. • "E.ON SmartCheck" (since 2015): This platform offers customers in Germany various functionalities, depending on whether they are already equipped with a smart meter or not. One of these functionalities is, for example, a day-by-day display of energy consumption and individual energy saving tips.

Procedures

Co-Investment in start-ups (since 2012)	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. AuoGrid is involved in intelligent data management. Thermondo is a one-stop provider of efficient heating solutions.
":agile" incubator (since 2013)	The programme promotes innovative business ideas and, in doing so, complements our activities in the area of innovation promotion. Originally launched as a programme for employees only, it now selects and supports ten projects by employees, business founders or students on a quarterly basis. Each project receives individual support in terms of funding, coaching, engineering expertise and consultation on marketing and sales. Business ideas can be tested together with interested E.ON customers.

For more information on cooperation with research institutions, see → renewables

Objectives and performance review

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

For our projects in the B2B sector, various key figures are collected to monitor their success. These include, for example, energy savings in kWh per year, cost reductions as a percentage as well as the annual CO_2 reduction. The results show that we were able to achieve savings for our business customers in every respect.

In the next ten years we intend to install about 14.5 million smart meters. Across the whole of E.ON, the company expects over 85 percent of the planned smart meters will have been installed for our customers by 2026. We had already installed 17 per cent by the end of 2017 – the equivalent of around 2.4 million smart meters. In Germany, it was not possible to begin with the legally required installation of smart meters as planned in 2017. The reason for this is a pending decision by the BSI (see "Our achievements in 2017"). Installation had to be postponed until 2018.

Safe products – right from the start

Since our strategic realignment in 2016, we have been offering our customers an increasingly broad portfolio of energy-related services and products. These include solar systems, battery storage, heating solutions and lighting concepts. We also offer a growing number of solutions for electromobility and integrated energy management. Many of these products bring us into direct contact with our customers: Our solar systems, for instance, are mounted on roofs, and our storage systems, such as the "E.ON Aura" battery, are installed in utility rooms or basements. We are serious about the health and safety of our customers. After all, customers form the basis for successful cooperation.

3 GOOD HEALTH AND WELL-BEING

We protect the health and safety of our customers.

→ Sustainable Development Goals

Our approach to this issue

GRI 416/103

When it comes to our employees or our customers: safety is always our top priority. We have made this topic an integral part of our policies, standards and processes for many years. We apply the high standards we set ourselves in occupational safety to the new products we offer our customers. In doing so, we set uniform standards to ensure that our products are safe throughout their life cycle. It goes without saying that we comply with all relevant legal and safety requirements. We also meet even more stringent standards for innovative products when legal requirements may not reflect the current state of the art.

Responsibilities

Several central departments work closely with the responsible divisions in the regional units to ensure the health and safety of our customers. Local teams distribute the products to our customers, which gives them a thorough understanding of the local conditions and requirements. The "B2C/B2SME Solution Management and Innovation" division, the Organization for Health, Safety and Environment (HSE) and the Sustainability Officers at the Essen headquarters are in close contact with the regional units, where the product development department and the health, safety and environment department are closely integrated.

Partnerships

E.ON partner companies	In the planning and construction of new photovoltaic systems or storage solutions, we work with selected installation partners in Germany. Thanks to a nationwide network, E.ON partner companies 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. We engage in a continuous dialogue with these partners in order to ensure that all requirements are being complied with.

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. With our → "E.ON Aura" battery storage, we document which charge has been delivered to which customers so that we can contact our customers immediately in the event of safety-related problems. We work continuously at improving these processes.
Development of product concepts/ideas	In developing our products, we take safety and health aspects into account right from the start. We closely monitor new developments and comply with current standards and guidelines, such as the new → VDE standard for lithium-ion home battery storage systems. We are also working to continuously improve the safety of our products throughout their entire lifecycle – including the periods in which our products are installed or maintained.
Safety testing of new products	At the request of our regional units, we carry out safety tests for new products in our in-house testing laboratory. This gives us the opportunity to obtain a comprehensive assessment of the safety of the products we sell. We expanded our testing laboratory in 2017 so that we can also investigate solutions for electromobility. Certain products are also subject to special risk assessments in order to identify potential safety issues that may not be covered by our suppliers' tests.
Prequalification of service providers	Based on specific selection criteria, our customer solutions service providers undergo a well-defined pre-qualification process. Service providers dealing in hazardous activities, such as work on electrical systems, are also evaluated in terms of HSE performance.

Objectives and performance review

We record incidents affecting the health and safety of our customers both locally and at Group level. The analysis of such incidents helps us to identify their causes and determine how such incidents can be avoided in the future. We share the insights gained in this process with the entire Group.

We are currently working on a new process to ensure product safety from the outset. It specifies what requirements must be met and relates to the entire life cycle of the product, from idea to recycling. Additionally, we took the decision to set up a product safety and compliance team in the central B2C department.

Raising safety awareness in Romania

Electricity and natural gas power our customers' lives. But if not used properly, they can be dangerous and even deadly. As part of our commitment to harm-free energy use, since 2012 E.ON Romania has partnered with the National Inspectorate for Crisis Situations to help foster a safety culture in the communities it serves. Employee volunteers visit schools, marketplaces, and government offices to give presentations, hand out flyers and talk to people directly about energy safety. So far, the programme has distributed 3.2 million safety-related materials and reached an estimated five million people.

Managing data responsibly

Decarbonisation, decentralisation and digitalisation: these are the megatrends that are driving the energy world today. Digital technologies such as → smart grids, → smart metres and → virtual power plants open up a wide range of new possibilities. Smart measuring systems can, for example, help our customers better control their energy consumption and increase energy efficiency. For us, digitalisation is an opportunity to develop new business models. At the same time, however, this also results in higher data protection requirements because we are increasingly recording our customers' individual consumption data.

GRI 418/103

Our approach to this issue

Handling the data of our customers, partners and employees in a legally compliant and trusting manner is of vital importance to us. We have long been committed to data protection through the implementation of appropriate guidelines, standards and processes. We are currently questioning and improving our processes in order to be fully prepared for the EU General Data Protection Regulation (EU-GDPR), which will apply in all member states from May 2018.

The EU-GDPR, adopted in 2016, broadly harmonises the rules for processing personal data by private companies and public authorities throughout the European Union. A new Federal Data Protection Act was also passed in Germany in 2017. This Act takes into account the adjustments required under the EU-GDPR and enters into force at the same time as the EU-GDPR. The German Act on the Digitisation of the Energy Transition adopted in 2016 also contains a comprehensive set of rules on data protection and data security. The German Act on the Digitisation of the Energy Transition adopted in 2016 also contains a comprehensive set of rules on data protection and data security. It provides us with the framework for the operation of smart metering systems. The e-privacy regulation is expected to apply from the same date as the EU-GDPR. It harmonises data protection on the Internet and for online and direct marketing across Europe. The regulation is currently still in the European legislative process.

Our basic principle is that we test new products for data protection-friendly design before they are used. To protect the personal data of our customers, we take the necessary technical and organisational measures for data security. Comprehensible data protection declarations are intended to provide all persons whose data we process with transparency about the purpose and legal basis on which we do so.

Responsibilities

Data protection is decentralised at E.ON: Each of the Group's companies regulates the issue independently. Their individual policies take into account the applicable legal requirements. This means that all incidents relevant to data protection law, such as customer complaints, are also dealt with on a decentralised basis. Data protection officers regularly exchange information with each other. Our E.ON SE data protection officer is responsible at Group level. His responsibilities include coordinating the Group's data protection activities.

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 across the Group. Eight business directives that came into force on 1 December 2014, set out the Group's guidelines in concrete terms, particularly with regard to the defence against cyber-attacks. They provide our employees with detailed instructions.
Business governance Group policy on data protection (2015)	This policy regulates data protection structures for E.ON Group companies in Germany. It creates greater transparency with respect to our data privacy activities.

Programme

"EniM" programme (German: Einfuhrung neuer intelligenter Messsysteme – EniM)	Our "EniM" programme was set up to implement and prepare the legal obligation to install → smart metering systems in Germany. The individual device and communication components of the measurement system we have selected have undergone extensive testing, which proved that the system meets the highest data security requirements. It received the required certification from the German Federal Office for Information Security.
Employee training	Our employees receive regular data protection training every two to three years. All new employees usually receive appropriate training within their first year. The training courses are tailored to meet specific requirements in each country. In addition to basic data protection requirements, special topics are also dealt with by individual departments if requested.

Energy solutions

We are actively helping to shape the future market of e-mobility and are further expanding the charging network and range of services for electric cars.

Climate-friendly mobility

Renewables

We design, build and operate wind and solar power plants and help customers generate their own electricity.

Security of supply

In order to ensure a secure supply in the future, we are aligning our distribution grids with the decentralised energy world.

material topic further topic

Renewables: helping make the future green

Every year, without fail, the growth of renewables exceeds the forecast. In 2004 the International Energy Agency (IEA) predicted the world would have about 400 gigawatts (GW) of renewables capacity not before 2030. That figure was already surpassed in 2015. The IEA's current prediction for 2030 is not 400 GW any longer but 1,100 GW.

E.ON has helped make this happen. Through the end of 2017, we installed over 4.7 GW of renewables capacity and invested more than €11 billion. Our Renewables segment employs about 1,100 people. For a business we've only been in for ten years, those are significant achievements.

By expanding renewable energy and supporting our customers in their own production of clean electricity, we are contributing to a sustainable and climate-friendly energy supply. Our customers also include cities and communities.

→ Sustainable Development Goals

Our achievements in 2017

Our Renewables division added over 500 megawatts (MW) of capacity in 2017. Several construction projects reached important milestones and new assets entered service. This steady growth enabled us to remain a global player in renewables.

More onshore wind for America

Two new E.ON wind farms in the United States started commercial operations in 2017. Radford's Run, a 305 MW facility located in central Illinois, entered service in December. The installation of its 139 turbines took only a little more than four months, nearly two months less than planned. Also coming online in December was Bruenning's Breeze, a 228 MW wind farm in south Texas. Together, they can supply over 150,000 households with clean energy. . As of year-end 2017, we had over 3.7 GW of owned onshore wind and solar capacity in operation worldwide.

Clean power from the sea

Rampion, a 400 MW wind farm located 13 kilometres off the coast of Sussex in southern England, began generating electricity in November 2017 and will become fully operational in 2018. A joint project with the UK Green Investment Bank Ltd and Canadian energy infrastructure company Enbridge, Rampion will produce enough green electricity to supply almost 347,000 homes a year, equivalent to around half the homes in Sussex. Offshore construction of Arkona, a deepwater wind farm located 35 kilometres northeast off Rügen island in the Baltic Sea, began in late September. When completed, Arkona will have 385 MW of capacity and be able to supply up to 400,000 households with renewable energy. Compared with fossil resources, it will prevent up to 1.2 million metric tons of carbon emissions annually. In December 2017, the wind project received the Innovation of the Year Award at the German Renewables Awards for a new, environmentally friendly anti-corrosion coating applied to the underwater foundations of its turbine towers. Arkona, which is scheduled to enter service in 2019, is a joint venture of E.ON and Statoil, a Norwegian energy company. At year-end 2017, we had nearly 1 GW of owned offshore capacity in operation in Europe.

Greater grid reliability using renewable energy

We inaugurated Iron Horse, a 10 MW energy storage system at the University of Arizona Science and Technology Park, on June 1, 2017. It provides frequency response and voltage control for Tucson Electric Power's electricity grid, displacing fossil generation as a source of grid-reliability services. The system is connected to a 2 MW solar array. Texas Waves, which consists of two 9.9 MW energy storage systems connected to two of our existing wind farms in Texas, will become online in January 2018. It provides grid-reliability services to the state's transmission system operator. As battery systems, Iron Horse and Texas Waves can respond to shifts in power demand more quickly than fossil generation, increasing grid reliability and efficiency. Because they provide this service using stored renewable power, they make the electricity grids greener.

Innovative energy storage software

After a mutually beneficial 18-month investment, we sold our stake in U.S.-based Greensmith Energy, a leading provider of energy storage software, in May 2017 when the company was acquired by Wärtsilä of Finland, a global leader in advanced technologies for the marine and energy markets. All three of the above-mentioned energy storage systems incorporate Greensmith's software. We'll continue to work with Greensmith as part of Wärtsilä on future storage projects that make the energy system cleaner, smarter, and more distributed.

METRO and E.ON launch nationwide photovoltaic initiative

In 2017 together with METRO Germany, we launched one of the largest connected photovoltaic projects in Germany. Starting in 2018, we will be building solar power systems on the roofs of up to 30 major METRO stores. They make it possible to have an independent power supply from renewable energy sources. In this way, METRO will save up to 12,000 tonnes of CO_2 per year in the long term. The E.ON Remote Control Center in Hamburg will continuously monitor, maintain and optimise the systems.

With this new major project, METRO and E.ON are continuing their long-standing cooperation. Since 2013, both companies have already implemented several projects in Germany and Russia for decentralized energy supplies with combined heat and power plants.

A place in the sun

Like many countries, Turkey wants to become greener and more energy-autonomous. As the millions of people who vacation there each year know, one of the country's most abundant domestic resources is sunlight. Enerjisa, our joint venture in Turkey, is helping harness this resource. In 2017 it added two new solar farms – one in Bandırma on the Sea of Marmara, another in Karabük near the Black Sea – with a total installed capacity of 9 MW. Together, they can meet the energy needs of about 2,000 households.

Greener, more energy-autonomous homes

Our Customer Solutions division expanded its palette of offerings that enable residential customers to produce their own solar power and store it for later use. E.ON Aura, a battery storage system for residential solar panels that we launched in Germany in 2016, grew in popularity in 2017. Households equipped with the system can meet up to 70 per cent of their energy needs. We now market a similar solar product in the United Kingdom. In 2017 we also added two new solar services in Germany: E.ON SolarCloud and Sunroof.

E.ON SolarCloud gives customers complete freedom in how they use their solar energy. Surplus output is stored in the SolarCloud, a virtual account that can be drawn on at any time, ensuring that customers can use all the green energy they produce. New features will be added in 2018: customers will be able to recharge their electric vehicle at a public charge point using their own solar power, sell their output to neighbours or give it to friends and family as a gift.

Sunroof, a web service developed in partnership with Google, uses satellite images and weather data to enable customers to assess the solar potential of their roof quickly and easily. Sunroof is currently available for about 7 million buildings in Germany, including large population centres like Munich, Berlin, the Rhine-Main area, and the Ruhr region. It will be extended to other regions of Germany in 2018.

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 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 2017 ZSE again brought its innovative hybrid solar generator, which emits substantially less carbon than fully diesel-powered generators.

Our approach to this issue

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Renewables are a key component of our strategy. They're part of our commitment to help society move toward a climate-friendly energy supply. We plan, develop, build and operate onshore and offshore windfarms as well as utility-scale solar parks and innovative battery storage technologies. Furthermore we offer a full range of operations, maintenance and asset-management services to other operators. We have extensive expertise in the construction of plants within time and budget. That allows us to continue to succeed, even in a fast-evolving, increasingly competitive market. In addition, our energy-sales and customer-solutions businesses design individually tailored solutions that enable residential customers and small and medium-sized enterprises (SMEs) to produce their own green electricity and achieve greater energy autonomy.

We actively consider potential environmental and wildlife-impacts in all our renewables projects. We want our projects to have as little → environmental impact as possible and to protect biodiversity.

Innovation will play a big role in the further expansion of renewables. We focus primarily on technologies that will help us reduce the cost of wind and solar power. We also explore how renewables can be used more effectively; for example, in combination with new storage technologies. We're convinced that only market-driven innovations can ensure a sustainable, secure and environmentally friendly supply of energy.

Responsibilities

E.ON Climate & Renewables (EC&R), the lead company of our Renewables segment, manages our large-scale renewables business, which we launched in 2007. It plans, develops, builds and operates offshore and onshore wind farms, solar farms and energy storage systems. In 2017 EC&R has been active in the United States, the United Kingdom, Germany, Denmark, Sweden, Italy and Poland.

A cross-regional team coordinates our solar activities for residential customers and SMEs across the various countries in Europe where we operate. A sales and delivery team is present in each country, which allows us to tailor our solutions to local customer needs and market conditions.

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

Decisions on European climate and energy targets for 2030 (2014)	The European Union's target is for renewables to meet at least 27 per cent of final energy consumption by 2030.
Clean Energy Package (2016)	On 30 November 2016, the European Commission published a proposal for a revised Renewable Energy Directive to make the EU a global leader in renewable energy and ensure that the target of at least 27 percent renewables in the final energy consumption in the EU by 2030 is met.
United Nations climate change conferences in Paris (2015), Marrakesh (2016) and Bonn (2017)	At the United Nations Climate Change Conference in Paris (COP21), 195 countries committed themselves to combating climate change. The agreement included the ambitious goal of limiting global warming to two degrees Celsius. The Paris Agreement was ratified at COP22 in Marrakesh, and its implementation and intensification was discussed in Bonn (COP23). For the first time, countries presented climate-protection plans containing specific targets and initiatives. Zero- and low-carbon renewables will play an important role in achieving these targets. Following COP22, Germany adopted a Climate Protection Plan 2050.
Renewable portfolio standard (ongoing)	In the United States, the renewable portfolio standard (RPS) is a state-level policy that sets specific renewables targets for the near and long term. Its purpose is to diversify the electricity supply, spur local economic development, reduce pollution and save consumers money. So far, 29 states and the District of Columbia have RPSs, and seven states have renewable-energy targets.
German Implementation Report on the UN Sustainable Development Goals (2016)	The German federal government's Voluntary Implementation Report emphasised the importance of the → Agenda 2030 for the sustainable development of the UN. The report presented Germany's plans to address all of the Agenda' 17 goals by 2030 at the latest, including targets and measures to reduce GHG emissions.

External commitments and obligations

Declaration of the WindEurope association (2016)	By signing this declaration, we and other companies in the wind power industry have pledged to reduce the cost of energy from offshore wind farms. The purpose is to help make wind energy more competitive with other energy sources. The declaration also calls on policymakers to establish a policy and regulatory framework that provides greater 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

Going forward, we'll continue to draw on our deep expertise and experience to complete projects on time and on budget and to operate in a safe and reliable manner.

Owned power generation renewables (billion kWh)

	2017	2016	2015[1]
Onshore wind/solar	8.9	8.2	7.7
Offshore wind/other	3.6	3.4	2.7
Total	**12.5**	**11.6**	**10.4**

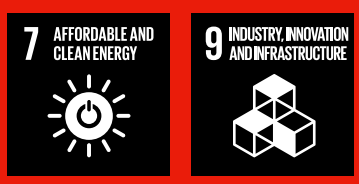
[1]Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper).

Owned generation at Renewables was 0.9 billion kWh higher than in 2016. Onshore Wind/Solar's generation rose among other things because of improved wind conditions in Europe and the commissioning of new wind farms in the United States: Bruenning's Breeze (December 2017), and Radford's Run (December 2017).

Offshore Wind/Other's generation was up slightly due to improved wind conditions in Germany and the United Kingdom along with higher availability at Amrumbank West wind farm in Germany and at our U.K. wind farms.

Securely supplied in the new energy world

We want to provide our customers with reliable power in the future as well. Our distribution grids play the key role in ensuring security of supply: they are the platform that integrate decentralised energy producers and connect them with consumers. As far as the stable operation of these grids is concerned, the new energy world presents us with challenges. Electricity is increasingly not being produced centrally, but in a distributed way – for example, with solar systems on our customers' rooftops. This feeds electricity from many different points into our grids. What's more: Depending on the weather, the amount of wind or solar power generated fluctuates. In order to make our networks sustainable, we are continually investing in their maintenance and modernization, as well as in the development of intelligent grids in which data flows, in addition to electricity.



We ensure that our customers receive reliable energy. In order to enable an uninterrupted supply of power, we are constantly modernizing and optimizing our distribution network infrastructure.

→ Sustainable Development Goals

Our achievements in 2017

In 2017 we invested around €1.4 billion in the further expansion and maintenance of our electricity and gas networks in Germany, Sweden, the Czech Republic, Hungary and Romania. In addition, we have continued to work on gradually expanding our electricity grids with intelligent technologies and expanding them into so-called smart grids.

During the reporting period, we also began to digitize the process of connecting new customers to our networks. For example, this is shown by our subsidiary, the network operator Avacon (see "House connection 2.0"). Internally, we are also digitizing our central workflows with immediate effect. In this way, fitters can carry out maintenance work on our networks completely without any paperwork. On site, they receive all the relevant information about the work to be carried out via a tablet or smartphone.

House connection 2.0

Up till now connecting a new home to the local power supply network has been associated with some effort for both us and our customers. In order to clarify the necessary formalities, several exchanges by letter were necessary. The network operator Avacon completely digitized this process in 2017. On the "Connecting my house" website electricity and gas connections can easily be ordered online. The customer can submit the floor and site plans of the new building there and arrange an installation date. This simplifies the process and makes it more efficient, helping to provide the new house with energy more quickly. The new process was tested in 2017 in some regions, and in the future it will be extended to other network areas.

The high availability of our renewables facilities also contributes to supply security. In 2017 Onshore Wind/Solar achieved an availability factor of **94.6 percent** (2016: 94.2 percent); Offshore Wind/Other, **97.6 percent** (2016: 96.7 percent).

Predictive maintenance using intelligent algorithms

When and where is a power supply disruption particularly likely? Answers to these questions are provided by intelligent algorithms. They thus support especially proactive and efficient power grid maintenance. In pilot projects on this topic, HanseWerk, E.DIS and E.ON Hungary have tested software that can calculate possible future failures on the basis of data from past failures. While the traditional approach plans maintenance at fixed intervals, the predictive approach is based on actual need. In the future, we will be able to maintain our networks more efficiently, save costs and further reduce downtime.

E.ON's virtual power plant continues to grow

In 2017 we connected four Fraport emergency generators to our virtual power plant (see "Our approach to this issue"). This means that, if needed, Frankfurt Airport can feed additional energy into the power grid within seconds. In the event of a power outage, the Fraport emergency power units will start and supply the airport autonomously. In this way the power supply can be ensured at any time.

Resolving weather-related failures quickly

We ensure the most secure and trouble-free operation of our distribution grid using a variety of measures. Due to unforeseeable extreme weather events, over which we have no influence, some of our regions experienced longer power outages in 2017.

Severe blizzards in April and strong storms in June and July led to supply disruptions in Romania affecting in total 1.2 million customers. The outages lasted from a few hours to several days, as the repair work was made difficult by extreme weather conditions.

In August, in western Hungary, a storm with wind speeds of up to 140 km/h caused considerable damage to more than 100 pylons. The resulting power outage affected over 120,000 customers, with power restored to 95 percent of them within a few hours. Power failures caused by gale-force storms also occurred in western Slovakia in August. As a result, the supply to 330,000 customers was temporarily cut off. By involving repair teams from other regions, we were able to reconnect most of our customers within hours.

In the region around Passau in southern Germany, heavy storms in mid-August led to 40,000 households and businesses being temporarily without electricity. During the night-time storm, fallen trees had caused damage to overhead lines. A 200-strong team, consisting of own and external employees, was able to re-establish supplies within a short time.

Expecting the unexpected

Millions of homes and businesses as well as hundreds of hospitals and government agencies rely on us to keep their lights on. That's why we operate and maintain our grids with great care. But we also know that in today's world this vital infrastructure could become a target. In October 2017, E.ON Distribuce, which operates our grids in the Czech Republic, participated in an exercise to train army reservists in guarding one of our key substations there. We incorporated the exercise's findings into our contingency plans. Being prepared is another way we strive to ensure an uninterrupted energy supply.

Initiatives for smart grids

In 2017 under the umbrella of the European "Interflex" project – a sub-project of the EU-funded "Horizon 2020" project – we launched two major smart grid initiatives. We are one of 20 project partners involved in the "Interflex" smart grid project. The aim is to identify new ways of increasing flexibility and optimizing power supplies locally. We are testing various future-oriented concepts in three demonstration projects in Sweden and Germany. These include:

- the so-called "island operation" of distribution networks – the real-time control of networks that also function independently of the larger network infrastructure, as well as the incorporation of distributed generation and energy storage in these self-sufficient networks
- peer-to-peer energy trading, i.e. the local generation of electricity from renewable sources and directly trading it, for example among neighbours
- Flexibility measures such as the targeted control of demand for electricity, depending on how much of it is available on the market

We received a total of €5.3 million in subsidies for the initiatives mentioned above. The project is designed to run for three years. The E.ON Energy Research Center is also involved in the project.

Sharing energy with your neighbours

On a cold winter morning a family turns up the heat. Two blocks away, a medical lab has to be kept at a constant cool temperature. Until now, each of these energy needs was fulfilled independently of each other. Ectogrid™, an E.ON innovation from Sweden, is going to change that. By optimising thermal energy flows and storage, Ectogrid™ minimises the need for additional energy production, thereby conserving resources and helping to protect the climate. The first system, which is being built in stages at the Medicon Village Science Park in Lund, will be completed by 2020. The project is supported by the Swedish Energy Authority.

A giant battery to combat grid fluctuations

As early as 2016, we had been awarded the contract to build a large battery storage system for the British grid operator National Grid. The UK's first 10 MW battery was put into operation in October 2017. Since then it has been helping to cushion grid fluctuations caused by the supply of electricity from renewable sources. In this way the battery contributes to ensuring a stable power supply to industry, commerce and households.

Ensuring a reliable gas supply

Our wholesale gas business together with the energy trading was transferred to Uniper at the beginning of 2016. However, our area of responsibility still includes the reliable operation of our gas distribution grids, which we use to supply private customers with gas. That is why we continually maintain our networks, optimize them and expand them as needed. In 2017 for example, in Romania we replaced approximately 400 km of gas piping with new piping. This is about a quarter more than was renewed in 2016. Continuous efforts of this nature are crucial to prevent gas leaks and to ensure the safety of employees and customers.

Length of electricity and gas distribution networks (thousand kilometres)

	electricity distribution networks		gas distribution networks	
	2017	**2016**	**2017**	**2016**
Germany	349	349	60	58
Sweden	137	136	2	2
Hungary	85	85	18	18
Czech Republic	65	65	5	5
Slovakia[1]	38	38	–	–
Romania	82	81	22	21
Total	**756**	**754**	**107**	**104**

[1] 49-percent minority shareholding.

Mapping the road to smart grids in Turkey

Tomorrow's grids will be smart. But what's the smartest way to get there? Before setting off, Turkey wisely decided to pause for a moment and have a good think. From early 2016 to the end of 2017, all of its distribution grid operators, including our joint venture Enerjisa, participated in the Turkey Smart Grid 2023 Strategy and Vision Project. Its purpose was to design a regulatory road map for smart grid investments. It analysed a wide range of issues, from microgrids and energy storage to demand-side management and e-mobility. Its results will be presented in February 2018.

Non-core business: high plant availability of our nuclear power plants

Our subsidiary PreussenElektra (PEL) operates eight nuclear power plants in Germany, three of which are still in operation. For years, the availability of our systems has been around 90 percent. Our nuclear power plants are thus still among the plants with the highest annual electricity production in Germany. For example, with more than 350 billion kWh, our Grohnde nuclear power plant has generated more electricity since commissioning than any other power plant block in the world. In this way PEL contributes to climate-friendly, reliable and affordable power generation in Germany.

Our approach to this issue

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Our customers expect us to provide them with reliable energy. Power outages can damage our reputation and compromise our customers' trust. That's why we need to fix problems as quickly as possible and provide customers with transparent information. Longer downtimes should also be avoided for the following reason: In all countries where we operate as network operators, we are subject to regulatory requirements. They tell us how long the maximum downtime per year can be. If we do not comply with these requirements, we are threatened with penalties.

In our corporate strategy, we have set ourselves the goal of aligning our distribution grids with the new energy world – a world in which electricity is produced locally and from renewable sources. This requires investment: In the expansion and maintenance of our conventional infrastructure as well as in the construction of intelligent networks. Only in this way will we be able to guarantee safe and stable operation in the future as well as providing our customers with power reliably. Smart grids also provide the foundation for various new business models. These include innovative energy services such as flexible demand management, virtual power plants and efficient storage.

Since the supply of energy from renewable sources is subject to natural fluctuations, we are particularly challenged when developing solutions for a stable supply. Battery systems play a key role in balancing the fluctuating feed-ins. They can respond in a matter of seconds in the event of over- or under-supply and absorb energy or feed it into the grid. Energy storage solutions are already part of our broad portfolio of integrated energy solutions. As part of our innovation work, we are also developing new approaches for flexible local power supplies. We have been involved in the European "Interflex" research project since 2017 (See “Our achievements in 2017”).

Responsibilities

The so-called grid control centre in the operational grid unit is responsible for the safe and reliable operation of the distribution grids at each regional network operator. Should there be a widespread major disruption, our → crisis management governs the responsibilities and procedures.

Our unit Energy Networks is developing our network infrastructure strategically - from traditional distribution networks to smart energy networks. It coordinates company-wide strategy projects and the exchange of best practice solutions in the area of energy networks.

Battery storage solutions for commercial, industrial and public sector customers are the responsibility of our E.ON Connecting Energies business unit. Battery systems for household customers, on the other hand, are developed and distributed by our regional units.

Innovation projects in the field of energy networks are coordinated centrally by our "Innovation" division. For example the "Innovation Hub: B2B/Energy Networks" is responsible for developments in the area of local energy systems.

Guidelines and policies

In all of the countries in which we operate we are required by national regulators to enforce legislation on maximum downtime. These requirements oblige us to take certain measures to ensure a safe and reliable energy supply. Our regional network operators implement these requirements. In doing so, they adhere to their respective internal operating guidelines.

"Event & Crisis Management" business governance corporate policy (2013)	This corporate guideline regulates basic structures and processes in order to prevent or manage emergencies and crises. It also includes how we deal with large-scale major 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 "European Distribution System Operators (EDSO) for Smart Grids" network, which brings together leading European distribution system operators. Our common goal: to drive the development of smart grids and to strive for a secure power supply in Europe.

Programme

Investment and maintenance programs	In order to achieve a reliable power supply we need to extend our grids if necessary and maintain them regularly. In doing so, we always make sure that we ensure the high quality of the networks and at the same time make efficient use of our financial resources. The measures are implemented autonomously by our various units. However, we set the level of investment centrally.

Procedures

Utilization monitoring (Auslastungsmonitoring – ALM) (test operations since 2012, regular operations since 2014)	Using ALM we monitor the utilization of our networks – i.e. the circuits and substations. We use special measuring equipment for this. If an overload is imminent, we can switch off the systems fully automatically and within seconds. Before the introduction of ALM, we had to ask operators to temporarily throttle their plants. So far ALM is used by HanseWerk, our subsidiary in Germany.
Adjustable local power transformers (Regelbare Ortnetztransformatoren – RONTs) (first pilot projects in 2010, regular use since 2014)	The distributed generation of electricity from renewable sources can lead to voltage fluctuations in the distribution grids. Our RONTs help to compensate for these voltage fluctuations. They measure the values of the voltages in the transformer station and compare these with a defined setpoint. If the compared values are not the same, the transformer automatically regulates the voltage to the setpoint. So far, they are mainly in use in our German networks.
Virtual power plant (since 2013)	We have developed our virtual power plant in order to interconnect several distributed power generators and consumers into a so-called network. In such a network, for example, wind turbines and photovoltaic systems are combined. This helps us to balance supply and demand fluctuations and to stabilize the power grid.

Objectives and performance review

One of our main goals is to ensure a reliable energy supply for our customers. The "System Average Interruption Duration Index" (SAIDI) power is the average outage duration for each customer supplied per year. We calculate this value for all planned and unplanned outages in our distribution networks. Scheduled downtimes are mainly due to maintenance or replacement, unplanned ones due to unforeseen events. By means of the SAIDI we can determine how reliable our power supply is. In some countries where we operate, there are strict legal targets for the SAIDI. If we do not meet the requirements, we may have to pay penalties or compensation. We compare our SAIDI results in all regions once a year with those of our competitors.

SAIDI power (minutes per year)[1]

	2017			2016			2015		
	scheduled	unscheduled	**total**	scheduled	unscheduled	**total**	scheduled	unscheduled	**total**
Germany	14	20	**34**	13	25	**37**	17	24	**41**
Sweden	32	89	**120**	30	91	**121**	29	207	**236**
Hungary	126	63	**189**	121	57	**178**	151	59	**210**
Czech Republic	162	70	**232**	179	44	**223**	212	48	**260**
Romania	262	481	**742**	178	426	**604**	218	431	**649**
Slovakia[2]	91	176	**267**	106	79	**185**	111	68	**179**

[1]Possible variations in totals through rounding of numbers.
[2]49-per cent minority shareholding.

In 2017 our customers in Germany and Sweden were, on average, less affected by power outages than in the previous year. In Hungary, the Czech Republic, Romania and Slovakia, planned downtime increased as we had to shut down parts of the grids for repair and modernization work. This trend is likely to continue in the coming years, as we are investing more heavily in the maintenance and modernization of our grids. Reasons for increasing unplanned downtime in these countries can be attributed to the impact of the storms that occurred in 2017. This is especially true for Romania. The distribution grids there run mostly above ground and are therefore much more susceptible to interference from the weather.

Compared with other European countries electricity was most available in 2017 in our German distribution grids, as in previous years. A customer in Germany was affected by about 0.5 interruptions on average.

SAIFI[1] power (interruption per customer)

	2017			2016		
	scheduled	unscheduled	**total**	scheduled	unscheduled	**total**
Germany	0.1	0.4	**0.5**	0.1	0.5	**0.6**
Sweden	0.2	1.3	**1.5**	0.2	1.3	**1.5**
Hungary	0.4	0.9	**1.3**	0.4	0.9	**1.3**
Czech Republic	0.6	0.8	**1.4**	0.6	0.6	**1.2**
Romania	0.8	5.5	**6.3**	0.7	5.7	**6.4**
Slovakia[2]	0.5	2.3	**2.8**	0.5	1.7	**2.2**

[1]System Average Interruption Frequency Index.
[2]49-per cent minority shareholding.

Promote e-mobility, reduce emissions

Almost a quarter of global CO_2 emissions can be attributed to the transport of goods and people. The IPCC has predicted that emissions in this sector will actually double by 2050. Sustainable mobility solutions are therefore an important lever to protect the climate. Electric mobility enables a forward-looking form of transportation that is less dependent on fossil fuels. For us, it represents a strategically important business segment with high growth potential. With larger capacity batteries and an improved infrastructure, manufacturers can better satisfy customer requirements for greater range, making e-mobility more attractive overall. The political environment for electric mobility has also improved in many countries.

Our achievements in 2017

During the reporting period, we took further steps to help shape the future market of electric mobility – for example, by advocating further expansion of the charging infrastructure for electric cars in Germany. We benefit from our many years of experience in e-mobility, for example from the Danish market. We have been active in this area since 2013 and are market leaders for sustainable mobility solutions. In Copenhagen, together with different partners, we operate a complete city-wide charging network. This includes more than 2,000 charging points, various payment services, e-car sharing solutions – i.e. offers for the sharing of e-cars – and innovative parking management. We are now also using the know-how gained there in other European markets.

More places to park-and-plug in Malmö

More than 1,100 electric vehicles (EVs) purr along the streets of Malmö. EV ownership in Sweden's third-largest city is rising faster than the national average. E-mobility makes Malmö both cleaner and quieter. But EVs need places to charge on the go. To promote sustainability and to ensure that Malmö's charging infrastructure keeps pace with EV growth, E.ON Sverige is partnering with Parkering Malmö, a parking facility operator, to add 80 charge points around the city. The project, which is partially funded by the Swedish Environmental Protection Agency, began in the autumn of 2017 and will be completed in one year.

Over 800 new charging stations for electric cars

In 2017 our newly founded subsidiaries, E.ON Solutions GmbH and Charge-ON, successfully applied for more than 800 new charging points at the Federal Ministry of Transport and Digital Infrastructure. In this way, we can set up new charging infrastructures for business customers, municipalities and our own locations. At Europe's largest car park on the A3 motorway, we are also building a new, ultra-fast charging station with an exceptionally high charging power of 150 kW instead of the previous 50 kW. It is one of the first of its kind in Germany and was specially designed for the new generation of long-range electric vehicles. The first electric cars will be able to be charged at the station in early 2018.

Innovative project with Italian university

In 2017 in collaboration with the University of Padua in Italy, E.ON Italia launched a design thinking project on sustainable mobility. Using an innovative method, students have identified the challenges faced by people making short journeys. Then they developed sustainable solutions to these problems. The most promising idea will be tested from the beginning of 2018 under real conditions on the streets of Padua. Other cities can then adapt the tested idea for themselves. We want to continue the cooperation in the future in order to continue to innovate.

Make your own fleet fit for the future

We have around 7,000 cars in our fleet in Germany. Of these, electric and hybrid vehicles account for only one percent to date. In 2017 we therefore took further steps to gradually increase this percentage. Among other things, we have created various incentives under the current company car policy. Since the beginning of 2017 managers have received a bonus of €350 if they opt for an e-car as a company car. In addition, we will pay them a CO_2 bonus so that they can achieve an overall monthly profit of around €550 compared to a car with an internal combustion engine. For commercial vehicles used in the distribution grid business, we are currently evaluating the idea of switching completely to electric models. It is planned that our company vehicle fleet for employees will also be converted gradually to e-cars.

Everything electric: Bayernwerk renews its company fleet

Our subsidiary Bayernwerk is one of the first network operators in Germany to commit to electric mobility as its future model. By 2025 at the latest, the entire vehicle fleet - around 1,300 company and service vehicles - is to be gradually converted to e-models. This saves around 5,000 metric tonnes of CO_2 and about two million litres of fossil fuel every year. Bayernwerk already has about 30 silent and emission-free electric vehicles on the road today.

Scandinavia: E-mobility in the fast lane

In the Scandinavian countries, we were able to further consolidate our customer network in 2017. In particular, we should mention our cooperation with the largest Swedish retail chain ICA in this context. Together we decided to install a total of several hundred charging stations in the chain's customer parking spaces. In Denmark, we launched additional products and services in 2017 including a monthly flat rate that allows customers to lease an e-car and charge at home or on the move. As an energy partner for electric buses, we are also promoting the environmentally friendly design of public transport in Copenhagen. The strategic partnership with the Danish e-mobility service provider Clever has produced an important success during the reporting period: Together, we were awarded the contract for the EU "High Speed Electric Mobility across Europe" flagship project. The goal of the project is to build more than 180 high-capacity charging stations in Europe over the long term. Through new collaborations with car-sharing companies such as GreenMobility we would like to win more customers in the larger Scandinavian cities.

Our approach to this issue

We already have many years of experience and a wide range of offerings in the field of electric mobility. For example, E.ON offers its customers in Germany a flat rate tariff. The users pay a fixed monthly amount and then - depending on their contract - can charge their e-car without limit at home, at work or in public spaces. As part of our so-called all-in-one offer, the customer can also rent a vehicle if necessary. Our goal is to provide owners of electric cars with a comprehensive service that promises a high degree of cost certainty. It goes without saying that, wherever possible, electricity at all E.ON charging stations comes from renewable sources.

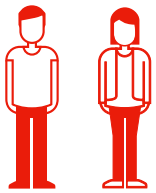
Already today we are making a contribution to further promoting the acceptance of electric mobility through a series of projects and activities. We currently operate around 2,850 publicly accessible charging points in Germany, Denmark and Sweden and are further expanding the charging network. As part of our roaming agreements, customers can even use about 4,000 charging points in Germany. Thanks to our partnership with the "e-clearing.net" platform, drivers of electric cars in Scandinavia already have an up-to-date overview of all E.ON's charging stations via their navigation system. We also offer guests, customers and employees the opportunity to charge their electric vehicles for free in our car parks.

Since November 2017, we have been offering our employees in Germany attractive incentives for entry into e-mobility. These include low-cost e-vehicle leasing, wall boxes – a particularly convenient charging option for their own homes – as well as charging cards and special green electricity tariffs, which are tailored for the use of e-mobility. All offers can be combined flexibly.

Internal guidelines and policies	
Car Policy (updated 2017)	Based on this policy, around 550 executives in Germany currently have the opportunity to use a company car. As from 1 January 2017, we have expanded the policy to include incentives for e-mobility.
Cooperations and initiatives	
"HanseE" (since 2015)	The German funding project in the metropolitan region of Hamburg is investigating what requirements charging stations have to meet and is determining the need for charging points today and in the future. We are involved in the construction of up to 50 charging points in the city and surrounding communities, six of which we built in 2016. The overall project has a lifetime of three years and is funded by the Federal Government with a grant of around €1.6 million.
"FAST-E" and "EAST-E" (since 2016)	The aim of the two complementary projects is to build and operate almost 300 fast charging stations in Germany, Belgium, the Czech Republic and Slovakia. This makes the project the largest private-sector initiative for the expansion of a basic charging infrastructure in Central Europe. With a total investment of around €18 million, "FAST-E" is also the largest EU-funded infrastructure project for electric vehicles. E.ON is involved here through its regional units in Eastern Europe.

Employees

Diversity and equal opportunity



We see diversity in our workforce as an opportunity. Our relationships are based on respect and openness.

Employee development

We offer a wide range of training and development programmes to develop the skills of our employees and promote talent systematically.

Working conditions

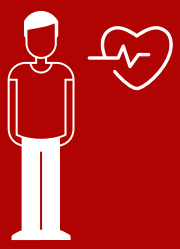
In order to attract and retain skilled staff, we offer our employees attractive working conditions.

Occupational health and safety

Our goal is to ensure the safety of our employees, to improve their health and to minimise occupational health risks.

material topic further topic

Work healthily and safely



The health and safety of our employees are our top priority. Every accident endangers people's well-being and can result in property damage, environmental impacts, downtime and a loss of reputation. The topics of health and safety have therefore been firmly anchored in our organisational structure for a long time. We regard both as indispensable values of our corporate culture and aim to avoid accidents at work as well as minimising health burdens on our employees.

We protect the health and safety of our own employees and those of our partner companies.

→ Sustainable Development Goals

Our achievements in 2017

As part of our three-year plan for occupational health and safety, we initiated further new measures in these areas in 2017 and continued to implement existing ones. These included, for example, special trainings for senior managers to enable them to better assess safety risks for their employees. In connection with our three-year plan, we set up working groups at the beginning of 2016, which met four times in the reporting period. In these expert meetings, the participants reviewed the status of ongoing measures and further developed them.

Our new intranet has also been in use since 2017 to make our employees aware of health issues. The digital platform offers many opportunities to exchange information and engage in dialogue with other units, teams or individuals. We also specifically encourage our employees to stay healthy with preventive measures. For example in 2017 we once again carried out a Germany-wide flu vaccination campaign.

Raising employees' health awareness

It's our obligation to provide our people with a safe and healthy work environment. We also encourage them to take responsibility for their health. One example is Health Days conducted by E.ON Czech Republic at its offices in České Budějovice and Brno in October 2017. The three-day event enabled employees to check their blood pressure, measure their body fat and muscle density, and learn how best to prevent bowel and pancreatic cancer. It also included exercise classes and workshops on healthy posture and nutrition. About 800 employees took part and, we hope, were inspired to make healthy choices.

Internal exchanges on health issues

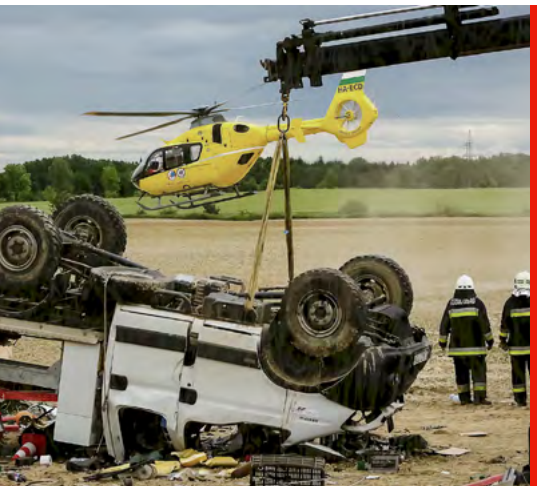
In 2017 our health experts continued to network internally and to exchange information on relevant topics. Our Global Health Team has worked on current challenges in the area of health protection across the Group. This has shown, for example, that cardiovascular diseases decline significantly, while mental stress increases significantly and often occur as a concomitant disease. Stress at work is considered a special risk factor here. We are currently developing a holistic strategy that integrates health-related topics such as occupational health prevention and human resources development into our corporate strategy. In addition, cooperation between individual departments is to be strengthened.

In Germany, among other things, we have given advice on the German pension insurance's "Strong in the job – fit for life" prevention offer. In 2017 our workplace health managers also advocated making the Employee Assistance Programme (EAP) (see "Our approach to this issue") more visible at all German locations. The EAP offers quick and individual help in difficult situations. In 2017 we also organized a symposium on the topic of addiction. The aim was to stimulate the exchange of experience and knowledge among the responsible contacts in all the German companies and to give them further training. Thus, all our colleagues on site have a competent person in a position of trust who can talk to them on the subject of addiction.

96.6 percent – was our employees' health rate in 2017. It reflects the number of days actually worked in relation to the agreed working time. At 96.6 percent, the value remained at a high level in 2017 as well (2016: 96.5 percent).

Start of the "Get home safely" campaign

Our "Get home safely" internal communication campaign started in July 2017. In a series of videos, employees throughout the Group report what motivates them to comply with safety requirements: namely, what awaits them when they get home – for example, a loved person or a pet. The contributions are published on a regular basis on the intranet and should motivate our employees to follow rules for safety at work.



Powerful film urges safe driving

In 2014 Zoltán Sütő, a technician at E.ON Hungária, was involved in a terrible traffic accident that left him a quadriplegic. He spent 30 months in hospital. When back with his family, Zoltán agreed to share his story. The result of this unique collaboration among colleagues is a powerful film. As part of its commitment to corporate and social responsibility, E.ON Hungária showed the film to all of its employees to reinforce awareness of road safety. It won first prize for HR communications at the 2017 → Cannes Corporate Media and TV Awards. A personal tragedy can't be undone. But sometimes it can teach – and inspire – other people. Zoltán's has.

Promoting safety at work: new training course for senior managers

In 2017 we developed a new training course for senior managers who take on leading roles in our operational business under the title "Safety in heart and mind". Using videos, discussions and practical examples, we want to train them to recognize safety risks better and to encourage their employees to act responsibly. The offer is also aimed at lower and middle management. After successfully rolling out the training at some of our German subsidiaries in the summer of 2017, we would like to offer it at other locations and units throughout the Group. We are currently examining the need for such training in the different countries and adapting the practical examples to local conditions.

Increasing concentration and relaxation in 15 minutes

If you sit for a long time at a stretch it can harm your health. That's why in 2017 we developed the concept of "Get physical in your break". Employees can now book qualified coaches for guided breaks for sessions lasting more than two hours or as a balance in their day-to-day work. The 15-minute programme consists of exercises for coordination, flexibility, strength, breathing and relaxation. Even this short interruption has positive health effects: It increases concentration, stimulates the circulation and relaxes the muscles. "Get physical in your break" can be booked at many of our locations in Germany.

Development of accident statistics

The Total Recordable Injury Frequency Index (TRIF) is decisive in evaluating our safety at work performance. It measures the total number of recorded accidents (excluding first aid accidents). We have been measuring this number since 2010. Since 2011, we have also included contracting companies and their employees in the figures (TRIF combined). Since the beginning of 2016 many of our units have combined specific annual goals for the TRIF.

TRIF combined[1, 2]

[1]Total Recordable Injury Frequency – The number of work-related accidents and occupational diseases per one 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 employees by business unit[1, 2]

	2017
Energy networks[3]	2.8
Customer solutions[4]	2.1
Renewables	4.5
Corporate Functions/other[5]	1.1
Core business	**2.3**
Non-core-Business[6]	1.2
E.ON Group	**2.3** ☑

[1]Total Recordable Injury Frequency – The number of work-related accidents and occupational diseases per one 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.
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[3]Figures include: Germany, Czech Republic, Hungary, Romania, Sweden.
[4]Figures include: Germany, Czech Republic, Hungary, Italy, Romania, Sweden, UK, ECT.
[5]Figures include: E.ON SE, EBS (IT+EBUS), others.
[6]Figures include: German Nuclear (PreussenElektra).

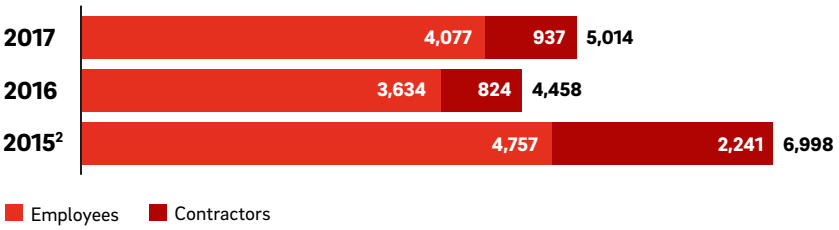
In 2017 we at the E.ON Group were able to maintain the TRIF combined at a low level of 2.5, identical to last year's figure. Among E.ON employees the figure for 2017 fell to 2.3 compared to 2.5 in the previous year. Among our contractors, it rose slightly from 2.6 in 2016 to 2.9. The higher-than-average TRIF in the area of renewables is probably attributable to the fact that large offshore and onshore wind farm projects were carried out in 2017. For example, two US onshore wind farms began operation (Radford's Run and Brunning Breeze). In addition, we have reached important milestones with two offshore wind farms (Rampion and Arkona) under construction. However, most of the reported events were not serious accidents.

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 use the Lost Time Injury Frequency (LTIF) to measure accidents at work resulting in lost working hours. Compared to the previous year, in 2017 we were able to improve the number slightly. The value for our contractors was 2.3 and has therefore increased slightly (2016: 2.1).

Near misses[1]



[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).

When recording reportable accident events, we also rely on documenting near-miss events. This includes events that could have led to injuries. In 2017 the number of reported near misses increased from 4,458 in the previous year to 5,014. This increase is probably due to an improved reporting culture.

This year, we introduced a new key figure called the Serious Incident and Fatality Rate (SIF). This allows us to record accidents and events that have caused, or could have resulted in, serious or fatal injuries. The SIF measures incidents of a certain severity only, as defined in one of our Business directives. In future we will report using SIF instead of near misses.

Fatal accidents at work

Despite our intensive safety measures, four of our employees and one partner company employee died in 2017. Three accidents occurred as a result of electrical incidents – two in Romania, the other at one of our partner companies in Germany. Another employee died in the UK in a traffic accident. In addition, an employee died in Germany in a fall from a height. After fatal accidents we immediately initiate investigations to understand the exact course of events. The aim is to identify the causes and to take all necessary measures to prevent comparable accidents in the future.

In response to the major accidents at the beginning of the year, our Board of Management also convened an extraordinary conference call with our top 100 senior managers in May 2017. Among other things, the Board invited them to answer three questions in their area of responsibility in time for the management briefing in October: they should identify possible causes of such accidents, question their own responsibility and identify the potential for improvements in their current business. According to the results of the survey, the greatest need is for development in the area of "safety behaviour and cultural attitudes". Organisational and technical aspects were rated as less significant in this context. Our senior managers now have the task of drawing up action plans for their area of responsibility for 2018. The requirements contained in these plans will be part of their agreed targets. In addition, we will conduct compulsory HSE training for our TOP 100 senior managers, which strengthens their key occupational safety competencies, as well as providing centrally-developed lower-level training.

Managing safety at work better with a new capture tool

In order to simplify our reporting and make it more efficient, we prepared the launch of a new IT tool in 2017. The new Incident Management System is intended to simplify our processes in the future, making them more efficient and improving causal analysis. It will be used by all units. The start date for the new system is scheduled for the second quarter of 2018.

Seeing alcohol consumption with different eyes

As part of the Germany-wide "Action Week on Alcohol" prevention campaign, in June 2017 we drew attention to the wide variety of topics relating to alcohol and addiction with information stands. Employees were able to take part in campaigns at various E.ON locations in Germany, which should encourage them to think about their own alcohol consumption. When playing soccer or table tennis, special goggles simulated how alcohol affects one's own body and reduces one's ability to react.

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. The health and safety of our own employees, our partner companies' employees and the protection of the environment are in the foreground at every stage. Our high standards in the areas of occupational health and safety also apply to PEL. The experience we have gained so far in the operation and decommissioning of our plants help us to further optimise our occupational health and safety processes and procedures. They contribute to the high level of safety in our nuclear power plants. We achieve continuous improvement through process and operational reviews, PEL-specific improvement plans, and prevention and training initiatives that promulgate safe work practices and safety behaviours amongst employees. All this has contributed to the fact that no fatal or serious accidents occurred at PEL during 2017.

Our approach to this issue

GRI 403/103

In the area of safety at work our principle is zero tolerance for accidents. Accordingly, we take a preventive approach to occupational safety. In order to ensure a systematic, efficient and effective implementation of our safety standards, we compel all units to introduce and continuously develop a safety management system. Adherence to high safety standards is important for us, not least because it is the prerequisite for operating licences and is the basis of many business relationships. We continuously adapt our forward-looking accident prevention concepts to current challenges. We not only involve our own employees, but also consider our partner companies' employees who carry out work on our behalf. Special care is required in risky activities – i.e. work on electricity and gas networks or in the installation and operation of solar systems and wind farms.

"I make myself strong – I stay in balance – I look after my health" is the motto of our approach to health. Here too, our preventive approach applies. We want to actively promote the well-being of our employees and maintain their long-term performance. In doing so, we are confronted with various challenges. Digitization and globalization can increase the pressure of work and increase insecurity in the company. Demographic change also requires us to consider the needs of an ageing workforce to maintain their employability. In particular, we specifically prevent health conditions that are most likely to result in unfitness for work and that are potentially life-threatening in all countries. As part of our health management, we develop target-group-specific prevention measures and health services, which we are increasingly promoting via digital communication channels. To use effective measures as widely as possible, we also exchange nationally and learn from each other.

For us, the integrity of human life is closely related to the protection of the environment. Our activities in the field of health, safety and the environment (HSE) have therefore been bundled in a common approach.

Responsibilities

Our Group Board and the management boards of our units are responsible for our HSE performance. Their job is to set our strategic goals and achieve continuous improvement. They are supported and advised by our Group Management HSE department and our HSE Council. The Council is an international committee of senior managers and works council representatives. The committee meets at least three times a year and chaired by the responsible member of the Board of Management. HSE committees and expert teams are also active on site in the various units. They develop frameworks to meet the standards in their area of business.

Principles and policies

HSE Policy Statement (2013, updated 2014)	Our aspiration is: we want to avoid all accidents and proactively improve the health of our employees. Our policy statement highlights this; it is valid throughout the Group.

Internal guidelines and policies

Management Group policy HSE (2013, updated 2015)	The Group policy defines structures and processes for HSE topics – including roles and responsibilities, management approaches and reporting channels.
HSE management business governance Group policy (2013)	This describes the minimum requirements and management tools needed to prevent physical and mental harm when exercising professional activities. It also requires all E.ON entities, to introduce externally-certified occupational safety and health management systems in accordance with the international standard OHSAS 18001.[1, 2]
Business directives	These contain concrete, compulsory business and procedural instructions on how to implement certain parts of the HSE Group guidelines. For example, the Incident Management business directive defines specific requirements on how to report incidents, investigate them, and implement improvement measures. The International Protection for Employees business directive prepares our employees for stays abroad and explains their health and safety risks.
Business governance Group policy procurement (updated 2016)	This Group guideline ensures occupational health and safety standards in the supply chain. It defines processes that can be used to determine risks when purchasing a service. Depending on the risk, new suppliers undergo a qualification process and have to address any identified deficiencies. Depending on the size of the supplier and the risk potential of the service they are providing for us, we sometimes also require certificates according to OHSAS 18001 or carry out audits.[2]
Group agreement "Health" (2015)	This agreement was reached between the company management and the Group works council in Germany. It is designed to help create a healthy work environment and promote the health of every employee. Four fields of action have been defined for this purpose: occupational health management, addiction prevention and intervention, occupational integration management and employee counselling.

External obligations and initiatives

Luxembourg Declaration (signed 2009)	With this declaration, we commit ourselves to implementing effective workplace health promotion in accordance with EU standards.
Düsseldorf Statement of the Seoul Declaration (signed in 2009)	In this statement, we commit ourselves to establishing a prevention culture for health and safety at work.
Companies for Health („Unternehmen für Gesundheit")	The network of national companies, administrations and corporations commits itself to being involved in workplace health promotion in the sense of the "Luxembourg Declaration" The central concern is the exchange of experience for the further development and dissemination of workplace health promotion in the member organizations and beyond.

Procedures

HSE improvement plans (HSE IP) (since 2010)	The plans are a management tool to continuously improve our HSE activities. All plans include specific, one- or more-year targets for each management unit. As well as targets for dealing with accidents, health promotion goals have also been incorporated since 2013. The implementation of the individual HSE IP targets has been part of the variable remuneration for senior managers since 2014. In 2017 there were no central requirements for the improvement plans. Instead, units developed the plans under their own responsibility.
„Prevent!" incident management system (since 2013)	In this online system, we record centrally high-risk events and accidents that occur to our own workforce or to our partner companies' employees. The incidents are analyzed systematically and the results used to initiate preventive measures. All serious accidents must be reported to HSE Group Management via the system within 24 hours. "Prevent!" is used in Germany, Great Britain, Italy, Romania, Sweden, Slovakia and the Czech Republic among others. Currently we are preparing to introduce a new event management system; it should replace the previous one (see "Our achievements in 2017").

Programmes

H&S training and courses	Our Center of Competence Global Learning offers special training courses and training in the field of safety and health from a Group-wide uniform training catalogue. These include topics in mental health as well as HSE training programmes for all management levels. In addition, there are country-specific concepts and training centres. Employees of partner companies can participate in the training as well. Depending on the field of activity, parts of the courses are compulsory.
Employee consultation on health issues	For health issues our employees have an Employee Assistance Program (EAP) available. It can be used by employees in Germany, Great Britain, Sweden, the Czech Republic and Hungary. EAP is an independent external, strictly confidential advisory service. It should also prevent mental illness. Employees who need assistance on trips abroad or who have questions about health issues can contact an international, multilingual point of contact.
"Safety F1RST!" Group-wide safety campaign (since 2011)	The aim of this campaign is to make our employees aware of safety issues and to raise awareness of our core values and rules in terms of safety: • We take care of colleagues. • We stop unsafe work. • We address mistakes openly Through clear comics and videos as well as the high profile of the "Safety F1RST!" Logo, we regularly remind our employees about these behaviors.

[1]"Exceptions are possible if the H&S risk of management unit's routine and non-routine activities and business processes is low." (HSE Management Group Business Governance Policy, Page 7).
[2]Going forward OHSAS 18001 will be superceeded by ISO 45001.

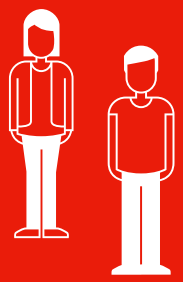
Objectives and performance review

We use internal audits to regularly check whether our units' HSE management systems are effective. It also checks that they meet the standards defined in our corporate policies and business directives. Separate internal audits are also carried out after every fatal accident and sometimes even after serious accidents. The audit results for 2017 have shown that our management systems are fundamentally effective. In some cases, however, we have also identified room for improvement. These concern, for example, the differences in the way our employees in our units assess dangers and how consistent they are in reporting possible accidents and other observations. For this reason, we have initiated training sessions for employees and executives in the affected units and initiated measures to eliminate the weak points in local processes. The senior HSE managers of the units also discussed the audit results in detail to draw conclusions for the future.

In addition to the audits, key figures on lost working time, accidents and dangerous events help us to investigate causes and provide a comprehensive risk analysis. This enables us to identify areas where we need to step up our efforts and design preventive measures. Our accident statistics have been at a consistently low level since 2013 (see also "Our achievements in 2017"). However, in recent years, the key figures can be seen to have almost come to a standstill. That's why we're working hard to reduce accidents even further.

In the area of health, we measure the success of our management approach on the basis of a central question: "Could we reach out to our staff with information on health and prevention and motivate them to take part in actions on these topics?" In addition, we also calculate the return on investment (ROI) of health promotions. For this we compare the costs of the action with the resulting downtime. In 2016/2017, we determined the ROI for the first time for the flu vaccine campaign and for the prevention of colorectal cancer. In both cases, the benefits of the measure outweighed the costs. In addition, other valuable aspects such as employee retention and job satisfaction resulted.

Diversity enriches us



Our workforce is made up of people from a variety of nationalities, cultures and generations. We want to encourage this diversity and use it to our advantage. Because good ideas always result when people from different backgrounds come together. Therefore, encouraging diversity and equal opportunity is also a focus of our new → sustainability strategy.

We promote gender equality and ensure that women have the same access to leadership positions as men.

→ Sustainable Development Goals

Our achievements in 2017

We would like to engage in a conversation with our employees about the issue of diversity and sensitise them to the differing needs and perspectives within our company. We continued to pursue this goal through an array of measures during 2017. We collaborated with other companies for the fourth time in organising a joint event for the German Diversity Day. Group-wide activities such as workshops featuring external speakers, networking sessions with board members and online presentations were also offered as part of the International Women's Day.

Through events like these, along with many other programmes and initiatives, we are offering support to women at our company and working to promote their interests.

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

	2017	2016	2015[2]
Energy Networks[3]	20.2	20.1	21.5
Customer Solutions[4]	42.7	43.0	39.5
Renewables	20.7	21.0	22.7
Corporate Functions/Other[5]	45.5	45.2	45.5
Core Business	**32.5**	**33.1**	**32.9**
Non-core Business[6]	13.2	13.2	12.4
Other (divested operations)	–	–	35.8
E.ON Group	**31.6**	**32.1**	**32.0**

[1]Including board members/managing directors and apprentices.
[2]Figures in accordance with the consolidated financial statement 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, United Kingdom, ECT.
[5]Figures include: E.ON SE, EBS (IT+EBUS), others.
[6]Figures include: German nuclear energy operations (PreussenElektra).

The proportion of women as a share of the overall workforce was 31.6 per cent as at 31 December 2017. This represents a slight fall on the previous year.

Our workforce was made up of **99** different nationalities in 2017 (2016: 97).

Finding the right balance

The E.ON SE executive board and works council signed a joint policy statement on diversity and inclusion in 2017 (see "Our approach to this issue"). The first topic we are focusing on, as the statement indicates, relates to work-life balance. Through the MyBalance@E.ON initiative we are seeking to encourage a discussion within the company of important questions relating to this issue: What's the best way to combine both our professional and personal lives? How do we want to shape our lives outside of work? And what sort of collaborative arrangements do we pursue at the workplace? During the reporting period, a working group made up of employees and members of the European SE works council developed answers to these questions. They determined that balance implies something different for each individual employee and that the nature of that balance may change over time. Because our priorities change from one phase of our lives to another. On the basis of this common understanding, we are now set to launch local campaigns in the units. As part of this, parameters are to be created that will help to find the work-life balance that's right for each individual.

Offering refugees career opportunities

In 2016, together with our German subsidiaries Avacon AG, Bayernwerk AG, E.DIS AG and HanseWerk AG, we assumed sponsorship for the German project "Durchstarten mit Energie" (Get Started with Energy). The project helps young refugees get started in a career. Vocational training courses begin with improving the refugees' German language skills and assisting them in looking for an apprenticeship or internship. Those who complete entry-level vocational training and meet the requirements can begin job training at E.ON. Currently there are five refugees as apprentices at E.ON, two of which began in 2017.

Proportion of severely disabled employees in Germany (percentages)[1]

	2017	2016	2015[2]
Energy Networks[3]	6.2	6.3	6.5
Customer Solutions[4]	3.5	3.9	4.4
Renewables	0.8	0.2	0.0
Corporate Functions/Other[5]	3.1	3.1	3.3
Core Business	**5.1**	**5.1**	**5.3**
Non-core Business[6]	7.3	7.8	7.8
E.ON Group	**5.4**	**5.4**	**5.7**

[1]Including board members and managing directors.
[2]Figures in accordance with the consolidated financial statement 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), others.
[6]Figures include: German nuclear energy operations (PreussenElektra).

In 2017 899 people with severe disabilities or equivalent were employed in German E.ON companies (2016: 934).

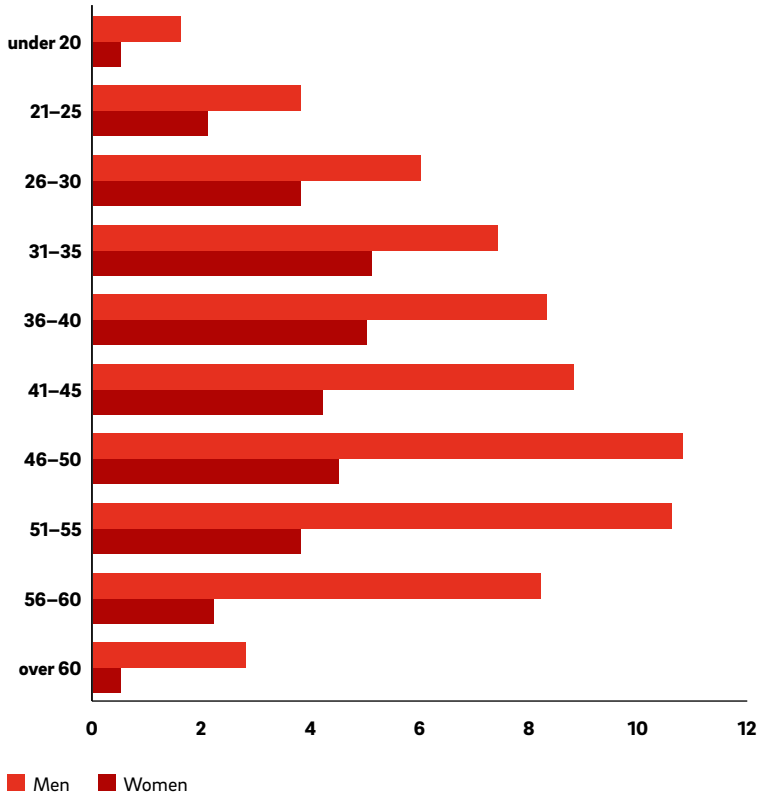
#Awkward: Video series to get us talking about inclusion

In 2017 we launched an internal video series in the UK aimed at dispelling myths surrounding various groups and minorities in our workforce. The videos feature employees discussing questions that are seen to be associated with a certain topic. The series includes topics such as dyslexia, LGBT+, women in the workplace, invisible illness, carers, and disability. The purpose is to raise awareness of the various challenges employees may face and encourage us all to openly discuss diversity without feeling awkward. The series currently consists of nine videos, which were released over the course of the year on the intranet platform Connect. It has recently won best diversity initiative as part of the NPSA people in power awards.

Supporting women during menopause

E.ON UK was the first energy company to have the goal of becoming a "menopause-friendly" employer and thereby raise greater awareness of the effects of menopause. In doing so, the unit is addressing an issue that is a focus of attention in Britain today. Through this initiative, women receive support at the workplace to better deal with common problems associated with menopause. E.ON UK has developed a guide to help sensitise the management to the issue. It contains helpful suggestions on how to provide the best possible support to female employees during menopause.

Age distribution for the workforce as a whole in 2017 (percentages)[1]



[1]Including board members/managing directors and apprentices.

The average age of E.ON Group staff was 42 years at the end of 2017, as in the previous year. This is comparable with the average ages at other DAX 30 companies. The age structure of E.ON employees reflects the demographic trend of working-age people in Germany: In 2017 around 18 percent of our employees were under the age of 31, 54 percent between the ages of 31 and 50 and around 28 percent older than 50.

Our approach to this issue

GRI 405/103

We live and work in a diverse society. This diversity is reflected in our workforce and offers great opportunities. Studies show that mixed teams perform better and generate higher earnings than groups that are more homogeneous. Moreover, diversity is a central driver of creativity and innovation. It is what allows us to respond better to the specific desires and wishes of our customers.

Diversity and integration form essential foundations of our vision and our values. We want to offer equal opportunities to all our employees, as well make the most of individual differences. Our commitment to diversity also helps us cope with the effects of demographic change, meaning the increase in the average age of populations in industrialised countries. A company that expressly advocates diversity is an attractive employer and as a result is able to stave off future shortages of qualified employees.

Responsibilities

At Group level, one person is responsible for diversity on a full-time basis. This individual serves as a go-between with other corporate divisions and recommends measures for Group-wide implementation. In addition, local representatives have been appointed in all regional corporate entities who also implement actions related to diversity. Moreover, a corporate office for disabled affairs is available to assist with communications and other matters relating to disability and inclusion. These responsibilities are exercised locally by ombudspersons and by local bodies for the severely disabled in the individual corporate entities.

Internal guidelines and policies

Joint "Diversity and Inclusion" 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. The policy statement replaces the guidelines for equal opportunity and diversity adopted in 2006.
Recruiting 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 agreement was signed between corporate management, the corporate works council and the corporate office for disability affairs. The purpose of this agreement is to establish uniform parameters in line with statutory provisions that govern the integration into work life of persons with disabilities.

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)	This German business initiative has as its goal the promotion of diversity in businesses and institutions. By signing this initiative, we are showing our commitment towards creating a work environment that is free from prejudice.

Programmes, networks and initiatives

"Female Mentoring" programme (since 2015)	This programme takes a systematic approach in preparing female junior employees in Germany for management positions. Each participant in the programme is assisted by an experienced management employee who – together with the participant's immediate supervisor – provides advice and support with career-related issues.
"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 women's visibility and influence within the company.
"Äntligen Jobb" (eng: "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.
External initiatives and networks	In addition, we are a member of numerous domestic and international networks and initiatives that address various facets of diversity; these include: • Female Empowerment: "Catalyst" (global community), Femtec (career platform in Germany), "Komm nach MINT" (German initiative), Equilibrium Mentoring Programme (a collaborative effort with the British Chamber of Commerce initiated in the Czech Republic) • Sexual Orientation: Stonewall (British initiative), LGBT Network (internal network in the UK) • Internationality: The BAME (= Black Asian Minority Ethnic; British network for exchange relating to ethnic differences)

Procedures

Staffing executive positions and talent management	Diversity and equal opportunity also play a role in staffing executive positions and as an element of talent management. You can find further details about the procedures established for this purpose in the chapter on → employee development.

Objectives and performance review

The following applies in principle: In selecting new hires, we seek to increase the proportion of under-represented groups throughout the Group. Each regional unit also sets its own priorities in its efforts aimed at encouraging diversity within the company.

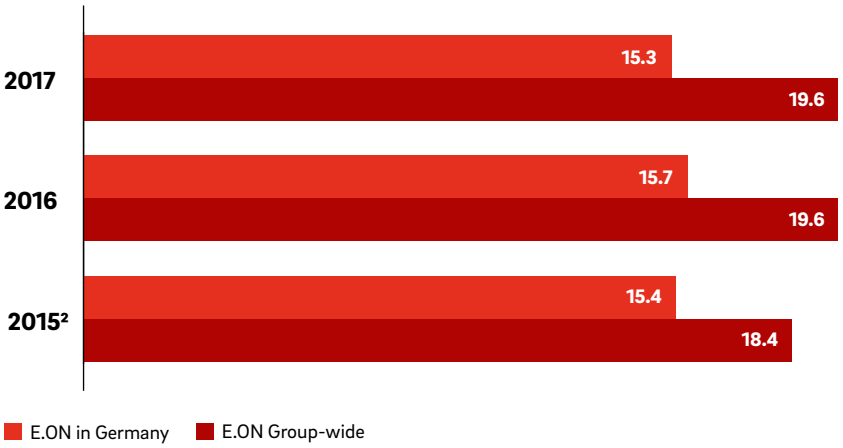
E.ON SE and other E.ON companies in Germany are governed by the "Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sector" of 1 May 2015. We set concrete goals in this regard in order to increase the proportion of women in senior management levels in Germany. We were only able to achieve some of the goals that we set for ourselves for 30 June 2017. The proportion of women in second-tier management level positions, for example, rose to 26.5 percent. This means we significantly exceeded our goal of 17 percent. In June, the percentage in top-level management positions stood at 19 percent, which means we unfortunately did not reach our goal of 23 percent.

In 2017 we adopted new goals for the second target period under the statutory gender quota. These are:
- Increasing the percentage of women in top-level management positions in Germany to 30 percent by 30 June 2022.
- Increasing the percentage of women in second-tier management positions in Germany to 35 percent by 30 June 2022.
- Achieving a proportion of women on the supervisory board of 30 percent by 2018.
- Achieving a proportion of women on the executive board of 20 percent by 2021.

The proportion of women on the supervisory board currently stands at 27.8 percent. The next scheduled elections will be in 2018. We expect to achieve the 30 percent ratio of women on the Supervisory Board by that time.

Above and beyond statutory provisions, we have voluntarily set for ourselves the goal of increasing the percentage of female management staff across all levels of management throughout the group. Each regional unit has its own specific targets. We aim to increase the percentage of women in management positions throughout the workforce to 32 percent by the end of 2026. This goal was approved by the executive board. We review the current status twice yearly and report the findings in the management report.

Ratio of women among management (percentages)[1]



[1]Including board members and managing directors.
[2]Figures in accordance with the consolidated financial statement without discontinued operations (i.e. adjusted for Uniper).

Promoting employees – flexibly and digitally

Technological developments and new regulatory requirements constantly change the energy sector. This also poses challenges for our HR management: In order to remain competitive and open up new business areas, we need the best talent – people whose personal and professional qualities match our current and future needs. We want to attract new employees and at the same time develop the skills of our existing workforce. To achieve these goals, we are taking advantage of the opportunities arising from digitalisation and focusing on innovative learning formats.

Our achievements in 2017

Numerous activities helped to attract qualified talents to E.ON in 2017. Additionally we have launched new initiatives for the professional development of our employees. For example, the Centre of Competence for Global Learning offered a wide range of training delivery methodologies, some of which were developed in-house. On average, each employee took part in two training days in 2017. We significantly expanded our digital training offerings during the period under review. New elements include an interactive digital manual that provides support for up-and-coming managers in their new role.

Digital learning cooperation launched

In 2017 E.ON entered into a partnership with CrossKnowledge, the world's leading provider of learning technologies. The aim is to make digital learning an integral part of our employees' working lives. Depending on their individual training needs, they can choose from a wide range of learning opportunities, such as technology, customer orientation, innovation or soft skills, such as communication. This includes intensive e-learning programmes as well as practical tips on all business-related issues and topics that are part of E.ON's catalogue of training programmes. The CrossKnowledge programmes are freely available to all employees.

Support for employees in the transformation process

Our restructuring measures initiated in 2015 are bringing about noticeable changes for many of our employees. We expanded our existing support services in the area of change management accordingly in 2017. As part of this, we developed a new interactive tool that can be found on Connect, our internal social media platform. This tool is primarily intended to openly address the challenging aspects of change processes. This should empower employees and managers to master difficult phases as effectively as possible. The new service features common methods that support change processes, as well as short videos and special e-learning courses on the subject of change. All formats are available in German and English.

Grow@E.ON: New competency model developed

In 2017 we introduced Grow@E.ON, a new competency model that applies throughout the Group. In addition to core competencies that apply to all employees, we have established additional requirements for managers and project managers. More than ever before, the focus is on customer orientation and personal responsibility as well as the courage to pursue new paths. The model provides transparency about what we expect from our workforce and forms the basis for employee development. It also helps us to fill positions in a way that reflects our new requirements. To familiarise them with Grow@E.ON, we provide various learning materials and e-learning programmes in all languages for our managers and employees. In virtual adventure games and quiz videos, the user can independently learn in a playful way what skills and behaviours we expect from our employees.

Knowledge to go

With a total of 60 different courses, in 2017 we successfully continued our innovative format for short courses, the Learning Take Away Days. Approximately 800 employees at seven locations had the opportunity to participate in 90-minute Grab & Go learning units. The format, which consists of 25 short learning elements, was first offered in 2016 at several locations in Germany and Romania.

Apprentices in Germany

	Headcount			Percentage of workforce		
	2017	2016	2015[1]	2017	2016	2015[1]
Energy Networks[2]	846	821	799	8.5	8.4	8.4
Customer Solutions[3]	20	17	13	0.8	0.6	0.5
Renewables	–	–	–	–	–	–
Corporate Functions/Other[4]	29	63	89	1.3	2.0	2.6
Core Business	**895**	**901**	**901**	**5.9**	**5.6**	**5.7**
Non-core Business[5]	47	70	89	2.4	3.3	4.3
E.ON Group	**942**	**971**	**990**	**5.5**	**5.3**	**5.5**

[1]Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper).
[2]Figures include: Germany.
[3]Figures include: Germany, ECT.
[4]Figures include: E.ON SE, EBS (IT+EBUS), others.
[5]Figures include: German nuclear energy operations (PreussenElektra).

At the end of the year, we employed a total of 942 apprentices and students on dual study programmes in Germany. This corresponds to a trainee ratio of 5.5 percent. The take-up rate of apprentices into permanent and temporary contracts is, at 89 percent, very high (2017: 240 out of 270; 2016: 274 out of 303= 90 percent). We are countering the shortage of skilled workers in this way.

Our approach to this issue

It is our goal to always employ the right people in the right positions within the Group. If we are to achieve this, we need effective personnel management. A variety of development programmes ensure that we will continue to have a pool of suitably qualified employees for the future. Our Group-wide talent management system offers attractive career opportunities for highly qualified specialists and aspiring managers. In future, we plan to focus not only on the "classic" management career path, but also to offer our employees individual and flexible career paths – including for experts and project managers.

The training and continuing education of our employees is a cornerstone of our personnel management. We would like our employees to be able to independently design their further training, using the content, duration, location, pace and method that they choose. By offering a wide range of part-time programmes, courses, workshops and materials for self-study, we promote a culture of independent learning.

Responsibilities

Since 2013, our Competence Centre for Global Learning has offered virtual learning opportunities, training and courses as well as a Group-wide catalogue of training programmes. The advancement and continued development of our employees is a core responsibility of E.ON's management. They are supported in this effort by various instruments: For example, detailed support is available to our leaders to help them prepare and conduct appraisal interviews.

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 (2014, updated 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)	This initiative contributes to the Germany-wide training pact. It provides support for young people in the transition from school to work through school projects, internships and training courses. This 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 allows them to get to know our company from different perspectives. To provide even more intensive support for the trainees, from the end of 2017 this programme will be taken over by the HR departments of the regional units in which the EGP is offered (Germany, UK, Sweden, the Czech Republic, Hungary and Romania).
Additional educational and training courses	The following courses are just a selection of what is on offer: • getAbstract: The world's largest collection of summaries of technical, management and career books is available to our employees free of charge. • Talent Breakfast: In Germany, the event facilitates exchanges between talent and managers. • 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.

New world of work, new opportunities

We need committed and qualified employees to shape the energy world of tomorrow. However, demographic change means that the labour market is changing and skilled workers are more in demand than ever before It is therefore essential that we create a work environment for our employees in which they can develop their full potential. Only if we succeed in doing this can we ensure the long-term retention of our employees and attract new staff.

Our achievements in 2017

In 2017 E.ON's human resources activities continued to focus on its strategic realignment. While the main focus in 2016 was on the general realignment, for 2017 the objective was to implement the new plans. Our central tasks here were to provide support for our employees during the changes, create an inspiring working environment and respond to new requirements. We take the interests of our employees very seriously in change processes.

Ready for the future: our employee initiatives

To individually support and motivate our employees, in 2017 we implemented new tools and approaches or expanded existing ones. For example, we expanded our → talent programmes and deployed → Grow@E.ON as a Group-wide model for personal and professional development. In the period under review, we also introduced the YES! Awards for executives, which we use to acknowledge success and to motivate employees in real time rather than waiting for the full annual compensation cycle. The basis for all HR matters is the E.ON People Strategy. It provides orientation for personnel decisions in the changing energy world. The strategy encompasses the three main themes: Preparing our People for the Future, Providing Opportunities, and Recognising Performance.

Employees by business segments[1]

	2017	2016	2015[2]
Energy Networks[3]	17,281	16,814	14,932
Customer Solutions[4]	19,222	19,106	20,860
Renewables	1,206	1,082	913
Corporate Functions/Other[5]	3,078	4,102	4,237
Core Business	**40,787**	**41,104**	**40,942**
Non-core Business[6]	1,912	2,034	1,998
Other (divested operations)	–	–	222
E.ON Group	**42,699**	**43,138**	**43,162**

[1]Figures do not include: 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, Romania, Slovakia, Sweden.
[4]Figures include: Germany, Czech Republic, Hungary, Italy, Romania, Sweden, UK, ECT.
[5]Figures include: E.ON SE, EBS (IT+EBUS), others.
[6]Figures include: German nuclear energy operations (PreussenElektra).

Phoenix programme

Following the successful spin-off of Uniper, the Phoenix programme was launched at the end of 2016 with the aim of optimising structures and processes, reducing bureaucracy and complexity, increasing empowerment, speed and agility, and enhancing focus on the customer. The Phoenix programme strengthens customer-focused functions in their decision-making authority and integrates support functions such as IT and purchasing more closely with our operating business. The Phoenix measures will generate long-term cost savings for E.ON of approximately €400 million annually from 2018 onwards. With the necessary restructuring, a number of tasks and up to 1,300 jobs associated with those tasks will be eliminated across the Group. Of these, around 1,000 will be in Germany. This corresponds to around three percent of E.ON's 43,000 employees. Overall, the programme will make a significant contribution to securing jobs at E.ON for the future. In the interest of all employees, new hires were actively limited during the programme.

During the implementation of Phoenix, we work closely and in a spirit of trust with our employee representatives. The agreement on the timely integration of the Project Steering Committee was of particular importance here in jointly developing constructive solutions. In addition, in conjunction with our Joint Declaration and Framework Agreement, we have reached an agreement between the Management Board of E.ON SE, the Executive Committee of the SE Works Council of E.ON SE and the Group Works Council of E.ON SE on framework conditions and solutions for employees whose positions will be affected by the restructuring. The negotiations covered early retirement benefits, severance payments and the possibility of moving to a qualification and transfer company for up to four years. These offers have already been taken up by many employees, with the result that around 90 per cent of the staff reductions negotiated to date have been achieved on a voluntary basis Operational redundancies have so far been avoided – as agreed between the company and employee representatives.

Employees by country[1]

	2017	2016	2015[2]
Germany	16,138	17,239	16,882
United Kingdom	9,975	9,850	9,694
Romania	5,711	5,464	6,175
Hungary	5,081	5,000	4,903
Czech Republic	2,563	2,401	2,331
Sweden	1,990	1,999	1,980
USA	585	475	351
Other[3]	656	710	846
E.ON Group	**42,699**	**43,138**	**43,162**

[1]Figures do not include: 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: Poland, Italy, Denmark and other countries.

Commitment to common values

Together with the E.ON Management Board and the Executive Committee of the SE Works Council of E.ON SE, we agreed on a set of People Commitments. We are committed to creating a fair, diverse and equal working environment in which all employees can develop their skills and realise their potential. The commitments comprise twelve central principles for understanding values and treating our employees, which are binding for the entire Group. The People Commitments describe 'What' is important to E.ON, regional units are required to implement these principles, the 'How', independently in accordance with local conditions.

Employee opinions are important

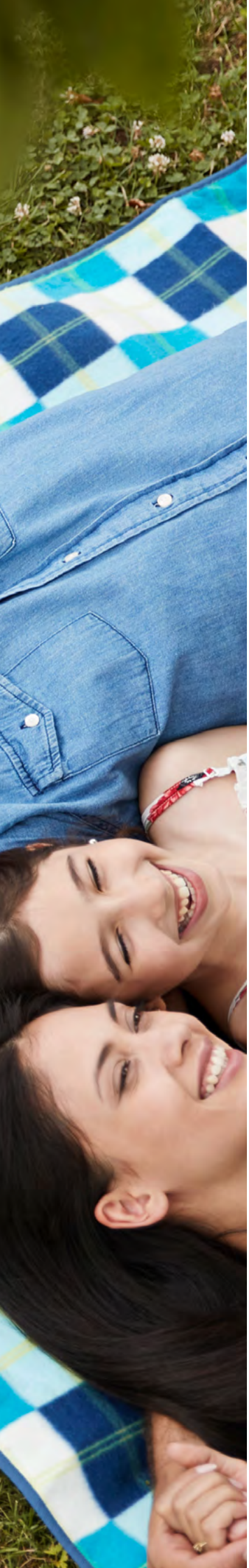
We completely revised our Pulse Check employee survey and carried it out for the fifth time in 2017. For the first time, we asked our employees questions on the topics of general satisfaction, leadership and respect as well as transformation and change. As in previous years, we surveyed them about our vision, our values and our strategy. In addition, employees were given the opportunity to provide us feedback on the new E.ON brand and the new interactive intranet "Connect". A total of more than 11,500 employees took part in the survey and gave us feedback in more than 25,000 open-ended comments. We perform both company-specific and subject-related analyses of the results and then use them to develop concrete measures.

Our approach to this issue

We aim to ensure that our employees do their best. In order for them to be able to do so, we offer attractive working conditions. Of course, a key aspect of this is the compatibility of career and family life. Flexible working models have been part of our corporate culture for years. In addition, we support our employees with various programmes in life phases during which they have to face specific private challenges, such as when a family member has fallen ill. We believe that an attractive salary package and additional occupational benefits are essential for recognising the commitment of our employees.

Internal guidelines and policies	
Group works agreement on remote working (2015)	Among other things, the agreement in Germany states that all employees have the opportunity of working remotely from home.
General works agreement on working time organisation (2015)	The arrangements include sabbaticals, part-time work, working hours based on trust, special holidays, etc.
General works agreements that support the compatibility of work and family life in the workplace (2015)	The general works agreements define what we offer our employees in terms of childcare, maternity leave, parental leave, sabbaticals and the care of close family members.
Cooperation	
pme Familienservice (2008, updated 2016)	In cooperation with the company pme Familienservice, we offer our employees in Germany nationwide access to different consulting services and services relating to the compatibility of work and private life. The employees of Familienservice provide individual, solution-oriented advice. Where necessary, they provide suitable support staff or may refer to other internal or external services. In addition, Familienservice also provides up-to-date information and services on the Internet and organises courses and lectures, for example on the topics of child-rearing and care.
Programmes and projects	
Occupational integration management	Occupational integration management is regulated by law. It provides that employees who have been sick for more than six weeks within a year can voluntarily participate in occupational integration management. The aim of the occupational integration management measures at E.ON is to restore the employee's ability to work on a permanent basis and to avoid further absences.
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 discussion forum Board Chat, where all employees are regularly invited to chat live with the Management Board • various blogs for sharing experiences
Occupational benefits	In addition to salary, we also offer the following voluntary benefits and other services: • company pension-plan benefits • employer-funded group accident insurance cover, which insures against accidents outside of work as well as work-related and commuting accidents

Climate and environment



Environmental management

Part of our environmental management involves focusing on the potential impact of our business activities on the environment. We are also continuously reducing our own energy consumption.

Waste

We are committed to minimising and, if possible, eliminating waste generated by our operations.

Climate protection

As an energy company, we play a key role in climate protection. With our strategic focus on renewables we have accepted this role and avoid the output of CO_2 emissions. We are continuously reducing our own carbon footprint.

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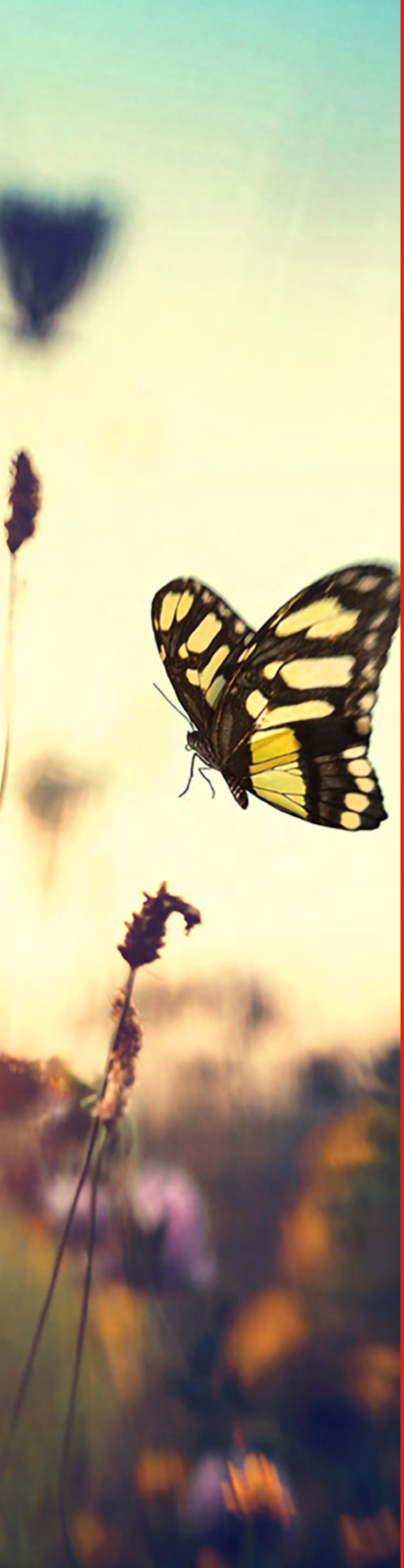


Solutions for protecting the climate

To tackle climate change, many different stakeholders have to take action worldwide. An important step is the Paris Climate Agreement of 2015. It envisages limiting global warming to well below two degrees Celsius. Achieving this goal requires a reliable, transparent and comprehensible climate policy. It is the basis for ambitious measures by individual countries, municipalities and companies. In this context, low-carbon energy generation and the efficient use of energy play a crucial role. The generation and use of conventional energy generate large quantities of greenhouse gases. By promoting the expansion of renewables energies and offering our customers innovative efficiency solutions, we are already making a significant contribution towards climate protection. In addition, we are continuously reducing our own carbon footprint.

With our business model, we are making a contribution to climate protection. In addition, we are setting ourselves goals to reduce our carbon footprint.

→ Sustainable Development Goals

Our achievements in 2017

In 2017 we continued to work on intensifying our contribution to climate protection. On the one hand, we carried on with the expansion of → renewables and thus contributed to a reduction in CO_2 emissions. On the other hand, we were able to support our customers with → innovative energy solutions to reduce their electricity and gas consumption. Our new goals to reduce our own carbon footprint are another key element. These take into account the strategic realignment of our company.

Satisfactory CO_2 reporting

In 2017 we once again became one of the industry leaders in the "Leadership" Index of the CDP organisation with our climate report. With a rating of A- for Climate Rating, we were able to maintain our very good position from the previous year. The CDP rating assesses how transparent and detailed corporate CO_2 reporting is. The data we provided for this has been independently verified. We have been reporting our CO_2 emissions to CDP since 2004.

→ CDP (formerly the Carbon Disclosure Project) is one of the largest international associations of investors. Each year, the independent non-profit organisation encourages global corporations to disclose their carbon footprint and climate-change management strategies. CDP manages the largest database of its kind in the world.

In addition, we also support other initiatives such as the → „Task Force on Climate-related Financial Disclosures (TCFD)", which are involved in further developing climate reporting. In this way we want to contribute to a consistent, comparable and reliable disclosure of climate-related information.

Together with 50 German companies and associations, E.ON issued a declaration on climate protection in November 2017. Herein, the signatories welcomed the World Climate Agreement of Paris as a turning point for global energy production and urged the future federal government to make climate protection one of its central tasks. With our participation we sent an important signal towards an ambitious climate protection.

New goals to reduce our own carbon footprint

As of 1 January 2016, we transferred our power generation from fossil fuels to Uniper SE. Our previous goal – halving the carbon intensity of our power generation in Europe by 2025 – could therefore not be pursued any further. The CO_2 intensity of the electricity we generated had been significantly reduced by the outsourcing of conventional generation to Uniper. Therefore, we developed a new climate strategy with corresponding CO_2 emission-reduction targets and measures that reflect our new business model in 2017. The strategy was approved by the Board of Management in July. The focus is now on reducing the CO_2 emissions associated with power and gas sales to our customers. These indirect emissions (Scope 3) represent the majority of our carbon footprint.

Our objectives are:

- We will reduce our absolute carbon footprint by 30 percent until 2030 compared with 2016
- We will reduce the CO_2 intensity of our customers – i.e. the CO_2 intensity of our power sales – by 50 percent until 2030 compared with 2016

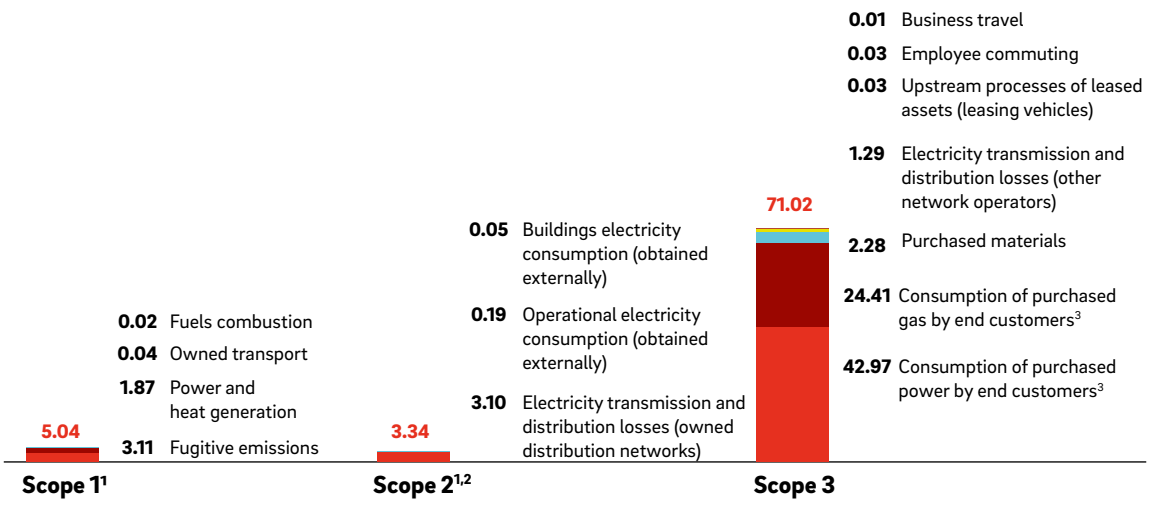
Development of our carbon footprint

To document our progress in climate protection and to create transparency, we have been reporting our CO_2 emissions since 2004. When calculating our carbon footprint, we not only consider direct CO_2 emissions from our power and heat generation but also CO_2 emissions of our everyday business activities indirectly related to energy generation.

The calculation of our greenhouse gas emissions is based on the internationally recognized "WRI/WBCSD Greenhouse Gas Protocol Corporate Accounting and Reporting Standard" (GHG Protocol). This standard includes all greenhouse gases according to the Kyoto Protocol. Carbon dioxide (CO_2) plays by far the most important role. Other greenhouse gases, such as sulfur hexafluoride (SF6) and methane (CH_4), are important for the calculation of the global warming effect but they occur in smaller amounts compared with pure CO_2. The effect of the various greenhouse gases is defined by the so-called Global Warming Potential. This index expresses how much a greenhouse gas affects global warming over a period of time compared with CO_2. For example, the greenhouse gas potential of methane and sulfur hexafluoride is many times higher compared to carbon dioxide. All greenhouse gas emissions can be converted and combined into so-called "CO_2 equivalents" (CO_2e).

In 2017 we introduced a new software throughout the Group that improves the central reporting and management of our sustainability data. It has also changed the collection methods for emissions from Scope 1 and 2, which will be maintained consistently after the 2017 reporting year.

2017 carbon footprint (total CO_2 equivalents in million metric tonnes)



[1]Change in survey method and scope of consolidation.
[2]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. These result in the largest percentage of Scope 2 emissions.
[3]Figures include private, commercial and industrial customers.

Overall, the total of our direct and indirect CO_2 emissions in 2017 was 79.40 million tonnes CO_2e. This represents a slight reduction compared to the previous year (2016: 82.75 million tonnes CO_2e). As the scope of consolidation changed in 2017, we retrospectively adjusted the 2016 figures compared with the previous year's report.

Direct emissions from our own business operations (Scope 1)

Scope 1 includes direct emissions from our own facilities and operations, for example from power and heat generation or our own vehicle fleet, including CO_2 emissions from methane and nitrous oxide (see → GRI content Index 305-1).

Scope 1 (total CO_2 equivalents in million metric tonnes)

	2017[1]	2016	2015[2]
Fugitive emissions	3.11	3.32	2.76
Power and heat generation	1.87	2.00[3,4]	77.09
Fuels combustion	0.04	0.02[4]	0.06
Owned transport	0.02	0.03	0.08
Total	**5.04**	**5.37[4]**	**79.99**

[1]Change in survey method and scope of consolidation.
[2]Figures not adjusted for discontinued operations (i.e. not adjusted for Uniper).
[3]By transferring power generation from fossil fuels to Uniper on 1 January 2016, the value is significantly lower than in 2015. According to the Greenhouse Gas Protocol and DEFRA, no direct CO_2 emissions from renewable energies are generated and are set at a value of "0".
[4]Prior-year figures have been adjusted due to change in scope of consolidation and data corrections.

Our 2017 Scope 1 emissions totalled 5.04 million tonnes CO_2e. This means that they have fallen slightly compared with the previous year. The majority of these emissions results from fugitive emissions. These gas leaks are mainly methane and sulphur hexafluoride emissions. They have a particularly high global warming potential, which is why the CO_2 equivalent value is so high. In 2017 we also incorporated additional business units into our reporting. Therefore, the value of 2017 is only partially comparable with the previous year's value. In the long term, we want to reduce the volume of fugitive emissions by continuously optimizing and modernizing our → gas networks.

The emissions from self-generated electricity and heat can be attributed mainly to our combined heat and power plants for heat generation and nuclear power plants for power generation. For these plants, we differentiate between those with a capacity of more than 20 MW, which are covered by the European Union Emissions Trading System (EU ETS) and those with a capacity of less than 20 MW, such as combined heat and power plants.

In order to reduce emissions caused by the fuel consumption of company-owned vehicles, we are increasingly switching our own vehicle fleet to → electric vehicles. In addition, our new car policy for senior managers, which has been in force since the beginning of 2017, specifically targets the use of hybrid and electric vehicles. For example, we offer higher employee bonuses for this vehicle group compared with conventional cars.

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

Scope 2 refers to emissions that we can influence indirectly. These are resulting, for example, from the production of electricity which we purchase externally for the operation of our plants, or from electricity transmission and distribution losses in our own networks.

In 2015 the guideline for the calculation of Scope 2 emissions, the so-called "Greenhouse Gas Protocol Scope 2 Guidance", was expanded. Since then, the value of purchased electricity contained in Scope 2 has been determined in two ways: by the location-based and the market-based method. In 2016 we began to calculate the emissions resulting from losses in the transmission and distribution of electricity, which account for the majority of our Scope 2 emissions, using both methods. For our carbon footprint, i.e. the total value, we consider only the value determined using the location-based method.

Scope 2 (total CO_2 equivalents in million metric tonnes)[1]

	2017[2]	2016	2015[3]
Electricity transmission and distribution losses (location-based)[4]	3.10	3.06	3.19
Electricity transmission and distribution losses (market-based)[5]	4.14[6]	4.20[6]	–
Operational electricity consumption (obtained externally)	0.19	0.25	0.46
Buildings electricity consumption (obtained externally)	0.05	0.05	0.04
Total	**3.34**	**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. These account for the majority of Scope 2 emissions.
[2]Change in survey method and scope of consolidation.
[3]Figures not adjusted for discontinued operations (i.e. not adjusted for Uniper).
[4]Calculation of emissions based on emission factors for specific geographic regions (national electricity mix factor).
[5]Calculation of emissions using the residual mix factor.
[6]A large part of the electricity transmission and distribution losses in Sweden was offset by the purchase of green electricity.

With a total of 3.34 million tonnes CO_2e, our Scope 2 emissions in 2017 were slightly below the level of the previous year. This is due to the fact that the operating electricity consumption from our heat and power generation plants has fallen. To further reduce our energy consumption, we are continuously increasing the → energy efficiency of our buildings and generation assets.To control these processes, all German E.ON companies have had energy management systems complying with international standards (ISO 50001) since 2016. With the aim of making our employees aware of the issue of energy saving, we also implemented internal campaigns such as → „mission E".

The majority of Scope 2 emissions represent transmission and distribution losses of electricity in our own networks, for which corresponding balancing quantities are purchased. The emissions determined using the market-based method are much higher at E.ON than those calculated on the basis of the national generation mix (location-based method). This is due to the fact that an individual emission factor is used for the market-based method, which takes into account the contractually attributable generation mix of the individual electricity supplier. If this cannot be determined exactly, we use the emission factor of the residual mix for the calculation. In some cases, this is well above the national generation mix. By continuously investing in the → optimization of our electricity networks, we reduce line losses and the resulting emissions in the long term.

Indirect emissions from all other business operations (Scope 3)

Scope 3 includes further indirect emissions that occur in connection with our upstream and downstream value-adding steps. They arise primarily in connection with the procurement and consumption of electricity and gas in our customer business. But also the procurement of materials and electricity transmission and distribution losses in foreign networks cause indirect emissions.

Scope 3 (total CO_2 equivalents in million metric tonnes)

	2017	2016	2015[1]
Consumption of purchased power by end customers[2]	42.97	43.41	55.31
Consumption of purchased gas by end customers[2]	24.41	25.73[3]	45.15
Purchased materials	2.28	3.3[3]	3.88[4]
Upstream processes of purchased fuels	–[5]	0.21[6]	9.40[7]
Electricity transmission and distribution losses (other network operators)	1.29	1.26	2.72
Employee commuting	0.03	0.03	0.03
Upstream processes of leased assets (leasing vehicles)	0.03	0.03	–
Business travel	0.01	0.02	0.02
Total	**71.02**	**74.02[3]**	**116.51**

[1]Figures not adjusted for discontinued operations (i.e. not adjusted for Uniper).
[2]Figures include private, commercial and industrial customers.
[3]Prior-year figures have been adjusted.
[4]Including procurement of fuels.
[5]For reasons of materiality, we will no longer apply this category from 2017 onwards.
[6]Figure estimated on the basis of previous year values.
[7]Including coal.

Our 2017 Scope 3 emissions accounted for a major share of our carbon footprint with a total of 71.02 million tonnes CO_2e. However, they decreased compared to the previous year. With more than 1 million tonnes CO_2e, the largest reduction was recorded in the procurement of materials. This can be attributed to less being purchased and to the acquisition of less carbon-intensive materials. Scope 3 emissions related to our power and gas sales were also lower due to slightly lower sales volumes in 2017.

Our travel policy promotes the use of low-carbon means of transport. In addition, our employees have been able to lease electric vehicles as part of our leasing offers since 2017.

Offsetting carbon, making Italy leafier

Environmentalists say "plant a tree, save the planet". Since 2011, E.ON Italia has planted 60,000 of them – one for each customer choosing its E.ON Green Gas tariff, plus those that customers have had planted by redeeming loyalty points. The project helps customers play an active role in offsetting their carbon emissions. It also promotes biodiversity and beautifies the landscape in eighteen cities and nature preserves across Italy. One of the country's biggest reforestation projects, "I boschi E.ON" (E.ON Woods) is part of E.ON Italia's commitment to partner with customers for a better tomorrow.

Our approach to this issue

GRI 305/103

In order to limit the progress of global warming, states and individual countries set clear goals to reduce their CO_2 emissions. Many cities and companies are developing their own climate strategies. In addition, the changing nature of the energy markets is fundamentally changing the needs of our customers. Against this backdrop, we adjusted our → business strategy in 2016 to reflect current developments. With our business model, we are making a significant contribution to climate protection:

- With our focus on renewables we are supporting climate-friendly power generation in the European and North American markets.
- By building → intelligent distribution networks we are establishing a basis for absorbing and passing on the growing share of green electricity – despite natural fluctuations in feed-in.
- With innovative → efficiency solutions we are helping our customers to save energy and thereby avoid CO_2 emissions.

With these strategic priorities, we are avoiding greenhouse gas emissions, helping shape the transformation of national and international energy markets, and driving the energy transition forward. However, our goal is also to reduce our own direct and indirect CO_2 emissions. To this end, we developed a new climate strategy in 2017 (see "Our achievements in 2017").

Responsibilities

We report on the responsibilities in the field of renewables in the chapter → energy solutions. Information on those responsible for efficiency solutions can be found under → customers.

Goals and measures to reduce our own carbon footprint are developed by our central → sustainability department together with the operational units.

Procedures, projects and programmes

Depending on the type of CO_2 emissions (Scope 1, 2, 3), different measures are required to achieve reductions. For more information, see the referring scope in the section on developing our carbon footprint.

Objectives and performance review

As part of our climate strategy adopted in 2017, we set ourselves clear goals for the reduction of our own carbon footprint. These take into account our changed business model and should be achieved by 2030 (see "Our achievements in 2017"). To this end, we have defined measures to reduce emissions in all three scopes of the GHG Protocol. Every year, we collect our CO2 emissions in all three categories. However, due to the fluctuating influences compared with the direct annual comparison, a meaningful development trend can be reliably determined only over a longer period of time. In particular, indirect emissions, which account for a large part of our carbon footprint, are subject to external factors such as weather or customer behaviour. In addition, measures for energy efficiency and reducing consumption often lead to measurable results only after some time. As a consequence, we will carry out a trend assessment every three years, for the first time after the end of the reporting year 2019. Based on the results, we will, if necessary, define specific corrective measures to achieve our objectives together with our operational units. Should we find that we were able to achieve our goals earlier than planned, we will set ourselves correspondingly higher Group-wide targets for 2030. Each unit can also pursue its own ambitious reduction targets that go beyond the Group target.

Effective protection of the environment

The population of the world is growing – and the consumption requirements of a constantly growing global middle class are growing along with it. This results in an increasing demand for resources, to which politicians react with ambitious legal requirements. One example of this is the → EU Energy Efficiency Policy from 2012. It pursues the goal of reducing final energy consumption throughout Europe. Our energy solutions provide our customers with a decisive contribution to efficient and resource-saving electricity generation, and help our customers save energy. Furthermore, we are also continually reducing our own final energy consumption as part of our environmental management. We always have the effect of our business activity on the environment in sight, such as in the use of electricity networks or generating plants. We must consider diverse environmental requirements in this regard and ensure that biodiversity and habitat diversity are maintained. For example, it is important to avoid damaging the sensitive marine ecosystem in the construction and use of offshore wind farms. We can only ensure the public acceptance of these projects through ecologically compatible expansion of our facilities and networks.

Our achievements in 2017

The focus of our environmental management during the reporting period was on further reducing our own final energy consumption. In order to achieve this, we started an internal campaign throughout Germany to raise energy-saving awareness among our employees. Using innovative approaches, we also worked to cut down the environmental effects of our business activities even more.

Innovative technology reduces environmental influences of offshore wind farms

For all 60 mono steels of our → Arkona Offshore Wind Farm that we are currently building in the Baltic Sea we are using an innovative corrosion protection process. The use of the new technology will significantly reduce the metal-dissolving corrosion process throughout the 25-year operating life of the wind farm, while also reducing the emissions to the sea by several hundred tons. E.ON is the first company to install all monopiles of an offshore wind farm completely with this environmentally friendly corrosion protection technology. This technology, which we developed, was recognised by the German Renewables Award 2017 as the innovation of the year.

In 2017 we used **59 Mio GJ** less energy than in the previous year. The reduction from 260 million GJ[1] in the previous year to 201 million GJ corresponds to 22 percentage points.

[1]Adjusted value compared to previous year's reporting due to a change in the scope of consolidation.

On an energy saving mission: nationwide employee campaign started

Saving energy lives by involvement, because not only technical efficiency measures help to reduce final energy consumption. The behaviour of our employees can also contribute significantly. This is the core concept of the "missionE" campaign that we initiated in all German E.ON companies in 2017. Representatives from the individual companies and the division responsible for environmental issues at the Group level together produced a central communication. It includes standard posters, informational materials and initiatives that are designed to familiarise our employees with conscious and efficient energy usage. Regional campaign teams also developed measures, such as information days and competitions that take local conditions into consideration. The specially developed "missionE" intranet site also provided new weekly energy saving tips, and the opportunity to interact with co-workers on the subject.

"missionE" is an activity resulting from the certification of our energy management system under ISO 50001. Companies are required under this international standard to develop targeted activities for saving energy. 26 E.ON businesses at over 200 locations in Germany are currently certified under ISO 50001.

Environmental management under the latest standards

In 2017 all units with environmental management systems certified under ISO 14001 implemented this system in its latest version under international standards – from 14001:2009 to 14001:2015. An important innovation: Companies are henceforth required to consider upstream and downstream processes and the life cycle of their products and services in their evaluation of environmental effects. A product life cycle consists of several sections: it ranges from acquisition of raw materials through transport and use up to final disposal.

Our approach to this issue

Our environmental management is guided by the precautionary principle endorsed by the United Nations. Accordingly, we are committed to ensuring that environmental damage is avoided wherever possible and that the impact of our business activities on the environment is kept to a minimum. We comply with current legal requirements as a matter of course, but we also have defined our own environmental standards. These apply both for the Group overall and for our partners. We also continually analyse our energy resources and use, and identify potential savings. In this way, we comply with legal requirements, preserve resources, reduce our → carbon footprint and save on costs as well.

For us, the integrity of human life is closely related to the protection of the environment. For this reason, we have combined prospective management of environmental issues with health and safety, organised under one overall area: Health, Safety & Environment (HSE). Further information on safety and health can be found in the chapter → employees. An explanation of the responsibilities of the HSE division can also be found there.

Principles and policies	
E.ON Health, Safety and Environment policy statement (2013; updated 2014)	The policy statement commits us to using environmental management systems in environmental matters. Our goal is to reduce our ecological footprint and guarantee our operational efficiency.

Internal guidelines and policies	
Management Group policy HSE (2013; updated 2015)	The policy also defines Group-wide roles, responsibilities, management concepts and reporting procedures for the environmental area.
Business governance Group policy HSE management (2013)	The policy defines, among other items, minimum requirements and management tools for the environmental area. For example, it requires all global and regional units to introduce an externally certified environmental management system in accordance with international ISO 14001 or EMAS standards.[1]

Business governance Group policy procurement (2016)	This policy defines the processes whereby we identify environmental risks in the purchase of a service or a (non-fuel) product, among other things. New suppliers undergo a qualification process depending on the risk involved. Any possible loopholes must be closed. Depending on the size of the provider, we require ISO 14001 or EMAS III certificates among other items, or we conduct audits.
External rules and obligations	
Ten principles of the United Nations "Global Compact" (since 2005)	By our acceptance of the Global Compact Principle, we also commit ourselves to compliance with environmental protection standards.
Procedures	
"Prevent!" Incident management system (since 2013)	Our units record risk-entailing incidents and environmentally related events through this online system. This enables us to systematically analyse incidents and develop targeted risk mitigation measures. We distinguish four grades of severity for environmental events based on specific characteristics: from 0 (no actual damage) to 3 (serious impact). All severe events are subject to reporting within 24 hours. These include, for example, irreparable damage to protected habitats.
Environmental impact assessments and monitoring	We continually record possible environmental risks in the planning, construction and operation of our power generation facilities and distribution networks. We conduct environmental impact assessments (EIAs) for all new construction or renovations. This makes it possible for us to consistently fulfil requirements of the authorities, and we consult with external environmental experts. Results of EIAs must be properly considered in the construction and use of facilities. In the future, we will review the results of EIAs annually for currency and if necessary take additional measures to reduce environmental risks.
Central approval platform for construction and operation of plants (since 2012)	This platform is used to note and monitor legal modifications on the national, European and non-European level that may affect our facilities. Each regional unit has its own designated contact person: This individual publicises relevant developments with more significant effects on our company on the platform. He or she also evaluates what challenges they present for us.
Projects for increasing the energy efficiency of E.ON buildings	We identify potential energy savings by evaluating our energy usage and analysing our requirements. This results in recommendations for energy saving projects. This also includes profitability calculations. We plan our respective efficiency measures based on these recommendations.

[1] "Exceptions are possible if the business risk of management unit's routine and non-routine activities and business processes is low." (HSE Management Group Business Governance Policy, pg. 7)

Non-core Business: water management at PreussenElektra

Our previous conventional generation business, including hydroelectric, has been continued by Uniper since the beginning of 2016. Therefore, water resources are only material in the context of generating energy from nuclear power. Both cooling water and processing water are used for generating energy in the nuclear power plants operated by PreussenElektra (PEL).

PEL wants to use water resources sustainably and efficiently. This includes continuously reducing water usage. Furthermore, PEL is committed to high quality in the water sources from which the plant extracts its water. For this reason, PEL observes all legal provisions for the withdrawal and discharge of this resource as a matter of course. Mechanical purification processes, elimination of biocides and constant monitoring of the temperature of the cooling water returned protect the flora and fauna in the surrounding water sources. PEL also expects that its contractors use water sparingly. This was established in binding supplemental provisions for supplies and services.

PEL summarises its water data in a general water balance sheet. This provides a summary of the quantity of water withdrawn and discharged.

Water balance of PreussenElektra (million cubic meters)

	2017	2016	2015[1]
Fresh water withdrawal	1,433.0	2,355.5	2,409.0
Fresh water discharge	1,396.0	2,329.3	2,374.2
Fresh water consumption	**37.0**	**26.2**	**34.8**

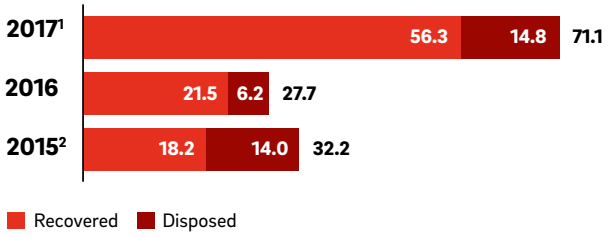
[1]Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper).

PEL extracted 1,433 million cubic meters of fresh water in 2017. That is 923 million cubic meters less than in the previous year. Almost all this fresh water comes from rivers. PEL uses it mainly as cooling water. The decrease in volume is attributable to the fact that our nuclear power plants were idle longer during the reporting period. PEL returned 97.4 percent of the withdrawn water back to the rivers. About 37 million cubic meters of fresh water evaporated through the cooling tower of the nuclear power plant into the atmosphere. The evaporation rate and consequently the consumption of fresh water are presumably higher in the reporting year because the nuclear power plants with cooling tower had been longer in operation than those with flow-through cooling in 2017.

Avoiding and recycling waste

In order to save resources, we try to avoid waste if possible. If this is not possible we try, as far as possible, to recover as much as possible. However, if waste can neither be avoided nor recycled, we ensure that it is correctly and appropriately disposed of. At E.ON hazardous and non-hazardous waste is generated in our operations as well as in project-related business, for example in the network business or when dismantling our nuclear power plants in Germany.

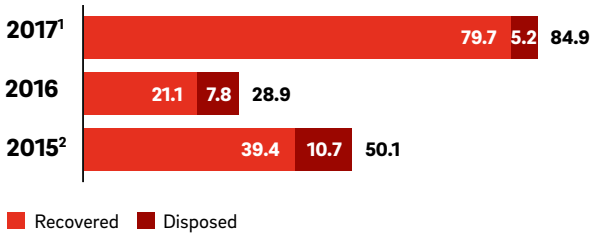
Hazardous waste (metric kilotonnes)



[1]Change in data-collection method and in the scope of consolidation.
[2]Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper).

The total amount of hazardous waste increased to 71 kilotonnes in 2017. This is an increase of around 43 kilotonnes compared with the previous year. E.ON was able to recover a total of 79 percent of the hazardous waste generated. The large increase can be attributed to, among other things, a change in data acquisition in 2017. Thus, compared to the previous year, further types of waste were included in the calculation. For this reason, the quantity from 2017 can be compared with that of 2016 only to a limited extent. In addition, the dismantling of nuclear power plants at our operating unit PreussenElektra resulted in an increased amount of waste. And also in the field of renewables, more waste was generated by the growing number of projects.

Non-hazardous waste (metric kilotonnes)



[1]Change in data-collection method and in the scope of consolidation.
[2]Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper).

In 2017 the total amount of non-hazardous waste increased by 56 kilotonnes compared with the previous year. We were able to recover 94 percent of the total of 84.9 kilotonnes. As with hazardous waste, this increase can be attributed to the inclusion of further types of waste in the calculation, the decommissioning of nuclear power plants and increased activity in the renewables sector.

Non-core business: safe handling of radioactive waste at PreussenElektra

Our subsidiary PreussenElektra (PEL) is responsible for the safe and reliable operation and dismantling of our nuclear power plants. Both the operation and the dismantling of the power plants produce radioactive waste. We are aware of the great responsibility that comes with dealing with this.

In June 2017, the "Law on the Reorganization of Responsibility in Nuclear Waste Disposal" came into force. As foreseen by this law, a "contract to finance the costs of withdrawal from nuclear energy" between the federal government and the energy supply companies as operators of the nuclear power plants was signed during the reporting period. The contract reaffirms the statutory division of responsibility for nuclear waste disposal and its financing.

Our goal is to reduce the amount of radioactive waste to a minimum. We succeed in this by, among other activities, sorting out residues that are not contaminated. In addition, we subject radioactive waste to certain treatment steps and procedures that reduce its volume.

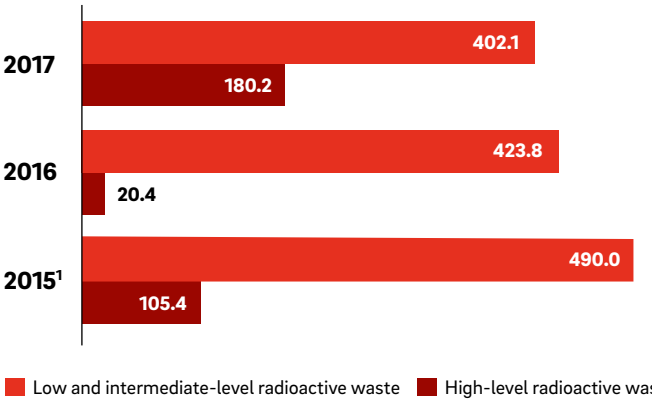
Basically, we distinguish between radioactive waste with negligible heat generation (low- and intermediate-level radioactive waste) and heat-generating high-level radioactive waste:

- *Low and intermediate-level radioactive waste:* This represents the largest amount of radioactive waste in terms of mass and volume. Low-level radioactive waste includes, for example, mixed waste similar to household waste, such as protective clothing, wood, cables, etc. and building rubble from plant control areas. This waste contains less than one percent of the total radioactivity of a nuclear power plant. Intermediate-level radioactive waste includes, in particular, the reactor pressure vessel's near-core fixtures.
- *High-level radioactive waste:* These contain more than 99 percent of the total radioactivity of a nuclear power plant and are primarily the fission products of uranium in the irradiated fuel elements, which arise as a result of nuclear fission in the nuclear reactor.

The power plant operators package the radioactive waste professionally. After certification by the competent authority, the packaged radioactive waste becomes the responsibility of the federal government. The Konrad repository for low and intermediate-level radioactive waste is currently being built by the federal government. According to the Federal Association for Final Storage (Bundesgesellschaft für Endlagerung – BGE), it should be operational from 2022 onwards.

Irradiated fuel elements are loaded in approved transport and storage containers in the nuclear power plants and then stored safely in the interim storage facilities. In accordance with the "Law on the Reorganization of Responsibility in Nuclear Waste Disposal", the warehouses and stored containers will become the responsibility of the federal government from January 1, 2019. The fuel elements will remain in the interim storage facilities until a state-owned receiving warehouse or repository for highly radioactive waste exists in Germany, which will then take over. When this will happen cannot be reliably estimated at present. The responsibility for final disposal 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 2017 there was a decrease in the amount of low and intermediate level radioactive waste: compared to the previous year, 21.7 tonnes less low- and intermediate-level radioactive waste were generated; this corresponds to a decrease of 5.1 percent. The amount of waste is expected to increase again in the next few years. The reason for this are the forthcoming dismantling projects and the associated dismantling of plant components, which are treated as radioactive waste and handed over to the federal government's responsible agency.

In 2017 the amount of highly radioactive waste increased by 160 tonnes compared with the previous year. Above all, this can be attributed to the fact that we try to combine work steps more effectively. For example, in 2016, we removed only a few fuel elements from the reactors; in 2017 we removed a larger number all at one time. The amount of high-level radioactive waste is expected to decline again next year.

Good corporate governance

Human rights

We respect human rights in all our business processes.

Compliance and anti-corruption

We consistently comply with our own and legal requirements and prevent potential violations.

Crisis management

We have a range of plans and precautionary measures in place to ensure that we are prepared for any emergencies and crises that may arise.

Supplier management

We also ensure that our suppliers operate according to fair working conditions and ethical business practices.

Responsible lobbying

We represent our interests in an appropriate way with respect to the political establishment and support decisions with professional expertise.

Community involvement

We are committed to the community, environment and economic development in the regions in which we operate.

Stakeholder management

We seek dialogue with stakeholders and involve them in our actions.

material topic

further topic

Good leadership, enthusiastic teamwork

How can we offer our customers the best solutions? And how do we go about becoming successful over the long term? The answer to these questions is: By doing the best job we can in every area of our business and by taking a transparent and conscientious approach to managing the company. In doing so, we have put in place effective organizational structures and clearly assigned roles and responsibilities based on the principles of good corporate governance. This is why we embed facets of sustainability directly into our business processes.

Clearly defining oversight and responsibility

By corporate governance system we mean the way we carry out the management and supervision of our company. In accordance with the so-called dual system which is customary in Germany, the responsibilities are clearly separated from one another: Our Executive Board assumes the control and the Supervisory Board assumes the supervision of E.ON SE. Both bodies work together efficiently and report transparently to one another. Our corporate governance system complies with the "German Corporate Governance Code", and ensures that both company and shareholder interests are protected. The Code also requires that the decision-making process of our Executive Board be transparent to our stakeholders and that the Supervisory Board is independent. In 2017 the Supervisory Board of E.ON SE comprised five female and thirteen male representatives from eight different countries. In accordance with German Company Law, the Supervisory Board is also well-balanced when it comes to representatives of the shareholders and employees.

A systematic approach to risks

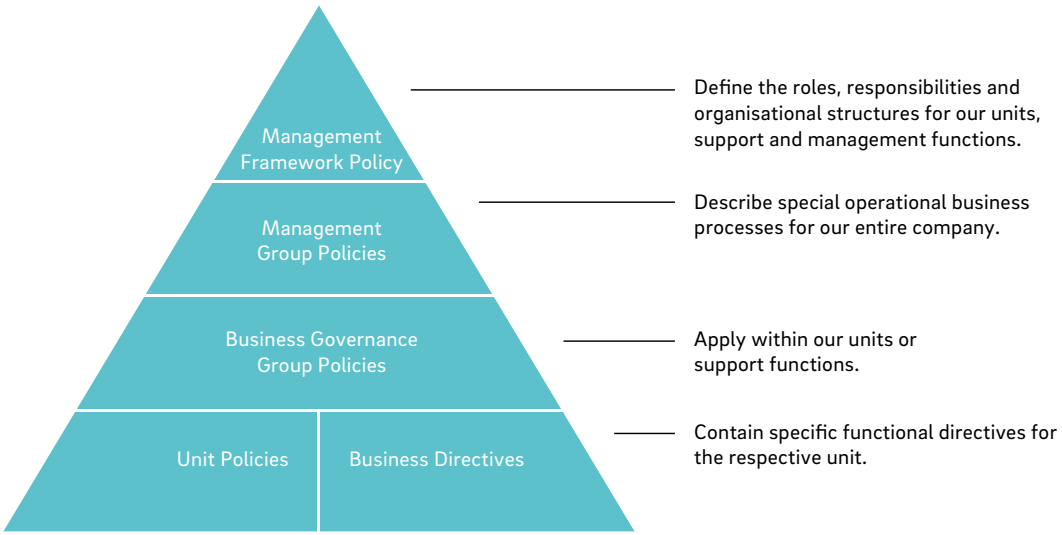
Every business-related activity involves risk. To keep risks to a minimum from the very outset, we instituted systematic risk management, which has been integrated into all our workflows. In our → Annual Report we provide details about the various components of our management approach.

Our risk management instruments target more than just financial risks, however. They are also focused on risks that are not purely monetary in nature. These risks primarily include environmental, social and governance (ESG) risks that can arise in connection with our company's activities. This includes such things as penalties paid in consequence of violations of law or damage to the company's reputation resulting from accidents or interruptions to the power supply. Due to the approaches described in the chapters of this report, there are no material reportable risks for non-financial topics.

The approaches described below address our stakeholders' expectations as well. As a result, there are no material reportable risks for the material issues contained in this report. This means that there are no deviations from expectations regarding the material issues that are likely to have a serious adverse impact on the aspects. Information about our financial risks and opportunities can be found in the Risk and Chances Report in the Combined Group Management Report.

Binding set of policies and guidelines

We apply binding policies to define the framework and minimum standards for our business processes. We review these policies regularly so that we can respond to our changing framework conditions and expectations.



Group policies apply throughout the E.ON Group. This includes all individual entities in which we hold a majority of shares, as well as projects and partnerships over which we exercise operational responsibility. We also require our partners and suppliers to meet our minimum standards. Group policies do not automatically apply to joint ventures with co-equal partners. However, they do serve as the basis of guidelines that are adjusted to local circumstances.

You can find information on the policies and guidelines relating to our sustainability efforts in the various approaches to management contained in the respective chapters of this report. In addition, a summary of all policies and guidelines is available in our → sustainability channel.

As part of the Group-wide restructuring program Phoenix, our framework and the related internal guidelines are being revised. Amended guidelines and policies will enter into force no sooner than January 1, 2018, and will be published as they become available in our Sustainability Channel.

We also take sustainability into account when managing our pension assets. A steadily growing number of our active fund managers entrusted with this task have already signed the UN PRI (→ "Principles for Responsible Investment"). They have also been instructed not to invest in companies that clearly violate our ESG principles. The fund managers are guided by the ESG analyses of the Norwegian State Pension Fund.

For us, transparent corporate governance also means that we (must) accept the external assessment of our sustainability performance. The results of sustainability ratings and rankings help us identify strengths and weaknesses and improve our performance. Current results can also be found on our Sustainability Channel.

Frameworks and commitments

We draw on external bodies of rules in order to align our corporate governance with internationally accepted ethical, social and ecological principles. Below you will find a summary of the primary frameworks that we have committed to.

Self-Commitment by the E.ON Board of Management (2006)	Affirms our commitment to socially responsible corporate governance.
Commitment to the Ten Principles of the UN Global Compact (since 2005)	This is the largest initiative worldwide for sustainable corporate governance. Through our commitment to the ten principles, we commit ourselves to compliance with human rights and labour and environmental standards and we also participate in the fight against corruption.
Luxembourg Declaration (2009)	Commits us to comply with European standards for promoting occupational health.
Seoul Declaration (2009)	Commits us to foster a culture of prevention with regard to occupational health and safety.
Code of Responsible Conduct for Business (2010)	Commits us and a number of other German companies with global operations to conduct value-oriented corporate governance and to uphold the principles of a social market economy, such as fair competition, social partnerships, the performance principle, and sustainability.
Declaration of Compliance with the German Corporate Governance Code (since 2002)	Annual declaration by the Executive and Supervisory Boards that E.ON SE is complying with the German Corporate Governance Code pursuant to Section161 of the German Stock Corporation Act.
Declaration of Compliance with the German Sustainability Code (GSC) (since 2012)	Each year we publish E.ON SE's sustainability performance report based on the criteria of the German Council for Sustainable Development, a panel of experts commissioned by the German federal government.

Shared commitment

Sustainable development requires the joint effort of many different actors. We work together with other companies, organisations, policy makers and additional stakeholders to tackle questions relating to sustainability. During 2017, we were involved in, among others, the following forums, bodies and initiatives:

World Energy Council (WEC) (since 2006)	The WEC is involved around the world in efforts to provide for an affordable, reliable and environmentally sound supply of energy. Its members include governments and public agencies as well as businesses, scientific institutions and non-governmental organisations. Leonhard Birnbaum, member of the Board of Management of E.ON SE, currently heads the European arm of the WEC.
World Business Council for Sustainable Development (WBCSD) (since 2006)	This coalition of businesses makes important contributions at the intersection of international policy and private enterprise. The initiative focuses on energy and climate protection, preserving ecosystems and promoting sustainable development. We are involved in various WBCSD working groups.
econsense – Forum for Sustainable Development of German Business e. V. (since 2000)	econsense brings together the leading global companies and organisations from the German economy. There we share experiences, develop joint positions, and contribute to social discourses together with other companies. In addition, we also participate in a variety of working groups, including those focused on issues such as sustainability in the → supply chain, climate and environmental protection and the assessment of efforts toward sustainability.
Climate Change Program of the CDP (since 2007)	We participate in the so-called Climate Change Program of the independent information service provider CDP (formerly Carbon Disclosure Project). We also participate in CDP forums on the issue of climate change. By doing so we aim to communicate our strategy to a broad range of professionals and to learn from other organizations.
WindEurope	This association is the voice of the European wind power industry and is actively involved in promoting the growth and commercial viability of wind power both in Europe and around the world. We are involved in various of the association's working groups.

Clear structures for sustainability

The clear organisation of our sustainability activities ensures that we work together efficiently and develop continuously. The Board of Management and Supervisory Board of E.ON SE are responsible for managing and supervising key sustainability issues. The Chief Sustainability Officer (CSO) informs both boards on a regular basis about key measures, events and indicators with respect to sustainability. He is responsible for our Group-wide sustainability activities and receives support from the Sustainability Council – a specialist body made up of managers from different corporate divisions. Until November 2017, our CEO Johannes Teyssen held the position of CSO and Chairman of the Sustainability Council, and communicated regularly with the Supervisory Board. Leonhard Birnbaum, who has been a Member of the Board of Management of E.ON since 2013, has taken up his role.

Assuming joint responsibility: the Sustainability Council

Since 2013, the Sustainability Council has provided support for and guided our sustainability activities at Group level. Its members include representatives of Group Management, of the business units and of our support functions. The Council meets up to four times a year – or more frequently if necessary – and reports to the Board of Management twice a year.

At their meetings, the participants discuss where we stand in achieving our sustainability goals and consider possible challenges. They also regularly examine whether our approach to sustainability is consistent with our vision, enterprise strategy and brand identity. If company guidelines are to be adopted that have a sustainability factor, the Council actively provides advice and helps to make decisions about necessary changes. Its tasks also include engaging external stakeholders and building up partnerships. For example, in 2017 the Council issued an invitation to Ingo Speich, Head of Sustainability in Portfolio Management at Union Investment. He talked about the impact that corporate sustainability can have on decisions in the financial sector.

The Council met twice during the reporting period. During these meetings, the Council ensured that the action plans drawn up in 2016 could be implemented on schedule and verified their implementation in the second half of the year. The Council also launched our new → climate strategy in 2017. The Members committed to participating in future measures to help achieve the common objectives.

Innovative minds and consultants: the central Sustainability Team

In addition to the CSO and the Sustainability Council, our central Sustainability Team is also involved in all aspects of our sustainability work. Together with teams from the areas of the Health, Safety and Environment (HSE) areas, it forms its own specialist unit. The main tasks of the Sustainability Team: prepare decisions for the Council, make recommendations, coordinate the planning and implementation of sustainability programmes and monitor progress. The team also provides advice for employees on sustainability issues. It also gathers data and results from across the company and is responsible for our sustainability reporting.

Turning plans into action

The management team in each of the global and regional business units are responsible for achieving goals and implementing planned sustainability programmes. They draw up → improvement plans and optimise the integration of sustainability principles into existing processes.

Local contact persons are responsible for ensuring that the central Sustainability Team and the business units work together optimally. They oversee and coordinate the status of improvement plans and support local projects and initiatives. They are in regular, direct contact with the Sustainability Team – by telephone and at meetings of the Sustainability Council. In addition, in 2017 all local contact persons met at our corporate headquarters to discuss sustainability issues with external stakeholders.

Sustainability incentives in the boardroom

We need the support of managers at all levels to consistently implement our sustainability activities. We use targeted incentives to ensure that they take a forward-looking approach to sustainability issues. The variable compensation (short-term incentive) of the E.ON executives is linked to sustainability performance values. We monitor the achievement of our goals with measurable criteria – for example, to what extent we succeed in improving our Net Promoter Score (NPS) values, which we use to measure customer satisfaction, or to increase occupational safety. The performance targets agreed with the members of the Executive Board include, among other things, targets for customer orientation, diversity and corporate culture as elements of sustainable corporate management. We present the compensation of our Executive Board members in our published → Annual Report in a transparent manner.

Our HSE Organisation

The Board of Management is responsible for our HSE (Health, Safety & Environment) activities and both monitors and develops them constantly. The HSE Governance Council and the HSE Group Management act as advisory committees. HSE committees and expert teams are also active on site in our units. They devise guidelines to ensure compliance with standards in their business unit. The duties of the expert team also include implementing and monitoring planned measures.

Consistently complying with requirements

Compliance is the basis of responsible corporate management. We know: Our corporate behaviour is only accepted in society if we monitor compliance with legal and internal requirements, avoid potential violations and consistently punish them. We have instituted a set of measures and processes for early identification of potential legal violations and systematically preventing them. Together, these make up our Compliance Management System (CMS).

Our achievements in 2017

Along with promoting compliance culture, we have committed ourselves above all else to revising our internal policies and guidelines in 2017. We have significantly abbreviated the E.ON Code of Conduct and developed a new anti-corruption policy in this regard. A new business partner check and management training should also help us to better recognise and combat compliance violations in the future. In addition, we implemented various risk-specific measures in the reporting period.

Planned compliance measures implemented

As planned, all the activities that were defined in our compliance measures catalogue were implemented by the units in 2017. The compliance division at the group level (Group Compliance) has monitored and reviewed the implementation. The catalogue was developed in 2016 and takes the specific risks of the various units into consideration. In this way, we can ensure that those individual actions that were of a primarily preventive nature fulfil the individual needs and basic conditions of the units. In addition, we have produced a new compliance measures catalogue in 2017 which we will implement in 2018

New process for vetting business partners

Following the "Know your Counterparty" principle, we developed a tool during the reporting year that as far as possible automates the vetting of specific compliance risks of business partners. The so-called "Know your counterparty check" is an IT process. It replaces and expands the manual compliance checks for specific contracts and financial transactions. The process enables us to check potential business partners that meet specific risk criteria. This should help to better and more sustainably protect us throughout the Group against risks that may arise in relation to our business partners, including any corruption, money laundering and sanction violations. We have embedded the counterparty check process in our employee guidelines that will be effective starting in the beginning of 2018.

Abbreviated and improved E.ON Code of Conduct

We updated our Code of Conduct in 2017. It is now considerably shorter and clearer: The new version has only seven pages, instead of the previous 44 pages. As a compulsory reference, the Code should help our employees to arrive at the proper decisions in various professional situations and remain true to our values. In a personal preface, the Group management board calls on all employees to act in an ethically correct manner, in order to protect themselves and the company. The primary need for a Code of Conduct is explained at the beginning. The main body of the Code contains comprehensible explanations of all areas that are of particular concern for us. These include human rights, anti-corruption, fair competition and a good relationship with business partners. Also, one component of the Code is an integrity test. Employees can use this to check whether their assessments are in compliance with E.ON principles and values, just by answering a few questions. The new Code of Conduct enters in force on 1 January 2018.

New anti-corruption guideline with simple traffic light principle

It happens in the course of normal work that employees and managers are invited to events and restaurants by business partners, or receive gifts. We created a new anti-corruption guideline in 2017 to provide orientation when dealing with gratuities such as these. We make it clear when it is admissible to accept such offers or gifts, and when it is not, with a "traffic light system". The system stipulates that the responsible compliance officer must agree to the gratuity when it exceeds a certain amount, which varies from country to country. Invitations and gifts from public and elected officials and governmental officials and representatives must be basically approved by the responsible compliance officer. The guideline replaces our existing guideline in the area of gratuities effective 1 January 2018.

Management as role models for integrity

An online training module was developed for the first time in 2017 with which it is our goal to educate management on the subject of integrity. Integrity means that the persons that work for us act in accordance with the goals and values of E.ON. In this respect, managers have a role model function in relation to their employees – an aspect that we endeavour to highlight through the new online training. In this training, the participants work through various scenarios and indicate how they would react in the respective situation. Starting in 2018, about 900 senior level managers will initially undergo the training. This should contribute to making compliance and integrity a fully acknowledged part of our corporate culture.

We also conducted personal discussions on compliance throughout the Group during the reporting period. The compliance officers in the individual units have questioned managers of individual units about risks in their areas and raised their awareness about compliance.

Number of compliance notices[1]

	2017	2016	2015
Fraud or breaches of internal guidelines	32	46	50
Conflicts of interest	4	13	12
Other	17	16	13
Total	**53**	**75**	**75**

[1]Compliance notices are notices regarding misconduct and violations of the law and policies by E.ON employees that are addressed via our internal reporting procedures and through the Group-wide Whistleblower hotline. The number of reports collected refers to centrally recorded cases that resulted in investigations and were not false reports.

In 2017 the total number of compliance notices dropped from 75 to 53. A particularly sharp drop is noted in the "Conflict of Interest" category. The investigations conducted based on the notices indicated that none of the reported incidents were serious.

Activities in countries with corruption risks

According to the International Corruption Perception Index (CPI) published by Transparency International, E.ON has operations in six countries that fall below the threshold of 60 points. In 2016, we generated 22.4 percent of our sales (€8.6 billion) in these countries. We maintained supplier relationships with companies in further 17 other countries belonging to this category and transacted 12.2 percent of our purchasing volume (€878 million) with suppliers from countries belonging to this category. We address potential risks with our "Compliance Check" for suppliers (see "Our approach to this issue").

Our approach to this issue

GRI 205/103

Strict compliance with internal and legal requirements is essential to maintain the confidence of our shareholders over the long term, because violations can result not only in fines and loss of income; they can potentially lead to a loss of reputation as well. Negative headlines would also damage our reputation with potential employees. We can create confidence and avoid stricter regulatory control through openly dealing with potential incidents.

We have made compliance a permanent component of all our business processes. We have established a uniform minimum standard throughout the Group for our relevant areas as part of our CMS. The goal of the CMS is early identification of risks in the compliance area and systematic elimination of improper conduct by employees. We have put various preventive measures in place to that end.

Responsibilities

The E.ON management board must ensure that the laws, regulations and provisions in force are observed, and so therefore are responsible for monitoring compliance risks. In the light of this, the E.ON Group makes use of an effective CMS. On the basis of a Group-wide guideline, the Chief Compliance Officer (CCO), Group Compliance and the Compliance Officers (CO) of our business units are tasked with the continual further development and improvement of CMS.

The CCO reports on CMS status and current developments and occurrences in a report semi-annually to the Group management board, and quarterly to the audit committee of the supervisory board. Both boards are notified immediately of any crucial events. The same applies for important new regulations. Violations of rules are investigated centrally by internal review and Group compliance.

Internal guidelines and policies

Management Group policy Compliance (updated 2016)	These guidelines establish basic compliance structures, roles and responsibilities.
Business Governance Group policies: Prevention of Insider Trading (2013) and Intermediary Agreements (2015)	Both Group policies establish the rules of conduct and processes for the following compliance topics: • educating employees about regulations on insider information and the rules of conduct • Prevention of anti-corruption violations that may occur when intermediaries, consultants and other third parties are involved in the conclusion of a transaction or completion of a project
E.ON Code of Conduct (2013)	Our Code of Conduct requires responsible conduct in compliance with the law from all employees throughout the Group. It contains clear rules and processes for: • interactions with business partners, third parties, and government agencies • avoiding conflicts of interest • handling information and company property and resources • issues related to the environment, safety and health The Group management board has made it quite clear in the Code that violations of the law and guidelines will not be tolerated. In this way, we prevent violations of the Code of Conduct immediately and sanction them accordingly. The Code of Conduct is supplemented with practical examples from daily work: Our employees can use a check list to determine whether their dealings are in accordance with the Code of Conduct. In addition, two policies provide detailed guidance on antitrust law and gratuities.

Programme

Code of Conduct E-learning-programme (since 2010)	The online programme is mandatory for all new employees. It instructs them in the content of the E.ON Code of Conduct. All employees starting at E.ON must have a basic knowledge of compliance risks. It is important for us that they know how they can avoid risks and who they can turn to with questions. Employees in units without Internet access receive offline training.

Procedures

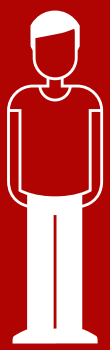
Compliance risk assessments and necessity checks	We use these tests to sound out what fields of activity are exposed to unusual risk of specific compliance violations. We determine what measures are necessary on the basis of the results. The more comprehensive Risk Assessments are performed every three years. Necessity Checks are less extensive and are carried out during the year. The Risk Assessments and Necessity Checks are managed, monitored and conducted by the Compliance Division at the Group level in cooperation with the COs of the individual units.
"Compliance Check" for suppliers (since 2015)	With potential suppliers, we check whether they satisfy our compliance standards. Among other things, we check if the supplier is mentioned by the media in connection with compliance-related topics such as corruption and whether the supplier is mentioned on lists of sanctions and terrorists. We clear up any residual doubts about whether a supplier acts in accordance with our values principles with an extensive questionnaire. The tests are mandatory for all new contracts.
Compliance notices	Our employees can submit reports anonymously on misconduct or legal or policy violations, either by our internal reporting procedure or a Group-wide external "Whistleblower" hotline. We operate the hotline through an external law firm. The information is checked by our CCO in collaboration with the relevant departments at E.ON. We observe all data protection regulations involved.

Objectives and performance review

We conduct preventive measures as part of our CMS to achieve our corporate goals in compliance with the law. In order to do this, the CMS must constantly adapt to the changing requirements of the market, legislators and business policy.

The management board, the audit committee and the internal review board monitor whether the CMS is effective. The internal review board oversees E.ON risk management as an independent body (a so-called "third line of defence"). The groups indicated also reviewed the effectiveness of the CMS in 2017 based on various criteria listed in our compliance reports. Among other issues, they consider whether and how the measures provided are being implemented in the company. Special consideration is given to violations that resulted in an internal audit. In this way, we check whether misconduct by an individual is involved or the causes lie in the system. On this basis, we can undertake the appropriate measures to avoid similar incidents in the future.

Protecting human rights effectively



Everyone is entitled to have their rights and freedoms protected. That is why we ensure that we consistently comply with human rights in all our business processes. If we or our suppliers violate human rights, it may have serious implications for those affected. The incident could also have a negative impact on our reputation and subsequently lead to a loss of revenue. In addition, the regulatory requirements for transparency and control are constantly increasing. For example, in Great Britain the UK Modern Slavery Act has required companies above a certain size to report on measures against international human trafficking since 2015.

GRI 412/103

Our approach to this issue

In order to avoid human rights violations, we have been working for years to recognise and avert risks in this regard. We are committed to comply with external standards and have set our own policies and guidelines. Via dialogue with our stakeholders and through membership in various industry initiatives, we identify possible needs for action in our company and, if necessary, initiate appropriate measures.

Responsibilities

Our Human Rights Policy Statement provides for the creation of a key corporate human rights officer at corporate level – the Chief Sustainability Officer (CSO). Leonhard Birnbaum, a member of the E.ON Executive Board, took over this function from CEO Johannes Teyssen in November 2017. In the areas of sustainability and law, employees also deal with human rights issues, for example in line with current legislation.

Internal guidelines and policies

E.ON's human rights policy statement (2008)	The Group-wide guideline obliges employees and business partners to create appropriate working conditions and to respect human rights. Within our guideline we recognise the United Nations' "Universal Declaration of Human Rights (UDHR)", the principles of the UN Global Compact and the conventions of the International Labour Organization. In accordance with the guideline, we also include human rights issues in our procurement processes.
Supplier Code of Conduct (2008; updated 2016 and 2017)	The Supplier Code of Conduct contains binding Group-wide standards on human rights, working conditions, environmental pollution as well as ethical business practices. It is binding for all non-fuel suppliers; for those that are in the qualification process, we require that they explicitly certify compliance by signature. In addition, all suppliers of uranium and solid biomass must contractually guarantee compliance with the Code.
"Slavery and human trafficking statement" (2017)	In this statement, we publicly comment on how we prevent and combat human rights violations in the supply chain. In doing so, we meet the requirements of the "UK Modern Slavery Act".

Initiatives

"United Nations Global Compact" (member since 2005)	The world's largest initiative for responsible corporate governance is also committed to the protection of human rights. Since 2013 we have participated in the "Economy and Human Rights" working group.
econsense – Forum for Sustainable Development of German Business e. V. (member since 2005)	Leading global companies and organisations in the German economy have joined forces under the umbrella of the econsense forum. In 2016, among other things, we contributed to the development of a training module on human rights in the "Supply Chain Management" working group.

Procedures

Supplier qualifications and assessments	New non-fuel suppliers who meet certain criteria (see → supplier management), must undergo pre-qualification and qualification. In doing so, we also consider Corporate Social Responsibility (CSR) risks, which include human rights aspects.
"Whistleblower" hotline	Through this Group-wide hotline, our employees can anonymously report misconduct, violations of laws or directives, including those concerning human rights.

Objectives and performance review

Our supplier qualifications and assessments help us to identify risks for possible human rights abuses along our value chain. In the event of violations or suspicious cases, the relevant → compliance officer will be notified.

Already in 2016, EcoVadis, an external provider of CSR ratings, analysed over 100 of our key non-fuel suppliers. The results have shown that none of the assessed suppliers has an increased risk of unlawful behaviour (see → supplier management). Human rights aspects such as discrimination and forced labour formed an essential part of the analysis.

Transparent representation of our interests

As energy experts, we engage in political dialogue on topics in various formats relating to the energy industry, climate protection and customer requirements. This also involves representing our business interests in an appropriate manner in relation to the world of politics. The aim is to show how political action affects security, climate protection and the affordability of energy supplies. This type of advocacy is important because the energy sector is strongly influenced by social developments and political decisions. Progress in climate protection, for example, often requires large-scale investments in power generation and distribution as well as product development. To make such long-term investments, we need certainty in our planning. And this is only possible with appropriate national and international framework conditions. We represent our positions publicly. Acting in this manner prevents the suspicion of unauthorised influence from arising in the first place, and avoids reputational damage.

Our achievements in 2017

In 2017 as part of our advocacy activities, we worked on the financing of the energy transition and helped develop concepts on this topic. In our view, the system of allocations, taxes, levies and charges in Germany still needs to be improved. The aim should be to turn the current transition of power into a truly integrated energy turnaround. We believe it is important for sustainable energy production to be affordable, especially for private households. Additional incentives for climate-friendly investments should also be created. To this end, we think it is necessary to introduce a minimum price for carbon in sectors that are subject to European emissions trading. In other industries, such as the transport sector, the price of carbon could be realised through a tax or levy. In 2017 we shared our positions and expertise on this topic also with scientists and think tanks in numerous discussions.

Together with 51 other German companies, we have also issued a → declaration to the next federal government on the initiative of the organisations 2°, Germanwatch and B.A.U.M. In this document, we urge the government to confirm the implementation of the 2050 climate protection plan in binding coalition agreements. The declaration makes it clear that many companies are committed to an ambitious climate protection policy.

Our approach to this issue

As a major energy provider, we represent our interests in political discussions and support decision-making processes with our technical expertise. In addition, we take part in a variety of discussions on energy, environmental and climate policy – for example as a member of the "Council of the Agora", the steering committee of the think tank → Agora Energiewende. Even before any concrete laws are enacted, government representatives and energy experts from the worlds of politics, business and science will discuss issues relating to the energy transition. In all of our dialogue formats, we always adhere to national and international guidelines for the representation of political interests.

External commitment

EU transparency register (registered since 2011)	This register includes organisations and independent individuals who exert influence on the decision-making processes within the EU. Our registration acknowledges the Code of Conduct contained in the Transparency Register. It lays down principles for transparent political representation of interests.

Internal guidelines and policies

Management Group policy "Stakeholder management" (updated 2014)	This Group policy formulates clear internal rules for participation in political decision-making processes and interaction with our stakeholders. It defines responsibilities, processes and instruments as well as standards for information representation. For example, we commit all those who represent E.ON externally to a transparent information policy, from the members of our Group representative offices in Berlin and Brussels to employees who participate in technical discussions and our Board of Management. No information which is false, misleading or too selective may be disclosed.
Guidelines on benefits (updated 2013)	This annex to our → Code of Conduct defines principles for accepting and granting benefits in dealings with business partners, competitors, and government entities. The guidelines stipulate that we categorically rule out donations to political parties, political candidates, political incumbents or civil servants or administrative employees. Employees may only accept gifts - such as presents or invitations to events - if there is no inference that these are being given in return for any special consideration.

Initiatives

Involvement in associations	In order to safeguard our interests, we are also involved in the following national and international associations, among others: • German Federal Association of Energy and Water Industries (BDEW) • German Industry Initiative for Energy Efficiency (Deutsche Unternehmensinitiative Energieeffizienz e. V.) – a cross-industry network of pioneering companies and organisations in the field of energy efficiency policy • WindEurope – network for actors from the wind energy sector such as energy suppliers, research institutions and associations • Smart Energy Demand Coalition and European Distribution System Operators for Smart Grids – European associations promoting smart networking and the digitalisation of the energy sector • Energy UK – British Energy Industry Association • Swedenergy – private association of companies involved in the production, sale and trading of electricity in Sweden • Romanian Federation of Associations of Energy Utility – federation of energy suppliers in Romania Through the BDEW we are also represented in the following networks and associations: • Eurelectric and Eurogas – interest groups of the European electricity and gas industry • Federal Association of German Industry (Bundesverband der Deutschen Industrie e. V. – BDI) and its European umbrella organisation Businesseurope

High standards throughout the supply chain

In order to pursue our business activities successfully, we rely on efficient and trustful collaboration with suppliers worldwide. They supply us with products and services (non-fuels) as well as biomass (fuels) that we need to create added value. We consider it very important that our suppliers maintain high social welfare and ecological standards. This applies in particular to suppliers in countries that are not members of the Organisation for Economic Cooperation and Development (OECD). This is where there is increased risk of violations of ecological and social welfare standards. Each and every violation can have a negative impact on people and the environment in the regions involved and could result in enormous damage to our reputation.

Our achievements in 2017

In 2017 we worked intensively to further optimise our supply chain in the area of non-fuels. Among other things, we simplified and streamlined the supplier qualification process. As part of this, we integrated the supplier risk assessment model we had been using into other existing processes. We have increased the focus on sustainability in the selection of our strategic suppliers and in partnering with them during the period under review.

Get informed: new courses on sustainability in the supply chain

We want our supply chain employees to possess a thorough knowledge of sustainability. That's why we created a new online training course in early 2017 aimed at addressing the subject. It is initially available in German and English and can be used by all employees who speak one of these two languages. By the end of 2017, approximately 40 percent of supply chain employees in Germany, Sweden, the US and the UK had participated in the training.

In cooperation with suppliers: joint innovations for the new energy world

Following the first E.ON Supplier Innovation Day in 2016, we continued and expanded on the format during the reporting period. We ended up planning not just one, but three events. One took place in November 2017, the other two will be held at the beginning of 2018. The focus of the events, each involving 50 to 60 participants, is on the topics of solar energy, digitisation and electro-mobility. Suppliers and staff exchanged information on topics relating to customer needs, innovative ideas and potential new partnerships. In 2018, we would like to use these events to not only give employees the opportunity to introduce innovative approaches for customer solutions but also for energy networks and renewable forms of energy.

Assessing performance, capitalising on opportunities for improvement

In 2017 we began a comprehensive assessment of the performance of our 50 most important suppliers -- which together represent about 40 percent of our purchasing volume. These so-called Supplier Performance Reviews are based on an array of performance indicators. Along with data on quality, costs and delivery, we also evaluate key indicators relating to social welfare and ecological factors as well as the capacity to innovate. This allows us to identify areas where a supplier is not meeting our expectations and compare his performance with that of competitors. Once we have internally reviewed the performance indicators, we then work together with the suppliers to define action plans. This is how we seek to eliminate existing deficiencies and take advantage of opportunities for improvement – including with regard to our suppliers' performance in terms of sustainability. In 2018, we want to gradually see additional suppliers undergo review.

Long-term partnership in evaluating CSR risks

In 2016 we worked with EcoVadis, an external provider of ratings of corporate social responsibility (CSR), in carrying out a pilot project for evaluating suppliers. Our partner examined more than 200 of our most important non-fuel suppliers, with a total purchasing volume of about €2.4 billion. The analyses carried out by EcoVadis help us to gain a comprehensive overview of the CSR activities of key suppliers. On this basis, we are able to compile profiles of strengths vs. weaknesses and draw up action plans where a potential need for improvement is identified.

Our approach to this issue

As a company that takes its responsibilities seriously, we want to secure proper working conditions, orient our business activities around ethical principles and preclude human rights violations. We expect the same from our business partners in the supply chain. To ensure that they meet our requirements, we developed policies that apply across the group and instituted a range of management processes. Our policies are based on the standards and practices of our code of conduct as well as the principles of the United Nations Global Compact. Moreover, in the policies on procurement of non-fuels, we recognise the Universal Declaration of Human Rights (UDHR) of the UN as well as the Convention of the International Labour Organization.

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 on topics relating to health, safety & environment 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".
Supplier Code of Conduct[1, 2] (2008; updated 2016 and 2017)	The Supplier Code of Conduct contains binding Group-wide standards on the subject of human rights, working conditions, environmental hazards as well as ethical business practices. It is binding for all non-fuel suppliers; and for those that are in the qualification process, we require that they explicitly certify compliance by signature. In addition, all suppliers of uranium and solid biomass must contractually guarantee compliance with the Code.
Business governance Group policy on procurement[1] (updated 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 also regulates processes for supplier qualification, evaluation as well as risk assessment.
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 qualification[1]	New non-fuel suppliers who fulfil one of the following criteria must undergo a process of supplier qualification: • an expected annual business volume of €500,000 for products or €100,000 for services. • suppliers with a medium to high risk potential with respect to HSE – regardless of the anticipated business volume The process consists of pre-qualification and qualification. In addition, there are further optional measures such as product and services tests, auditing of production facilities or sites, or trial orders. Risks relating to the environmental, social welfare, governance issues (ESG) are incorporated into the evaluation.
Supplier compliance check[1] (since 2015)	Using a Supplier compliance check, we verify whether new suppliers meet our requirements with regard to anti-trust and criminal law. This assessment takes place as part of the non-fuel supplier pre-qualification process and is aimed at reducing reputation and liability risks.
Supplier risk assessments[1]	Non-fuel suppliers with an annual volume of more than €5 million are of particular strategic importance to us. Every two years they undergo a risk assessment comprising the areas environment, sustainable procurement, fair business practices and working conditions. We modified the process for the second quarter of 2017. The analyses of the individual evaluation dimensions – such as supplier performance, CSR, finance risk or market risks – were already incorporated into other processes. From here on, for example, risks in the area of CSR will be examined as part of supplier assessment and as part of the pre-qualification and qualification process for suppliers.
Supplier evaluation and development[1, 2]	For orders with volume of over €500,000, once the service has been provided the supplier is evaluated according to twelve criteria. Two of them refer to sustainability aspects: environmental regulations and mandatory safety requirements. The assessment also incorporates information provided by the supplier and on-site audits. Together with the supplier, we determine where there is potential for improvement; then we agree on steps to be taken and deadlines for implementation. This supplier evaluation is required for biomass suppliers for all orders with a volume above 5 GWh.
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). In 2016, we surveyed 29 of our suppliers. They provide us with over 98 per cent of the volume of biomass needed in Sweden.

Sector initiatives

econsense – forum for sustainable development of German business e. V.[1, 2] (since 2010)	econsense is an association of leading businesses and German organisations with operations around the world. Since the foundation of the forum, we have been involved in various working groups, including on “sustainability in the supply chain.”

[1]Applies to non-fuel suppliers.
[2]Applies to fuel suppliers.

Non-core business: uranium procurement for PreussenElektra

Our nuclear power plants need uranium to generate electricity. We must ensure that high standards are met when it is procured. Our “Supplier Code of Conduct" is therefore incorporated into existing uranium supply contracts as well as contracts for the production of nuclear fuel assemblies. It is supplemented by the "Nuclear Fuel Purchasing Amendment” that specifies standards for the procurement of nuclear fuel. The procedure for the selection and verification of new uranium suppliers is set down in the "E.ON Nuclear Fuel Policy” from 2014. We purchase uranium exclusively from established suppliers. We furthermore conduct reviews and on-site audits of new long-term suppliers and if there is reasonable suspicion against current suppliers. In 2017 a contract for enrichment services for 2017 was concluded with a supplier that had been audited under previous contracts.

Professional responses to emergencies

We bear responsibility for ensuring that crises do not arise in our company and our environment in the first place. Consequently, we take a forward-looking approach and consistently ensure the safety of our generation plants and distribution networks. It is only by doing so that we can fulfil our social task and reliably supply our customers with energy. In the event that something should not go according to plan, we react immediately and manage the crisis situation professionally. Much is at stake: the safety and health of our employees and the local residents, an intact environment, the secure supply of electricity and gas and our reputation in the community.

Outside our Group, as well, we are responsible for preventing or resolving crises and disasters as quickly as possible. As an energy company, we have the expertise needed to supply power to rescue teams, medical facilities and emergency shelters in disaster areas.

Our approach to this issue

By preparing ourselves well for potential crises and intervening quickly at the first signs of a crisis, situations can often be prevented from worsening. However, even if our plants are operated in accordance with the most stringent safety standards, we cannot rule out the possibility of a crisis. There are many reasons for this: natural disasters, human or technical failure or even intentional attacks. Our crisis management system therefore includes various organisational measures to protect ourselves against significant risks. In addition, preventive regulations and plans are in place to enable rapid, efficient and precisely defined countermeasures and protective measures to be taken in the event of an emergency.

Responsibilities

In addition to standard organisational procedures (i.e. the day-to-day management of our company), we at E.ON also have a crisis management system. This crisis organisation focuses on crisis management teams at the operational, business and Group level. They are closely interlinked and have broad powers in the event of a crisis. In all management units and at Group level, Incident and Crisis Managers have been designated to manage day-to-day business. They are responsible for preventive crisis management and for preparing for crisis situations. This also includes organising real-world exercises and training for crisis management teams.

Internal guidelines and policies

Business Governance Group policy "Incident and Crisis Management" (2013)	This guideline sets out binding Group-wide structures and processes for the avoidance and sustainable management of crises. Its main objective is to protect human life, the environment, our business and property.

Cooperation

E.ON Energy Assistance (since 2012)	Within the scope of our cooperation with the German Federal Agency for Technical Relief (THW), we are also involved in disaster prevention and relief outside our company.

Procedures

Regular training and realistic crisis exercises	Our compulsory training courses are designed to ensure the best possible preparation for emergencies. In crisis management exercises, the aim is to simulate different crisis situations as realistically as possible in real time. In addition to scheduled exercises, there are regular attainability tests, which are designed to put the reaction speed of our crisis management team to the test at any time of day or night.

Dialogue with our stakeholders

For our long-term business success, it is crucial that we know and take into account the needs of our stakeholders. It is equally important that our customers, employees, people, politics and other stakeholders understand our business practices. Only in this way can we secure their trust and acceptance and uphold our good reputation.

The dialogue with our stakeholders is needed, for example, in connection with the energy revolution. Through the expansion of renewables, we actively participate in this and invest in many small and large infrastructure projects. These not only have to be approved by the authorities, but must also be designed in close consultation with our stakeholders. Although the energy revolution is supported by a social consensus, an open and transparent exchange is important. It helps us to recognise potential concerns in good time, to take them into account as far as possible and thus obtain greater planning security for our construction projects.

We include everyone who has an interest in our company as one of our stakeholders. The following overview summarises our key stakeholder groups, their importance to us and their expectations of us.

Significance for E.ON	Stakeholder group	Expectations of E.ON
Our customers' purchasing decision is central to our business success.	Customers	• A secure energy supply at reasonable prices • An active contribution to the energy revolution in Europe • Support for self-generation and energy efficiency
Our employees' performance is crucial to our success as a company.	Employees	• A safe and interesting working environment • Fair pay and equal opportunities
Our investors' capital is a necessary basis for the successful development of our company.	Shareholders and investors	• Transparent information about how we manage their capital • Information about the appraisal of value and value potential
We procure the services of numerous suppliers and subcontractors.	Suppliers and business partners	• Fair conditions • Appreciative cooperation
The revolution in Europe's energy system can succeed only if it is actively shaped supported by citizens as consumers and local residents.	Communities and regions	• Transparency about planned measures • Active participation at the municipal level
Our business activities are strongly influenced by social developments and political decisions based on them.	Policymakers, society and the general public	• Transparency • A reliable, economical and environmentally-friendly energy supply • Compliance with legal frameworks
We see universities and social institutions as important cooperative partners. Non-governmental organisations give us valuable information on social expectations.	Non-governmental organisations and sustainability experts	• Transparency • Accountability

Our approach to this issue

In order to understand the perspectives of our stakeholders and to talk to them transparently about our business activities, we are always looking for opportunities for discussion. This exchange is a daily part of our work at local, national and European levels. Stakeholder management is one of the core processes of our corporate governance and takes into account both the short and long term impacts on our stakeholders. Depending on the target group and the topic, we are in discussion with our stakeholders in various ways. This ranges from simple information and discussion to involvement in decision-making processes or direct participation in projects. As part of various national and international initiatives, we also engage in conversations with stakeholders such as political and public authority representatives.

We see the maintenance of our stakeholder relationships as a component of our risk management: By means of these discussions we identify possible conflict issues in advance of decision-making processes, but also opportunities for new business areas. This provides us with greater certainty for long-term investments and enables us to act quickly and with foresight in strategic fields of action.

Responsibilities

The Group Management defines lines of argument and positions for group-wide topics and sets a framework 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 building trust with external stakeholders. However, the real drivers of our stakeholder dialogue are our regional units, as they know best the needs and conditions in their region. Group Management provides advice in the design and implementation of projects. Various departments are also involved in projects, depending on the topic.

Internal guidelines and policies

Management Group policy "Stakeholder management" (2013, updated 2015)	This policy defines key stakeholder groups (excluding capital market participants) and includes principles, role descriptions and task profiles. These apply to both internal and external communication as well as sustainability management.
Business governance Group policy "Stakeholder management" (updated 2015)	This policy establishes the responsibilities, processes and instruments as well as the standards for information to be transmitted. It governs the participation in political decision-making processes and open, consistent dealings with our stakeholders.

Procedures

Dialogue forums and information events	These events are conducted by our regional units. In this way we include stakeholders close to our plants in our construction and planning processes. The open exchange of points of view, interests, concerns and facts helps us to review our approach on the ground.
Sustainability Council meetings	External stakeholders also participate in the regular meetings of our → Sustainability Council. This allows us to consider external views on our sustainability activities.
Social media channels	We engage in dialogue through social media channels with the following stakeholders in particular: • Twitter: political representatives, media, associations, science • Facebook: interested public, customers Together, we have over 600,000 followers on both channels with the numbers increasing (slightly). We also use Instagram, YouTube, Google+ and LinkedIn.
Direct participation in new construction projects	Municipalities want to participate actively in the energy revolution. However, the investment hurdles and risks are often very high. In addition, there is often a lack of energy expertise to operate renewable energy plants. In some regions, we give citizens or civil associations the opportunity to participate financially in projects such as wind farms. In this way we want to promote acceptance for such projects.
Materiality analysis (since 2006)	Through systematic materiality processes, we ask our stakeholder groups how they assess the impact of our business and our sustainability performance. Based on the results, we review our action areas and determine the topics for our reporting.

Programme

"Customer immersion" programme (since 2013)	As part of the programme, our employees come into contact with our customers through various formats, such as personal discussions and online chats. For further information see → customer orientation.

Participation in major events

As part of "E.ON in dialogue", we participated in four important events in 2017: the Berlin Energy Transition Dialogue, the Berlin Energy Days, the Economic Day of the Economic Council e. V. of the CDU and the Congress of the German Energy Agency (dena). At events like these, decision-makers and executives from politics, business and science come together and exchange views on current topics in the energy industry and economic policy. We use these types of events to demonstrate and position ourselves in a top-class expert environment. It also gives us the opportunity to talk to different stakeholders.

Non-core business: stakeholder dialogue on dismantling nuclear power plants

Operation and dismantling of our nuclear power plants is the responsibility of our subsidiary PreussenElektra. Conducting a dialogue with stakeholders at power plant sites is an essential part of this process.

The public has an interest in transparent information – particularly on the dismantling of our nuclear power plants. Our communication strategy is aimed at extending the dialogue with a broad range of stakeholder groups. Along with conventional means of communication, such as press releases and briefings, we place great importance in face-to-face exchanges on selected topics. This includes in particular information days for local residents, the media and politics. Employees answer questions and explain complex issues in an easily understandable manner. During 2017, the third such information day took place at the Grohnde site, while the first of such events was held at the sites in Grohnde, Brokdorf and Grafenrheinfeld. In addition, this summer we invited local politicians and representatives of the media from all our sites to take part in a "dismantling trip" to the nuclear plant in Würgassen, where they had an opportunity to find out more about the progress and outcomes of the dismantling process there. Nuclear decommissioning has already been successfully completed in Würgassen. This opportunity to gather information met with a positive echo among political bodies and the press.

Actively engaged in shaping the community

As a company we are part of the society and therefore assume social and economic responsibility. We can provide added value to peoples' lives by offering our customers sustainable energy solutions and creating jobs. Beyond that, we also want to make tangible contributions to the prosperity and economic development of the regions in which we operate.

Our regional units support local projects through what are in some cases long-term partnerships. We thereby focus on the needs and challenges specific to the different regions. An additional element of our social commitment is the voluntary work of our employees in non-profit projects. There are activities of this nature in all the countries in which we operate. The extent varies from country to country. Our regional units are quite aware of local needs. They determine which projects to support based on these needs.

Our achievements in 2017

We were involved in a variety of activities again in 2017. In the following you find selected examples from our regions.

Making energy saving fun for kids

What is energy? Where does it come from? And what are some good ways to conserve it? Schleswig-Holstein Netz, an E.ON distribution grid operator in northern Germany, brought the answers to life for tomorrow's energy consumers: kids. In 2017 it conducted a special learning module at six elementary schools in its service territory. The result was an interactive play about energy saving performed with third and fourth graders. In September, ten elementary schools received a visit from an environmental-awareness clown. The clown, who was actually an energy expert and pedagogue, used costumes and interactive games to show pupils aged eight to ten how easy it is to conserve energy.

Let there be light

We "like" our friends' posts to show our support and affection for them. Since 2015, E.ON Romania's Give the Gift Of Light campaign has made "liking" an opportunity to help people in need as well as important community institutions. For every visitor to the campaign's website who clicks the heart button or shares a story we donate energy to retirement homes, schools for children with special needs, and other institutions as well as low-income families. So far, 26 institutions and 800 families have received a total of 460,000 kWh of free energy from E.ON Romania.

Empowering women in rural Turkey

One of the generating facilities operated by Enerjisa, our joint venture in Turkey, is located in Tufanbeyli, a rural and economically weak region. To promote community development – and especially to enhance the social status of women – Enerjisa provided craft training to 16 women from nearby villages. Between March and August 2017, the women sewed 450 colourful cloth dolls. With Enerjisa's help, two of them sold the dolls on a plaza in Istanbul. The project, which enabled the women to learn new skills and earn extra income, is just one of the ways Enerjisa is making the communities near its facilities better places to live.

Partnering with 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. Alzheimer's Society has been our charity partner in Britain since 2016. In addition to donating £102,000, we've worked with the charity to become a more dementia-friendly company. Almost 600 E.ON UK employees have taken part in a Dementia Friends information session, an Alzheimer's Society initiative to increase the understanding of dementia and the practical actions people can take to support those living with it, with plans to roll these sessions out on a larger scale in 2018.

Taking healthy lifestyles to the streets of Italy

Continuing its long history of supporting healthy activities, in 2017 E.ON Italia again sponsored the E.ON Energy Run, a series of 10K races through the streets and piazzas of the larger cities in northern Italy where it has branch offices (Venice, Monza, Milan, Bergamo, Lodi, Padua, and Verbania). The purpose was to engage our customers, employees and the general public in an energetic, healthy, and fun activity in their region and thereby raise brand awareness. Altogether, 28,000 runners of all ages took part, including more than 50 employees.

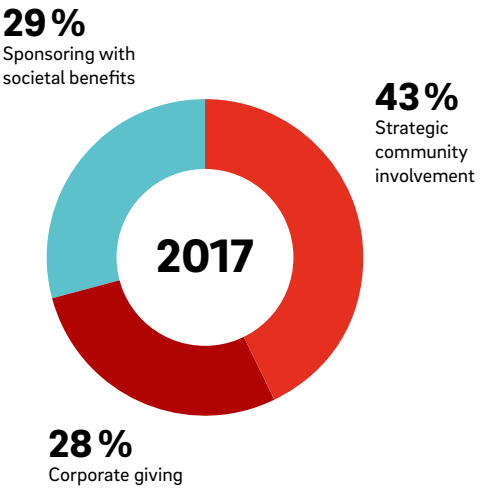
Energising communities

As part of our commitment to helping communities become more sustainable, E.ON UK provides grants to energy-efficiency projects and events through the E.ON Energising Communities Fund. The fund is open to all not-for-profit organisations in the UK. Grants range from £50 to £2,000 depending on the project's size and its impact on the community. In 2017 we provided £74,000 in funding to 50 not-for-profit organisations across the UK, including scout groups, village halls, football clubs and schools. The fund has been running since 2013 and in that time we have helped over 100 organisations become more sustainable through energy-efficiency projects.

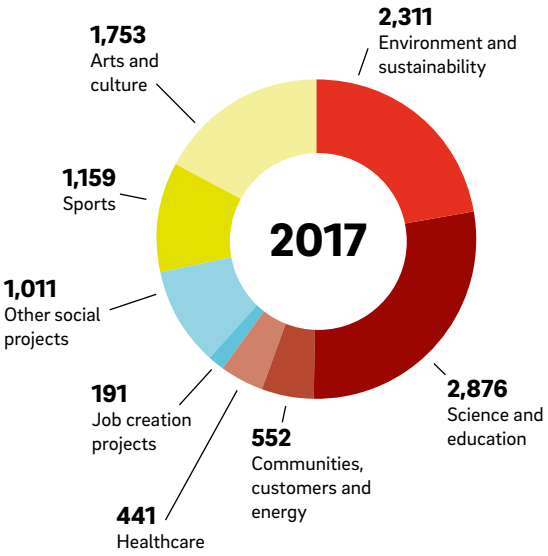
Our community investments in 2017

In 2017 the volume of our community investments fell from €18 million in the previous year to €10 million. This reduction is primarily due to a change in the scope of consolidation for our donations. We annually publish report on our community investments in various thematic areas broken down into eight categories:

Community investments by type



Community investments by projects (€ in thousands)



Corporate volunteering activities

Our employees have been actively involved in non-profit projects in all countries in which we operate since 2009. The extent varies from country to country, however. Last year, 1,651 E.ON employees group-wide performed 10,910 hours of volunteer work. In total, the Group thus provided an equivalent of €272,750 of work.

Helping rebuild storm-ravaged Texas

The impact of Hurricane Harvey made a devastating impression on the people living in the state of Texas. Harvey, which made landfall in August 2017, destroyed over 12,000 homes in Texas – including several belonging to our employees – and damaged 200,000 more. It forced nearly 40,000 people into shelters. Texas is home to our largest asset position – more than 2.5 GW – in wind power. We and our employees there want to help our neighbours in need. That's why we released five of our employees for one day and joined other wind energy companies to donate $1 million to Habitat for Humanity, a charitable organisation that will play a key role in repairing and rebuilding areas affected by the storm.

Facts and figures

About this report

E.ON has published a Sustainability Report annually since 2004. The focus is on those topics that are material to both our stakeholders and ourselves. We carry out a → materiality analysis each year in order to discover which topics these are. Our Sustainability Report has been published exclusively online since 2008. The current report can be downloaded as a PDF file from the → sustainability channel on our corporate website. The reports from previous years can be found in the archive there. Our separate Combined Non-financial Report, which complies with the reporting obligation in accordance with the CSR Directive Implementation Act (§289b-e as well as §315b-c HGB), also appears in the sustainability channel.

Basis for the report and editorial notes

In mid-March 2018, the present publication was published as the 14th E.ON Sustainability Report in a row. It discusses the reporting period between 1 January and 31 December 2017 and covers E.ON SE's three core business areas: energy networks, customer solutions and renewables. In addition, as part of the report, we also provide information on the nuclear sector, in which we operate in Germany through our operating unit PreussenElektra. However, this area is not a strategic business area.

The editorial deadline was 31 December 2017. The report is available in German and English. For improved readability, we have stopped using gender-based duplicate naming and use the male form alone. We have also refrained from using the legal form.

Since 2005, our reporting has been based on the current version of the guidelines of the → Global Reporting Initiative. The current report also meets the requirements of the "German Sustainability Code" (Deutschen Nachhaltigkeitskodex (DNK) and serves as progress report as part of the → United Nations Global Compact.

Structure of the report

The Sustainability Report 2017 has a chapter on "Strategy" and one on each of our action areas: "Customers", "Energy solutions", "Employees", "Climate and environment" and "Good corporate governance". The report is supplemented by the "Facts and figures" chapter which contains condensed information on key figures and standards.

For each action area we present current and planned projects as well as progress from the year under review ("Our achievements in 2017"). In these there are also examples from the ten regions in which we are active. In the section "Our approach to this issue", we explain how we manage the topics and give information on our goals and measures. In the description of our progress and management approaches, the focus is on those topics that we have identified as material in the context of our materiality analysis. In addition, we also report, in less detail, on other topics. In this way, we can meet the diverse concerns of our stakeholders and meet the requirements of sustainability rankings and rating agencies.

Subject matter of the report

The Sustainability Report 2017 covers E.ON SE and its direct equity holdings. Statements in the report always refer to E.ON SE and its subsidiaries (E.ON Group). Any variations are indicated accordingly. For example, in the section about occupational safety, we also take into account those 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 and are stated under "discontinued activities". Key figures for which the previous years' values have subsequently been adjusted due to a discontinuation of activities are identified with footnotes. This procedure is also in accordance with the "International Financial Reporting Standards" (IFRS) for annual reporting. 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.

Statements on the future development of the E.ON Group and its equity holdings are merely estimates based on the information available at the time of reporting. The actual results may deviate from these statements.

Audit of the Sustainability Report

As in previous years, key sections of the Sustainability Report 2017 have been audited with "Limited Assurance" by PricewaterhouseCoopers GmbH (PwC) as auditors. The "International Standard on Assurance Engagements (ISAE) 3000 (revised)" of the "International Federation of Accountants" (IFAC) was used as the basis. Audited content is identified with the symbol ☑. The exact scope of the audit can be found in the → Assurance Report. The texts in German formed the basis for the audit.

Reporting according to GRI

Since 2005, our sustainability reporting has been based on the guidelines by the → Global Reporting Initiative (GRI). This report was prepared in accordance with the current version of the guidelines -- the "GRI Sustainability Reporting Standards" (GRI-SRS) of 2016. In addition, we also incorporate the "Electric Utilities Sector Disclosures" from 2013, which contain sector specific disclosures. As in previous years, our reporting for 2017 is also in line with the "core" option of the GRI guidelines according to our own estimates.

Global Reporting Initiative

The Global Reporting Initiative (GRI) was founded 1997 with the goal of developing internationally recognised guidelines for organisations to voluntary 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 including sector-specific aspects and additional indicators.

In accordance with the GRI-SRS, we selected the contents of this year's report once again on the basis of a → materiality analysis. In the following index we refer to pages in this report, the Annual Report and the corporate website, where information is available to comply with GRI requirements. The index contains:

- general disclosures to report contextual information about E.ON (GRI 102)
- information about the management approach for each material topic (GRI 103)
- specific disclosures for each material topic (Topic-specific GRI-Standards series 200, 300, 400 as well as Electric Utilities Sector Disclosures); at least one indicator per material topic is reported

If the GRI requirements are not completely covered by the content on the linked pages we have included additional information directly in the index or have clearly labelled the gaps as "Omissions". → Reviewed content is identified with the icon ☑. For some material topics we report about E.ON-specific indicators in addition to, or in place of, GRI indicators. The following symbols indicate where in the value chain a topic is relevant:


Supply chain


Company


Customers

GRI indicators	References	Additions and omissions
GRI-102: General Standard Disclosures		
Organisational profile		
102-1: Name of the organisation ☑	→ E.ON at a glance*	
102-2: Activities, brands, products, and services ☑	→ E.ON at a glance* → Annual Report 2017 (pp. 22 ff.)	
102-3: Location of headquarters ☑	→ E.ON at a glance*	
102-4: Location of operations ☑	→ E.ON at a glance*	
102-5: Ownership and legal form	→ Annual Report 2017 (p. 15) → www.eon.com*	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.
102-6: Markets served ☑	→ E.ON at a glance* → Annual Report 2017 (p. 22, pp. 64 ff.)	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.
102-7: Scale of the organization ☑	→ E.ON at a glance* → Annual Report 2017 (pp. 28 ff., pp. 62 ff., pp. 110 ff.) → Working conditions* → www.eon.com*	
102-8: Information on employees and other workers ☑	→ E.ON at a glance* → Employees* → Key figures*	
102-9: Supply chain	→ Supplier management* → Annual Report 2017 (pp. 64 ff., p. 139, p. 202)	
102-10: Significant changes to the organisation and its supply chain ☑	→ Reporting profile* → Annual Report 2017 (pp. 18 f., p. 203)	
102-11: Precautionary principle or approach	→ Customers* → Energy solutions* → Employees* → Climate protection and environment* → Good corporate governance* → Annual Report 2017 (pp. 54 ff.)	In general, E.ON operates all units within the company and action areas from a long-term perspective. The E.ON risk management system takes environmental and social risks into account beyond legal requirements.
102-12: External initiatives ☑	→ Good corporate governance* → Customers* → Energy solutions* → Employees* → Climate protection and environment*	
102-13: Membership of associations ☑	→ Responsible lobbying* → Energy solutions* → Employees* → Climate protection and environment*	

GRI indicators	References	Additions and omissions
Strategy		
102-14: Statement from senior decision-maker	→ Foreword*	
102-15: Key impacts, risks and opportunities ☑	→ Strategy → Foreword* → Annual Report 2017 (pp. 18 f., pp. 54 ff.)	Key market developments and the opportunities and risks relating to them are addressed in the Annual Report, in the chapter on "Strategy", as well as in the foreword. At the start of each chapter we also describe which impacts, opportunities and risks are associated with the topics covered in that chapter.
Ethics and integrity		
102-16: Values, principles, standards, and norms of behaviour	→ Good corporate governance* → Compliance and anti-corruption*	
102-17: Mechanisms for advice and concerns about ethics	→ Compliance and anti-corruption*	
Governance		
102-18: Governance structure ☑	→ Good corporate governance* → Sustainability organisation* → Annual Report 2017 (pp. 75 ff.)	
102-20: Executive-level responsibility for economic, environmental, and social topics ☑	→ Sustainability organisation*	
102-22: Composition of the highest governance body and its committees	→ Good corporate governance* → Annual Report 2017 (pp. 77 f.) → www.eon.com*	
102-23: Chair of the highest governance body	→ Annual Report 2017 (pp. 77 f.) → www.eon.com*	
102-24: Nominating and selecting the highest governance body	→ Annual Report 2017 (p. 9, pp. 77 ff.)	
102-25: Conflicts of interests	→ Annual Report 2017 (pp. 77 ff.)	
102-26: Role of highest governance body in setting purpose, values, and strategy	→ Annual Report 2017 (pp. 77 ff.)	
102-30: Effectiveness of risk management processes	→ Annual Report 2017 (pp. 54 ff., pp. 77 ff.)	
102-31: Review of economic, environmental, and social topics	→ Annual Report 2017 (pp. 77 ff.)	
102-32: Highest governance body's role in sustainability reporting		The Board of Management reviews and approves the Sustainability Report. The separate Combined Non-financial Report is reviewed by the Board of Management and Supervisory Board.
102-35: Remuneration policies	→ Annual Report 2017 (pp. 88 f.)	
102-36: Process for determining remuneration	→ Annual Report 2017 (pp. 88 f.)	

GRI indicators	References	Additions and omissions
Stakeholder engagement		
102-40: List of stakeholder groups ☑	→ Stakeholder management*	
102-42: Identifying and selecting stakeholders ☑	→ Stakeholder management*	
102-43: Approach to stakeholder engagement ☑	→ Materiality analysis → Customer orientation → Stakeholder management*	
102-44: Key topics and concerns raised ☑	→ Materiality analysis → Stakeholder management*	
Reporting practice		
102-45: Entities included in the consolidated financial statements ☑	→ Reporting profile* → Annual Report 2017 (pp. 134 ff.)	
102-46: Defining report content and topic Boundaries ☑	→ Materiality analysis → Reporting profile*	
102-47: List of material topics ☑	→ Materiality analysis	
102-48: Restatements of information ☑	→ Reporting profile*	Retroactive changes are shown in the respective location in the form of a footnote.
102-49: Changes in reporting ☑	→ Reporting profile*	
102-50: Reporting period ☑	→ Reporting profile*	
102-51: Date of most recent report ☑		The most recent sustainability report was published in May 2017.
102-52: Reporting cycle ☑		E.ON reports on sustainability-related activities annually.
102-53: Contact point for questions regarding the report ☑	→ www.eon.com*	
102-54: Claims of reporting in accordance with GRI Standards ☑	→ GRI content index	
102-55: GRI content index ☑	→ GRI content index	
102-56: External assurance ☑	→ Reporting profile* → Assurance Report	

GRI 200: Economic

GRI 205: Anti-corruption		
103-1/2/3: Management approach ☑	→ Compliance and anti-corruption	
205-2 (core): Communication and training about anti-corruption policies and procedures	→ Compliance and anti-corruption	
Research and development (sector specific)		
103-1/2/3: Management approach ☑	→ Renewables → Efficiency solutions → Security of supply → Supplier management* → Key figures*	Expenditures on research and development were reviewed as part of the Annual Report 2017. 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.

GRI indicators	References	Additions and omissions
GRI 300: Environmental		
GRI 302: Energy		
103-1/2/3: Management approach ☑	→ Renewables → Efficiency solutions → Environmental management*	
302-1: Energy consumption within the organisation	→ Environmental management*	Of greater relevance to us than energy consumption within the organisation was the amount of electricity produced in our renewable power plants.
E.ON-specific (core): Owned power generation renewables ☑	→ Renewables	Generation figures were reviewed in the context of the 2017 Annual Report.
GRI 305: Emissions		
103-1/2/3: Management approach ☑	→ Climate protection → Renewables → Efficiency solutions	
305-1: Direct (Scope 1) GHG emissions ☑	→ Climate protection	The following greenhouse gases are included: • CH_4-emissions (from power and heat generation) • N_2O-emissions (from power and heat generation) • CH_4-emissions (from the handling, transport and distribution of biogas) • CH_4-emissions (from the handling, transport and distribution of • natural gas) • CO_2-emissions (from power and heat generation) • CO_2-emissions (from the handling, transport and distribution of biogas) • CO_2-emissions (from the handling, transport and distribution of natural gas) • CO_2-emissions (from the handling, transport and distribution of • liquefied natural gas, LNG) • CO_2-equivalents (from the use of coolants to air condition buildings) • Transmission losses from sulphur-hexafluoride emissions (SF_6) Base year is as per Kyoto Protocol 1990. Global warming potentials are relative to a 100-year time horizon. 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. No information about biogenic CO_2 emissions is provided.
305-2: Energy indirect (Scope 2) GHG emissions ☑	→ Climate protection	The following greenhouse gases are included: • CO_2 equivalents (resulting from the consumption of power procured externally) • CO_2 equivalents (resulting from electricity transmission and distribution losses in our own grids) • CO_2 equivalents (resulting from the consumption by buildings of energy procured externally) Base year and consolidation approach: see 305-1. No data on biogenic CO_2 emissions is provided.

GRI indicators	References	Additions and omissions
305-3 (core): Other indirect (Scope 3) GHG emissions ☑	→ Climate protection	The following greenhouse gases were included in the calculation: • CO_2 equivalents (resulting from power consumption by end customers) • CO_2 equivalents (resulting from the consumption of gas by end customers) • CO_2 equivalents (resulting from electricity transmission and distribution losses grids of other network operators) • CO_2 equivalents (resulting from business travel and employee commuting) • CO_2 equivalents (resulting from the procurement of goods, services and capital goods) Base year and approach to consolidation: see 305-1. No data on biogenic CO_2 emissions is provided.

GRI 400: Social

GRI 403: Occupational health and safety

103-1/2/3: Management approach ☑	→ Occupational health and safety	
403-2 (core): Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities ☑	→ Occupational health and safety	At E.ON, reporting of accident numbers is carried out with the following key figures: • "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. Both indicators are reported for both E.ON employees and contractors' employees. Only the figures for E.ON employees and the number of fatal accidents were audited. Instead of breaking these down by region, we use reporting units. A breakdown by gender is regarded as not useful.

GRI 405: Diversity and equal opportunity

103-1/2/3: Management approach ☑	→ Diversity and equal opportunity	
405-1 (core): Diversity of governance bodies and employees ☑	→ Diversity and equal opportunity	

GRI 412: Human rights assessment

103-1/2/3: Management approach ☑	→ Human rights → Supplier management* → Compliance and anti-corruption	
412-2 (core): Employee training on human rights policies or procedures	→ Human rights → Supplier management* → Compliance and anti-corruption	

GRI 416: Customer health and safety

103-1/2/3: Management approach	→ Customer health and safety* → Occupational health and safety	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.

GRI indicators	References	Additions and omissions
416-2 (core): Incidents of non-compliance concerning the health and safety impacts of products and services	→ Customer health and safety*	E.ON complies with all legal and regulatory requirements in the markets in which it operates.
GRI 417: Marketing and labelling		
103-1/2/3: Management approach ☑	→ Customer orientation	
E.ON-specific (core): Results of surveys measuring customer satisfaction ☑	→ Customer orientation	
GRI 418: Customer privacy		
103-1/2/3: Management approach	→ Data protection*	
418-1 (core): Substantiated complaints concerning breaches of customer privacy and losses of customer data	→ Data protection*	During the 2017 reporting year no substantiated complaints were filed against E.ON concerning breaches of customer's privacy by the relevant department.
Access (sector specific)		
103-1/2/3: Management approach ☑	→ Security of supply	
G4-EU28: Power outage frequency (SAIFI)	→ Security of supply	
G4-EU29 (core): Average power outage duration (SAIDI) ☑	→ Security of supply	
G4-EU30: Average plant availability factor by energy source and by regulatory regime ☑	→ Security of supply	

All pages marked with an asterix (*) are not or only partially reviewed. All disclosures, with the exception of sector-specific disclosures, are based on GRI-SRS 2016.

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 160 countries, the Global Compact is the world's largest sustainability initiative.

Basis for group 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 below specifies which sections of the report address the various principles. The listed internal policies and guidelines are available for download in our → sustainability channel.

	Cross-references in the report	Guidelines and policies
Human rights **Principle 1:** Support and respect internationally proclaimed human rights **Principle 2:** Eliminate any participation in human rights abuses	→ Good corporate governance → Human rights → Compliance and anti-corruption → Supplier management → Diversity and equal opportunity	• Human rights policy statement • Supplier Code of Conduct • E.ON Code of Conduct • Code of Responsible Conduct for Business • Biomass Purchasing Amendment • Slavery and human trafficking statement
Labour **Principle 3:** Uphold the freedom of association and the effective recognition of the right to collective bargaining **Principle 4:** Eliminate all forms of forced and compulsory labour **Principle 5:** Eliminate child labour **Principle 6:** Eliminate discrimination in respect of employment and occupation	→ Good corporate governance → Human rights → Compliance and anti-corruption → Supplier management → Diversity and equal opportunity → Working conditions	• Human rights policy statement • Supplier Code of Conduct • E.ON Code of Conduct • Joint "Diversity and Integration" statement • Slavery and human trafficking statement
Environment **Principle 7:** Support a precautionary approach to environmental challenges **Principle 8:** Undertake initiatives to promote greater environmental responsibility **Principle 9:** Encourage the development and diffusion of environmentally friendly technologies	→ Strategy → Good corporate governance → Renewables → Efficiency solutions → Climate-friendly mobility → Climate protection → Environmental management → Waste	• E.ON Health, Safety and Environment Policy Statement
Anti-corruption **Principle 10:** Work against corruption in all its forms, including extortion and bribery	→ Good corporate governance → Compliance and anti-corruption → Responsible lobbying	• Supplier Code of Conduct • E.ON Code of Conduct • Code of Conduct Annex 1: Checklist Compliance • Code of Conduct Annex 3: Guidelines on Benefits

Sustainability in figures

In order to assess the effectiveness of our strategies and the 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 (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.

Furthermore, 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.
We have marked the key figures that serve to meet the standard with the corresponding identification – the DVFA/EFFAS-ID.

Some key figures were subjected to an external business review and are marked with the symbol ☑. We have highlighted the key figures that are most important to us with a blue background.

Sample presentation of key figures

	DVFA/EFFAS	2017	2016	2015
Key figure XX	**E/S/GXX-XX**	XX ☑	XX	XX

DVFA/EFFAS-ID

External audit

Further information on the key figures – for example, more detailed breakdowns – can be found in the respective action areas in this report.

Environment

Climate protection

	DVFA/EFFAS	2017[1)]	2016	2015
CO_2 emissions of the E.ON Group (CO_2 equivalents in million metric tonnes)	**E03-01**	79.40 ☑	82.75[2]	200.19
Scope 1	**E02-01**	5.04 ☑	5.37[2]	79.99
Scope 2[3]	**E02-01**	3.34 ☑	3.36	3.69
Scope 3	**E02-01**	71.02 ☑	74.02[2]	116.51

[1]Change in data-collection method and in the scope of consolidation.
[2]Prior-year figures have been adjusted.
[3]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. These result in the largest percentage of Scope 2 emissions.

Further information can be found in the chapter → climate protection.

Environmental management

	DVFA/EFFAS	2017	2016	2015
Energy consumption within the organisation (million GJ)	**E01-01**	201[1]	260[2]	540
Share of sites with ISO 14001 certification (percentages)	**E33-01**	99	95	–
Number of environment-related incidents				
3 (serious impact)		0	0	0
2		6	10	29[3]
1		115	119	102[3]
0 (no actual damage)		390	369	304[3]
Number of incidents as measured on the seven-step International Nuclear Event Scale (INES)		0	0	0
Provisions for environmental remediation and similar obligations (€ in millions)[4]	**E12-05**	507 ☑[5]	469	851[3]
short-term		29 ☑[5]	23	76[3]
long-term		478 ☑[5]	446	775[3]
Fresh water consumption (million cubic metres)[6]	**E28-01**	37.0	26.2	34.8[3]

[1]Without business travel (changes in GRI-Standards).
[2]Prior-year figures have been adjusted due to change in scope of consolidation.
[3]Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper).
[4]To guarantee funds for potential redevelopment and water protection measures and to the rehabilitation of contaminated sites.
[5]Figures taken from the reviewed section of the Annual Report.
[6]Figures just include for reasons of materiality non-core business activities (PreussenElektra).

Further information can be found in the chapter → environmental management.

Waste

	DVFA/EFFAS	2017[1]	2016	2015[2]
Non-hazardous waste (metric kilotonnes)		84.9	28.9	50.1
recovered		79.7	21.1	39.4
disposed		5.2	7.8	10.7
Hazardous waste (metric kilotonnes)	**E06-01**	71.1	27.7	32.2
recovered		56.3	21.5	18.2
disposed		14.8	6.2	14.0
Low and intermediate-level radioactive waste (metric tonnes)	**E08-01/02**	402.1	423.8	490.0
High-level radioactive waste (metric tonnes)	**E08-03**	180.2	20.4	105.4
Total waste (metric kilotonnes)[3]	**E04-01**	156.6	57	82.9
Share of total amount of waste recycled (percentages)[4]	**E05-01**	87.2	74.7	69.9

[1]Change in data-collection method and in the scope of consolidation.
[2]Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper).
[3]Consists of: radioactive, hazardous and non-hazardous waste.
[4]Consists of: percentage of recycled hazardous and non-hazardous waste.

Further information can be found in the chapter → waste.

Social

Employees (general figures)

	DVFA/EFFAS	2017	2016	2015[1]
Group employees[2]		42,699 ☑[3]	43,138	43,162
New hires				
Fulltime equivalent (FTE)		4,536	4,346	4,042
headcounts		4,616	4,451	4,207
permanent employment contracts (percentages)		73	67	67
Employees with full time contracts (percentages)[4]		92	92	91
Employees with permanent employment contracts (percentages)[4]		96	95	96
Employees with collective bargaining agreements (percentages)		85	84	84
Employees with part time contracts		3,395 ☑[3]	3,517	3,937
Average length of service (years)[4]		14 ☑[3]	14	14
Turnover rate (percentages)[4]	**S01-01**	4.6 ☑[3]	5.3	3.6
Apprentices in Germany		942 ☑[3]	971	990
Apprentices-ratio in Germany (percentages)		5.5 ☑[3]	5.3	5.5

[1]Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper).
[2]Excluding Board Members/Managing Directors and apprentices.
[3]Figures taken from the reviewed section of the Annual Report.
[4]Including Board Members/Managing Directors and apprentices.

Further information can be found in the chapter → employee development and → working conditions.

Occupational health and safety

	DVFA/EFFAS	2017	2016	2015[1]
TRIF[2] combined[3]		2.5	2.5	2.4
TRIF E.ON employees		2.3 ☑	2.5	2.3
TRIF Contractors employees		2.9	2.6	2.6
LTIF[4] E.ON employees[3]		1.8 ☑	1.9	1.9
LTIF[4] Contractors employees[3]		2.3	2.1	2.0
Number of fatal accidents E.ON employees and contractors employees[3]		5 ☑	4	2
Health rate E.ON employees (percentages)[5]		96.6	96.5	96.5

[1]Figures in accordance with the consolidated financial statements without discontinued operations (i.e. adjusted for Uniper).
[2]Total Recordable Injury Frequency – The number of work-related accidents and occupational diseases per million hours worked.
[3]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.
[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.

Further information can be found in the chapter → occupational health and safety.

Diversity

	DVFA/EFFAS	2017	2016	2015[1]
Ratio of women among total workforce (percentages)[2]		31.6 ☑[3]	32.1	32.0
Ratio of women among management across E.ON Group (percentages)[4]		19.6 ☑[3]	19.6	18.4
Proportion of employees with severe disability in Germany (percentages)[5]		5.4 ☑	5.4	5.7
Number of employees with severe disabilities in Germany[5]		899 ☑	934	970
Number of apprentices with a severe disability in Group companies located in Germany		4 ☑	6	6
Number of nationalities		99 ☑	97	96
Average age (in years)[2]		42 ☑[3]	42	42
Average employee age (percentages)[2]	S03-01			
<30 years		18 ☑[3]	18	17
31-50 years		54 ☑[3]	55	55
>50 years		28 ☑[3]	27	28

[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.

Further information can be found in the chapter → diversity and equal opportunity.

Community involvement

	DVFA/EFFAS	2017	2016	2015[1]
Total community involvement investments (€ in millions)		10.3	18.1	14.7
Involvement of E.ON employees (number of volunteer hours)		10,910	11,828	12,747

Further information can be found in the chapter → community involvement.

Governance

Customers

	DVFA/EFFAS	2017	2016	2015
Number of power and gas customers (millions)		21.1 [1]	21.4	22.7[2]
Installed smart meters in the regions (millions)[3]	V11-02	2.4	2.1	1.8[4]
Customer loyalty development	V06-01	see → customer orientation		
Energy savings by commerce and industry (GWh)		2,215[5]	32	–
Reduction of CO_2 emissions in commerce and industry (metric tonnes)		731,228[5]	10,823	–

[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 smart meters in Slovakia (49-per cent minority shareholding).
[4]Prior-year figures have been adjusted.
[5]Due to a change in the scope of consolidation, the figures are comparable with the previous year's figures to a limited extent.

Further information can be found in the chapter → customers.

Power generation

	DVFA/EFFAS	2017	2016	2015
Owned generation renewables (billion kWh)		12.5 [1]	11.6	10,4[2]
Fully consolidated generating capacity (in MW)		4,716 [1]	4,176	3,967[2]
System availability (percentages)				
Onshore wind/Solar		94.6 [1]	94.2	95.8[2]
Offshore wind/Other		97.6 [1]	96.7	94.5[2]
Proportion of renewables to total generation (percentages)	E26-01	29.3	24.9	13.8[2]
Share of primary energy carriers in self-generation (percentages)	E26-01			
Wind and solar		29.3	24.9	5.7
Natural gas/oil		1.8	1.8	33.7
Nuclear		64.6	69.5	26.4
Lignite and hard coal		0.2	–	26.0
Hydro		–	–	7.8
Other (incl. biomass)		4.1	3.8	0.4

[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).

Further information can be found in the chapter → renewables.

Energy networks

	DVFA/EFFAS	2017	2016	2015
Length of power distribution networks (thousand kilometres)[1]		756	754	755
Length of gas distribution networks (thousand kilo-metres)		107	104	105
Network losses during transmission and distribution of electricity (percentages)		6.0	4.6	4.7

[1]Including our power networks in Slovakia (49-per cent minority shareholding).

Further information can be found in the chapter → security of supply.

Research and development

	DVFA/EFFAS	2017	2016	2015
Research and development expenses (€ in millions)	**V04-01**	5 [1]	14	20[2]

[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).

Further information can be found in the chapter → efficiency solutions, → renewables and → security of supply.

Compliance

	DVFA/EFFAS	2017	2016	2015
Sales generated in countries with corruption risks (percentages)[1]	**V02-01**	22.4	22.1[2]	6.6
Number of compliance notices[3]		53	75	75
Contributions to political parties (percentages)[4]	**G01-01**	–	–	–

[1]Countries with less than 60 points according to the International Corruption Perception Index (CPI) from Trancparency International.
[2]Prior-year figure has been adjusted.
[3]The reported number of notices refers to cases on central files that resulted in investigations and which were determined not to be erroneous.
[4]The E.ON Code of Conduct categorically rules out donations to political parties, political candidates and political incumbents.

Further information can be found in the chapter → compliance and anti-corruption.

Supplier management

	DVFA/EFFAS	2017	2016	2015
Supply chain: key performance narrative	**V28-04**	see → supplier management		

Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information[1]

To E.ON SE, Essen

We have performed a limited assurance engagement on the disclosures denoted with the symbol "☑" in the sustainability report of E.ON SE, Essen (hereinafter: "the Company"), for the period from 01 January to 31 December 2017 (hereinafter: "Report"). Our engagement in this context relates solely to the disclosures denoted with the symbol "☑".

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter: "GRI-Criteria") and for the selection of the disclosures to be evaluated.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner´s Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures denoted with the symbol "☑" in the Report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures denoted with the symbol "☑"in the Company's Report for the period from 01 January to 31 December 2017 has not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria. This does not mean that a separate conclusion is expressed on each disclosure so denoted.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

[1]PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the sustainability report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
- Analytical evaluation of selected disclosures in the Report
- Inquiries of personnel on the implementation of central management requirements, processes and specifications for data collection at the following subsidiaries: E.ON UK plc, E.ON Sverige AB, E.ON România S.R.L., E.ON Česká republika, s.r.o., Avacon AG, Hansewerk AG, Bayernwerk AG, E.DIS AG
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the selected disclosures regarding sustainability performance

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures denoted with the symbol "☑" in the Company's Report for the period from 01 January to 31 December 2017 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

Intended Use of the Assurance Report

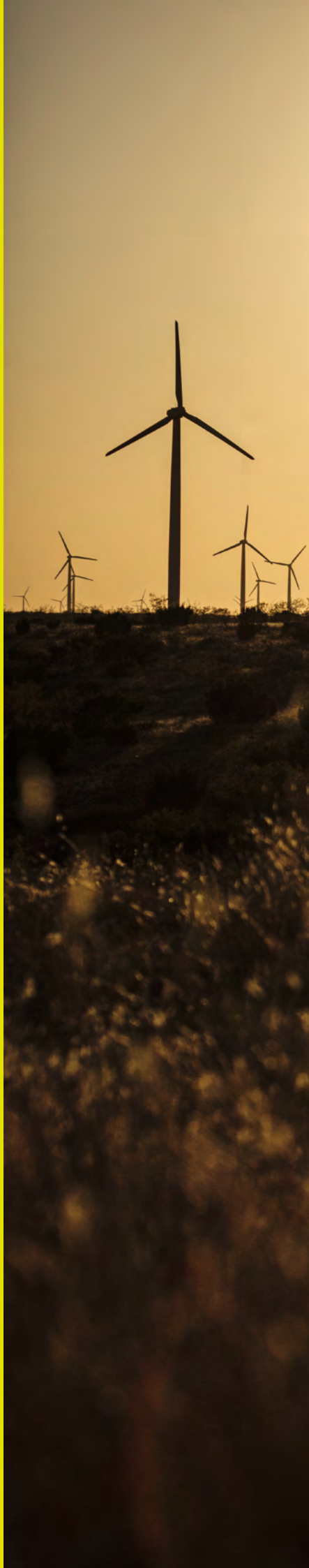
We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Essen, 06 March 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Wirtschaftsprüfer
(German Public Auditor)

ppa. Robert Prengel



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