Annual Report 2020

E.ON Group at a Glance

€ in millions	2020	2019	+/- %
Sales[1]	60,944	41,284	+48
Adjusted EBITDA[1, 2]	6,905	5,564	+24
– Regulated business (%)	73	65	+8[3]
– Quasi-regulated and long-term contracted business (%)	4	13	-9[3]
– Merchant business (%)	23	22	+1[3]
Adjusted EBIT[1, 2]	3,776	3,220	+17
– Regulated business (%)	79	70	+9[3]
– Quasi-regulated and long-term contracted business (%)	3	11	-8[3]
– Merchant business (%)	18	19	-1[3]
Net income/loss	1,270	1,792	-29
Net income/loss attributable to shareholders of E.ON SE	1,017	1,550	-34
Adjusted net income[1, 2]	1,638	1,526	+7
Investments[1]	4,171	5,492	-24
Cash provided by operating activities[1]	5,313	2,965	+79
Cash provided by operating activities before interest and taxes[1]	5,948	4,407	+35
Economic net debt (at year-end)[1]	40,736	38,895	+5
Equity	9,055	13,248	-32
Total assets	95,385	98,080	-3
ROCE (%)[1]	6.2	8.3	-2.1[3]
Employees (at year-end)[1]	78,126	78,948	-1
– Percentage of female employees	32	33	-1[3]
– Average age	42	42	–
Earnings per share[4, 5] (€)	0.39	0.68	-43
Adjusted net income per share[1, 4, 5] (€)	0.63	0.67	-6
Dividend per share[6] (€)	0.47	0.46	+2
Dividend payout	1,225	1,199	+2

[1]Includes until September 18, 2019, the discontinued operations in the Renewables segment (see Note 5 to the Consolidated Financial Statements).
[2]Adjusted for non-operating effects.
[3]Change in percentage points.
[4]Attributable to shareholders of E.ON SE.
[5]Based on shares outstanding (weighted average).
[6]For the respective financial year; the 2020 figure represents management's dividend proposal.

- **Merger squeeze-out** of innogy's remaining minority shareholders **concluded**
- **European Commission's conditions** for innogy takeover **completely fulfilled**
- **Transfer** of **innogy bonds** to E.ON **concluded**
- **Adjusted EBIT** and **adjusted net income within forecast range** revised in August 2020
- **2021 adjusted EBIT** expected to be **between €3.8 and €4.0 billion, 2021 adjusted net income between €1.7 and €1.9 billion**
- **Proposed dividend of €0.47** per share for the 2020 financial year
- **Annual growth of dividend** per share of **up to 5 percent** through the dividend for the 2023 financial year targeted
- **Ambitious climate targets** decided**—E.ON climate-neutral** by **2050**

Contents

Report of the Supervisory Board

Dear Shareholders,

Dr. Karl-Ludwig Kley,
Chairman of the Supervisory Board

For E.ON, 2020 was characterized by two events: the integration of innogy SE and the Covid-19 pandemic. The squeeze-out of the remaining innogy minority shareholders was completed in June. As a result of this, the legal integration of innogy was concluded as well. In addition, the antitrust requirements for the divestment of parts of the Company were successfully completed. The Covid-19 pandemic presented the company with major challenges-both in the market and in terms of internal processes and procedures, which were successfully overcome. The Supervisory Board would like to thank the Management Board and all employees for all the special efforts that were and are connected with these matters.

In the 2020 financial year the Supervisory Board carefully performed all its duties and obligations under law, the Company's Articles of Association, and its own rules and procedures. It advised the Management Board in detail about the Company's management and continually monitored the Management Board's activities, assuring itself that the Company's management was legal, purposeful, and orderly. At four regular meetings and one extraordinary meeting, it addressed all issues relevant to the Company. In addition, it carried out one written resolution procedure. On a regular basis, the shareholder representatives and the employee representatives made separate preparations for these meetings with the participation of one or all members of the Management Board. Three Supervisory Board members were unable to attend individual Supervisory Board meetings in 2020. Apart from that, all members attended all meetings.

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

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

Covid-19 Pandemic

From March 2020 onward, the Executive Committee supported the Management Board in managing the Covid-19 risks. The risks and countermeasures were discussed in detail with the Management Board at six extraordinary meetings. From March 2020 onward, the Supervisory Board and/or its Executive Committee continually received reports on the Covid-19 pandemic's impact on E.ON's business and business processes.

In particular, the importance of ensuring business-critical activities was presented and discussed. Furthermore, the macroeconomic repercussions as well as scenarios for policy decisions were addressed, but possible business opportunities arising from the Covid-19 pandemic were analyzed as well. In view of the Covid-19 pandemic, from March 2020 onward the meetings of the Supervisory Board and its committees largely took place virtually.

innogy Integration

At several meetings in 2020 and by means of special reports, the Management Board informed the Supervisory Board and also the Executive Committee about the progress of the integration preparations and measures as well as the squeeze-out of the remaining innogy minority shareholders. In this context, the Supervisory Board also discussed the disposals in conjunction with the European Commission's antitrust conditions and, where necessary, adopted resolutions.

Other Key Topics of the Supervisory Board's Discussions

In addition, the Supervisory Board prepared and discussed major personnel matters, in particular the departure of Johannes Teyssen effective March 31, 2021, the appointment of Leonhard Birnbaum as Chairman of the Management Board, and the appointment of Victoria Ossadnik as a member of the Management Board, in both cases effective April 1, 2021, and adopted the corresponding resolutions. It also discussed and adopted resolutions on extending the appointment of Thomas König and Karsten Wildberger as members of the Management Board.

Policy and regulatory developments in countries in which E.ON is active constituted another key topic of the Supervisory Board's discussions. Alongside the overall and economic policy situation in the individual countries, the Supervisory Board focused primarily on the developments in European and German energy policy, particularly in conjunction with the various economic stimulus packages, the EU's recovery plan, and their respective consequences for E.ON's business areas.

Furthermore, in the context of the Group's current operating business, the Supervisory Board addressed in detail the impact of low interest rates on E.ON, the general business situation of the Group and its companies, national and international energy markets, as well as the currencies that are important to E.ON. It discussed E.ON SE's and the E.ON Group's asset, financial, and earnings situation, dividend policy, workforce developments, and earnings opportunities and risks. The Supervisory Board and the Management Board thoroughly discussed the E.ON Group's medium-term plan for 2021–2023. The Supervisory Board was provided with information on a regular basis about the Company's health, (occupational) safety, and environmental performance (in particular, key accident indicators and the Covid-19 infection rate in the Group) as well as current customer numbers, customer satisfaction, and the number of apprentices. Furthermore, the Supervisory Board dealt with E.ON's corporate strategy and capital market communications.

In addition, the Supervisory Board established a procedure for the periodic evaluation of related-party transactions and delegated responsibility for monitoring to the Audit and Risk Committee. It also discussed E.ON's future funding needs and, where necessary, adopted resolutions. Finally, it addressed E.ON's current sustainability strategy and examined and approved the Group's non-financial reporting ("CSR").

Corporate Governance

In the declaration of compliance issued at the end of the year, the Supervisory Board and the Management Board declared that E.ON is in full compliance with the recommendations of the "Government Commission German Corporate Governance Code" dated December 16, 2019, published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (Bundesanzeiger) on March 20, 2020. The Supervisory Board and the Management Board also declared that E.ON has been in full compliance with the recommendations of the "Government Commission German Corporate Governance Code" dated February 7, 2017, published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (Bundesanzeiger) on April 24, 2017. since the last annual declaration in December 2019. The current version of the declaration of compliance as well as earlier versions are published online at www.eon.com.

In the 2020 financial year, Rolf Martin Schmitz, in his capacity as Chairman of the RWE AG Management Board, had conflicts of interest in relation to certain operational matters and for this reason did not participate in the discussion of individual agenda items. Otherwise, the Supervisory Board is aware of no indications of conflicts of interest involving members of the Supervisory Board.

In the 2020 financial year, education and training sessions on selected operating and non-operating issues of E.ON's business were conducted for Supervisory Board members only on a limited basis because of the Covid-19 pandemic. An on-boarding program gave new members of the Supervisory Board the opportunity to receive a comprehensive introduction to the Company's business operations. The focus was on the current status of the regulatory environment and strategic growth areas in the network business as well as strategic priorities in the customer solutions business.

The targets for the Supervisory Board's composition, including a competency profile and a diversity concept, with regard to Recommendation C.1 of the German Corporate Governance Code and Section 289f, Paragraph 2, Item 6 of the German Commercial Code and the status of their achievement are available in the Corporate Governance Declaration on pages 73 and 74.

Committee Work

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

In the 2020 financial year the Executive Committee met twelve times and carried out one written resolution procedure. One member was unable to attend one meeting. Apart from that, all members took part in all of the committee's meetings. At its extraordinary meetings, the committee discussed, in particular, the Covid-19 pandemic's impact and approved the squeeze-out of the remaining innogy minority shareholders. Furthermore, it prepared the resolutions the Supervisory Board adopted in December 2020 regarding the personnel decisions relating to the Management Board. In this context, it also adopted a resolution on Management Board members' respective areas of responsibility. Additionally, the Executive Committee was periodically informed about the progress toward the Management Board's targets for 2020 and dealt with the new version of the Management Board's compensation plan. Finally, the Executive Committee thoroughly discussed the medium-term plan for the period 2021–2023.

The Innovation and Sustainability Committee met five times. One member was unable to attend one meeting. Apart from that, all members attended all of the committee's meetings. The matters addressed by the committee included E.ON's climate strategy and activities relating to sustainability. Furthermore, in particular E.ON's approach to innovation as well as organic and inorganic growth options were topics of discussion.

The Audit and Risk Committee met five times in 2020. One member was unable to attend one meeting. Apart from that, all members attended all meetings. The committee conducted a thorough review, in particular of the 2019 Financial Statements of E.ON SE (prepared in accordance with the German Commercial Code), the E.ON Group's 2019 Consolidated Financial Statements (prepared in accordance with International Financial Reporting Standards, or "IFRS"), and the 2020 intermediate financial reports of E.ON SE. The committee discussed the recommendation for selecting an independent auditor for the 2020 financial year as well as the intermediate financial reports and assigned the tasks for the independent auditor's auditing services, established the audit priorities, determined the independent auditor's compensation and reviewed the independent auditor's qualifications (for example, by assessing the quality of the independent audit) and verified the auditor's qualifications and independence in line with the recommendations of the German Corporate Governance Code. The committee also assured itself that the independent auditor has no conflicts of interest. In addition, the committee addressed other matters assigned to it by law, the Company's Articles of Association, or the Supervisory Board's rules and procedures, in particular Internal Audit's activities and reports,

Overview of the Attendance of Supervisory Board Members at Meetings of the Supervisory Board and Its Committees

Supervisory Board member	Supervisory Board	Executive Committee	Audit and Risk Committee	Innovation and Sustainablility Committee	Nomination Committee
Kley, Dr. Karl-Ludwig	5/5	12/12	–	–	0/0
Clementi, Erich	5/5	12/12	–	2/2[8]	0/0
Dybeck Happe, Carolina	4/5	–	5/5[7]	–	–
Fröhlich, Klaus	5/5	–	–	5/5	–
Grillo, Ulrich	5/5	11/12	–	–	–
Schmitz, Andreas	5/5	5/5[8]	5/5	–	–
Schmitz, Dr. Rolf Martin	5/5	–	–	–	–
Segundo, Dr. Karen de	4/5	–	–	5/5	0/0
Wilkens, Deborah	5/5	–	5/5	1/1[8]	0/0
Woste, Ewald	5/5	–	–	5/5	–
Scheidt, Andreas[3]	3/3	7/7	–	–	–
Broutta, Clive[1]	0/0	–	–	–	–
Krebber, Monika	5/5	–	–	5/5[5]	–
Luha, Eugen-Gheorghe	5/5	–	–	5/5	–
May, Stefan	4/5	–	–	4/5	–
Pelouch, Miroslav[4]	3/3[8]	–	–	–	–
Pinczésné Márton, Szilvia	5/5	–	–	–	–
Pöhls, René	5/5	–	5/5	–	–
Schmitz, Christoph[2]	5/5	5/5[6]	–	–	–
Schulz, Fred	5/5	12/12	4/5	–	–
Wallbaum, Elisabeth	5/5	–	5/5	–	–
Zettl, Albert	5/5	12/12	–	1/1[8]	–

[1]Member until January 31, 2020.
[2]Member since February 1, 2020.
[3]Member until May 28, 2020.
[4]Member since May 28, 2020.
[5]Committee member since February 5, 2020.
[6]Committee member since May 28, 2020.
[7]Committee member until December 31, 2020.
[8]Participation(s) as a guest.

accounting issues, risk management, and developments in the area of compliance. Furthermore, the committee thoroughly discussed the Combined Group Management Report and the proposal for profit appropriation and prepared the relevant recommendations for the Supervisory Board and reported them to the Supervisory Board. On the basis of the quarterly risk reports, the committee noted that no risks were identified that might jeopardize the existence of the Company or individual segments. Furthermore, the committee addressed in detail the Company's cybersecurity and cyber risks as well as the upcoming change of the independent auditor in 2021.

Committee chairpersons reported the agenda and results of their respective committee's meetings to the full Supervisory Board on a regular basis. Information about the committees' composition and responsibilities is in the Corporate Governance Declaration on pages 74 to 77.

Examination and Approval of the Financial Statements, Approval of the Consolidated Financial Statements, Proposal for Profit Appropriation for the Year Ended December 31, 2020

PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited and submitted an unqualified opinion on the Consolidated Financial Statements of E.ON SE prepared in accordance with IFRS and the Combined Group Management Report for the year ended December 31, 2020. The IFRS Consolidated Financial Statements exempt E.ON SE from the requirement to publish Consolidated Financial Statements in accordance with German law.

The Supervisory Board reviewed and, at its annual-results meeting on March 23, 2021, thoroughly discussed—in the presence of the independent auditor and with knowledge of, and reference to, the Independent Auditor's Report and the results of the preliminary review by the Audit and Risk Committee—E.ON SE's Financial Statements prepared in accordance with the German Commercial Code, Consolidated Financial Statements, and Combined Group Management Report as well as the Management Board's proposal for profit appropriation. The independent auditor was available for supplementary questions and answers. After concluding its own examination, the Supervisory Board determined that there are no objections to the findings. It therefore acknowledged and approved the Independent Auditor's Report. In addition, the Supervisory Board reviewed and approved the Separate Combined Non-Financial Report.

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

The Supervisory Board examined the Management Board's proposal for profit appropriation, which includes a cash dividend of €0.47 per ordinary share, also taking into consideration the Company's liquidity and its finance and investment plans. After examining and weighing all arguments, the Supervisory Board agrees with the Management Board's proposal for profit appropriation.

Personnel Changes on the Management Board

There were no personnel changes on the E.ON SE Management Board in 2020. Page 250 of this report shows E.ON SE Management Board members' respective areas of responsibility as of year-end 2020.

Personnel Changes on the Supervisory Board

Clive Broutta ended his service on the Supervisory Board at the conclusion of January 31, 2020, owing to the United Kingdom's departure from the European Union. Christoph Schmitz was appointed to succeed him effective February 1, 2020. Effective the end of the 2020 Annual Shareholders Meeting, Andreas Scheidt ended his service on the Supervisory Board, and Miroslav Pelouch was appointed to the Supervisory Board. Effective December 31, 2020, Carolina Dybeck Happe stepped down from the Audit and Risk Committee, and Ulrich Grillo was elected to succeed her. Pages 248 to 249 of this report provide an overview of all members of the Supervisory Board as of December 31, 2020.

Essen, March 23, 2021
The Supervisory Board

Best wishes,

Dr. Karl-Ludwig Kley
Chairman

Strategy and Objectives

Strategy and Objectives

E.ON's Strategy: Leading Partner for the Sustainable and Digital Energy World

Sustainability

In 2020, E.ON adjusted its strategic course by identifying relevant environmental, social, and governance ("ESG") aspects that are important for sustainable action in both a business and a social context: climate protection, health and safety, diversity and inclusion, as well as good corporate governance. Since E.ON also factors ESG aspects into its operating decisions and management processes, integrating sustainability into its corporate strategy is a logical step. E.ON's Sustainability Council, together with the Supervisory Board's Innovation and Sustainability Committee, has developed the following key topics and corresponding mission statements:

WE enable Europe to become carbon-neutral

Climate protection is a key driver for future growth, because operating networks is part of E.ON's core business. Distribution networks in particular serve as a platform for the energy transition and the many possibilities associated with it, such as providing sustainable solutions for customers and helping cities, companies, and residential customers become climate-neutral. In March 2020, E.ON also set ambitious climate targets. E.ON intends to reduce its Scope 1 and Scope 2 emissions (those a company can influence directly) by 75 percent by 2030 and then to become climate-neutral in 2040. E.ON aims to reduce its Scope 3 emissions by 50 percent by 2030 and by 100 percent by 2050. Sustainable energy is therefore a strategic focus area for E.ON.

WE care for our people and foster a diverse, inclusive culture

Diversity, especially social diversity, characterizes the people at E.ON and is the basis for sustainable innovation, continuous improvement, business success, and growth. Diversity should be promoted and enhanced, especially with regard to experience, education, nationality, and the proportion of women in management positions. E.ON has set the goal of improving the health and safety of its employees and business partners and preventing accidents.

WE take sustainability as the guiding principle in business

Sustainability guides E.ON's actions. The integration of sustainability into E.ON's management processes is therefore a logical step. It ensures that E.ON's strategic and operating decisions, business activities, and external communications reflect E.ON's claim to be Europe's leading sustainable energy company. ESG aspects have therefore already been part of many processes, including those designed to reduce risks and gain access to capital markets, which are increasingly geared toward green financing (see E.ON's Green Bond Framework on page 38).

More detailed information about sustainability at E.ON is available in the Separate Combined Non-Financial Report (which starts on page 100 of this report) and in the comprehensive Sustainability Report at www.eon.com.

E.ON's Principles for Achieving a Climate-friendly, Innovative, and Digital Future

The main trends shaping the new energy world are decarbonization, decentralization, and digitization. E.ON's strategic objective is to accelerate progress toward a climate-friendly future by means of smart and robust energy infrastructure and to set international standards for innovation and digital technology. The three principles for achieving this objective are integration, efficiency, and growth.

With regard to the innogy integration, E.ON is right on course to achieve the announced synergies of roughly €740 million by 2022. The integration of innogy's various organizational units into the E.ON Group has nearly been completed. The first sprinter phase was successful; many employees left the Company voluntarily under the socially responsible mechanisms agreed on with employee representatives.

As for higher efficiency, digitization is the central element of E.ON's strategy. By creating a digitization remit on the Management Board, E.ON has underscored this issue's fundamental importance for the ongoing transformation of the entire energy industry and the E.ON Group.

E.ON's growth strategy, which will receive additional support from European economic stimulus packages, foresees extensive investments in the Company's two core businesses: energy networks and customer solutions. About 90 percent of investments across both businesses will go toward energy infrastructure. Around 75 percent of investments will be in the network business. Innovation and R&D are the key to sustainable growth in an increasingly complex energy world and are central to E.ON's growth strategy. In the long term, E.ON considers green hydrogen in particular to be a strategic growth business and is actively helping establish Europe's hydrogen economy. This growth strategy is designed to further enhance the resilience of E.ON's business model and to give the Company a good starting position for the decade ahead.

Energy Networks

Energy networks, which interconnect all sectors of the economy and ensure supply security to customers across Europe, are the backbone of a successful energy transition. The successful integration of innogy has made E.ON the leading distribution system operator ("DSO") in Northern and Central Europe. E.ON's regulated asset base ("RAB") totals about €34.9 billion, and the regulated business generates about 80 percent of its income. This gives E.ON a central role to play in the energy transition's success. After all, the energy system can only become climate-neutral if energy networks are expanded early and sufficiently and are systematically digitized.

Network investments rose to around €3.4 billion in 2020. They enabled the ongoing expansion of the Company's RAB, made its networks more digital, and ensured asset integrity. Growth in the network business, which is driven largely by the energy transition, can be divided into three areas. The first is renewables integration. E.ON has already connected 78 GW of renewables capacity to its networks in Europe. The second is the construction boom and capacity expansion at E.ON's customers along with the ongoing electrification of the transport and heating sectors, which leads to more network connections. Each year, E.ON makes tens of thousands of new electricity and gas grid connections. In addition, large industrial customers with key technologies —such as electromobility, battery manufacturing, and data centers—are being connected to E.ON's networks. The capacity of such connections is similar to that of a major city. Together with energy supplier Mainova and transmission system operator TenneT, E.ON is investing €750 million in and around Frankfurt to enable the power grid to meet the metropolitan area's growing energy needs. The third growth area consists of necessary investments in network maintenance and modernization. E.ON is already using smart operating equipment, sensors, and actuators as well as artificial intelligence to optimize grid utilization and thus to make the energy transition as efficient as possible.

The efficiency of all E.ON DSOs in Germany is above average. Seven out of nine DSOs have an efficiency rating of 100 percent, three of which receive an efficiency bonus for "super efficiency." Two E.ON DSOs in Sweden also have an efficiency rating of 100 percent, another has a rating of 93 percent. E.ON DSOs therefore significantly surpass the Swedish industry average of 87 percent.

In the summer of 2020, E.ON forged an alliance with SAP to build a cloud-based platform that will further improve network billing. E.ON intends for the new platform to handle the processes for around 15 million network customers in Germany by year-end 2023. By standardizing the core processes of network operations, the platform will deliver lasting improvements in service quality and customer satisfaction, while reducing costs by about 40 percent over the long term. In Sweden, E.ON is a pioneer in innovative flexibility services: SWITCH, the Company's digital trading platform there, enables companies whose power requirements are temporarily higher to buy capacity from companies whose requirements are lower. In Hungary, E.ON has developed an innovative, cost-effective mobile battery storage system. Its purpose is to reduce temporary grid congestion, promote distributed generation, increase grid flexibility, and enable energy communities.

In addition, E.ON aims to propel the decarbonization of gas grids by admixing green gases. E.ON subsidiary Hansewerk, for example, is conducting a demonstration project in which a 1 MW combined-heat-and-power plant is fueled entirely with 100 percent hydrogen. The plant, whose gas turbines were modified to burn hydrogen, supplies heat to Othmarschen, a suburb of Hamburg. The purpose is to show how, in the future, green hydrogen—whose production was powered by surplus wind energy—can be used to generate climate-friendly electricity and heat.

Customer Solutions

E.ON's Customer Solutions segment focuses on two established businesses: on the one hand, Energy Infrastructure Solutions ("EIS"); on the other, power and gas sales along with new customer solutions. EIS is a largely capital-intensive, long-term business that provides solutions for industrial, commercial, municipal, and community customers. Power and gas sales is a scalable business model with low capital requirements. It focuses on households and small and medium-sized enterprises. New customer solutions comprise a variety of distributed energy systems for households. These include solar panels, heating devices, energy storage systems, smart home technologies, and eMobility solutions.

E.ON has set a target for its EIS business to continue to grow and to become the preferred partner for innovative energy solutions. E.ON offers a comprehensive portfolio of solutions for energy efficiency, decarbonization of heat production, embedded power generation, and other energy services for cities and districts and for commercial and industrial buildings. E.ON can already build on a strong customer base in Germany, Sweden, and Poland, while the United Kingdom, Italy, the Netherlands, and East-Central Europe offer opportunities for additional growth. EIS's asset portfolio consists of heat, steam, and cooling plants, district heating networks (19 TWh), and embedded generating units at industrial customers (12 TWh). The district heating networks have a system length of more than 5,000 kilometers and integrate a total of 4,100 generating units in 14 countries. In the United Kingdom, for example, E.ON helps its customers develop and implement innovative and cost-effective solutions to decarbonize the heat supply of new housing developments.

Electricity and gas sales—encompassing around 53 million customers across Europe—are a key part of E.ON's portfolio (includes customers in Turkey and ZSE's customers in Slovakia). This business remains clearly focused on profitable net customer growth. To achieve this at competitive costs, E.ON is systematically digitizing and also optimizing its operating models and processes. The Company is conducting two major digital transformation programs in its largest markets. First, around 4 million customers in Germany were migrated to innovative, digital platforms in 2020. The objective is for digital platforms to serve all customers of innogy and E.ON's core brands in Germany by the end of 2022. Second, E.ON is currently building an entirely new business in the United Kingdom: $\text{E.ON}_{\text{Next}}$, which is based on Kraken Technologies' innovative technology platform. Customer centricity and cost efficiency are at the core of $\text{E.ON}_{\text{Next}}$'s business model. The migration of innogy's residential and commercial customers to the new $\text{E.ON}_{\text{Next}}$ digital platform is scheduled to be completed by the end of the first half of 2021. All of E.ON UK's residential customers are to be migrated by year-end 2022. E.ON's business of supplying electricity and gas to commercial customers is sharpening its focus, which reduces its risk portfolio.

The global eMobility market is growing exponentially in response to emission restrictions, government subsidies, and carmakers' strong commitment to electric vehicles. E.ON aims for its network business to leverage the attractive infrastructure potential of this growth by making new connections and expanding network utilization. To enhance Customer Solutions' competitive advantage, E.ON intends to focus its future eMobility activities on the development of charging infrastructure solutions and operations.

Finance Strategy

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

People Strategy

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

Additional information about sustainability is available in the Separate Combined Non-Financial Report (on pages 100 to 115 of this report) and in the Sustainability Report published separately at www.eon.com.

Combined Group Management Report

Corporate Profile

Business Model

E.ON is an investor-owned energy company with approximately 78,000 employees led by Corporate Functions in Essen. The Group has two operating segments: Energy Networks and Customer Solutions. Non-strategic operations are reported under Non-Core Business. In the prior year the Group also had a Renewables segment (see commentary below).

Corporate Functions

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

Energy Networks

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

Customer Solutions

This segment serves as the platform for working with E.ON's customers to actively shape Europe's energy transition. This includes supplying customers in Europe (excluding Turkey) with power, gas, and heat as well as with products and services that enhance their energy efficiency and autonomy and provide other benefits. E.ON's activities are tailored to the individual needs of customers across all categories: residential, small and medium-sized enterprises, large commercial and industrial, sales partners, and public entities. E.ON's main presence in this business is in Germany, the United Kingdom, the Netherlands, Belgium, Sweden, Italy, the Czech Republic, Hungary, Romania, and Poland. Businesses that provide innovative solutions (like E.ON Business Solutions and the eMobility business) are also part of this segment.

Renewables

Substantially all of the operations in this segment were classified as discontinued operations effective June 30, 2018, and deconsolidated effective September 18, 2019. Certain business operations were not transferred to RWE and were reassigned to other segments (see "Special Events in the Reporting Period" below). This refers in particular to e.disnatur operations in Germany and Poland as well as a 20-percent stake in Rampion offshore wind farm in the United Kingdom (on Rampion, see Notes 5 and 37 to the Consolidated Financial Statements). This segment consisted of onshore wind, offshore wind, and solar farms. E.ON planned, built, operated, and managed renewable generation assets.

Non-Core Business

This segment consists of the E.ON Group's non-strategic activities. This applies to the operation and dismantling of nuclear power stations in Germany (which is managed by the PreussenElektra unit) and the generation business in Turkey.

Special Events in the Reporting Period

Resolution Adopted for Personnel Changes in the E.ON SE Management Board Effective April 1, 2021

In December 2020, the E.ON SE Supervisory Board resolved to appoint Leonhard Birnbaum as Chairman of the Company's Management Board and CEO effective April 1, 2021. Birnbaum will succeed Johannes Teyssen. Teyssen joined the Group in 1989, has been a member of the Management Board since 2004, and has led E.ON for more than ten years.

As part of the succession plan for the Group's top leadership, the Supervisory Board also announced that Victoria Ossadnik, currently CEO of E.ON Energie Deutschland GmbH, will be appointed to the E.ON SE Management Board effective April 1, 2021. Ossadnik, who joined the E.ON Group in April 2018, previously spent seven years at Microsoft Corporation, where she most recently led its global Enterprise Service Data and Artificial Intelligence organization. In the future, she will be responsible for the E.ON Group's digitization.

Changes in Segment Reporting

The innogy takeover successfully closed in 2019. Effective January 1, 2020, innogy's operations are no longer managed and disclosed as a separate segment but rather integrated into Energy Networks, Customer Solutions, and Corporate Functions/Other. innogy's network businesses were assigned to Energy Networks. Its power and gas sales along with new customer solutions (such as eMobility services) are reported at Customer Solutions. Corporate Functions/Other includes innogy's corporate functions and internal services. After substantially all of the Renewables segment was transferred to RWE, its remaining businesses are reported at Energy Networks in Germany, Customer Solutions in the United Kingdom, and Corporate Functions/Other.

Customer Solutions' Germany unit now includes the heating business formerly disclosed at its Other unit. In addition, three E.ON Business Solutions companies were transferred from Customer Solutions' Other unit to its United Kingdom unit. Where necessary, the prior-year figures were adjusted accordingly.

Merger Squeeze-out of innogy's Remaining Minority Shareholders Concluded

On March 4, 2020, the Extraordinary General Meeting of innogy SE adopted a resolution to transfer the remaining minority shareholders' innogy stock. The merger squeeze-out adopted at the meeting took effect when the transfer resolution and merger were entered into the Commercial Register on June 2, 2020. In early June 2020 cash compensation totaling €2.4 billion was paid to minority shareholders. The resulting reduction in Group equity mainly affected the retained earnings of E.ON SE shareholders.

At the conclusion of the squeeze-out, the €5 billion in acquisition financing E.ON originally arranged, which had been reduced to €1.75 billion in August 2018, was cancelled.

Accounting of innogy Acquisition Finalized

The accounting of the innogy acquisition was finalized in the third quarter of 2020. New insights gained by September 18, 2020, into the amount of acquisition costs and acquired assets, including goodwill and liabilities, led to retrospective adjustments, including resulting changes to the Consolidated Balance Sheets at December 31, 2019. Goodwill increased by €197 million relative to the figure recorded at year-end 2019, mainly because of changes in the valuation of certain assets acquired in the takeover.

Transfer of innogy Bonds to E.ON Concluded

On August 13, 2020, E.ON launched transactions to harmonize the new E.ON Group's funding structure. These transactions involve E.ON offering innogy bondholders the option to change the debtor of roughly €11.5 billion in bonds to E.ON. The offer gave innogy bondholders the option to hold bonds that have the same status as current E.ON bonds. It will also ensure that all debt investors are treated equally. The transaction was completely concluded in November 2020. 99.95 percent of outstanding innogy bonds were successfully transferred.

European Commission's Conditions for innogy Takeover Fulfilled

With regard to the innogy takeover, the European Commission, among other things, imposed conditions requiring the disposal of certain E.ON and innogy businesses in Eastern Europe.

To fulfill one of these conditions, on July 10, 2020, E.ON and MVM Group signed an agreement regarding the sale of innogy Česká republika a.s. and thus innogy SE's entire electricity and gas retail business in the Czech Republic. Pursuant to IFRS 5, E.ON had already reclassified these innogy operations in the Czech Republic as discontinued operations effective September 30, 2019. The transaction was cleared by the European Commission at the end of October and subsequently closed on October 30, 2020.

Another of the European Commission's conditions was the sale of E.ON Energie Deutschland's heating electricity business in Germany. The portfolio of contracts consists of all special contracts with customers supplied with heating electricity and, if such customers also procure household electricity for which there is a separate meter at the same premises, the corresponding household electricity contract. In preparation for the sale, the portfolio of contracts was separated into two newly founded companies, E.ON Heizstrom Nord GmbH ("EHN") and E.ON Heizstrom Süd GmbH ("EHS"). Pursuant to IFRS 5, due to the obligation to sell these operations, E.ON had reclassified the heating electricity business as a disposal group effective September 30, 2019. The sale of EHN and EHS closed on April 28, 2020.

In addition, on September 23, 2020, E.ON sold its subsidiary E.ON Energiakereskedelmi Kft. ("EKER"), which operates its non-regulated retail electricity business for commercial customers in Hungary, to Audax Renovables. Pursuant to IFRS 5, E.ON had already reclassified EKER's business as a disposal group effective September 30, 2019, owing to its obligation to dispose of these operations.

Previously E.ON had withdrawn from the operation of a number of electric-vehicle charging stations located along motorways in Germany. By closing these transactions E.ON completely fulfilled the antitrust conditions in conjunction with the innogy takeover.

Acquisition of Stake in VSE Holding Successfully Completed

In August 2020 E.ON completed the acquisition of 49 percent of the shares in VSE Holding ("VSEH") from RWE. Extensive decision-making powers over VSEH's business operations give E.ON a controlling influence pursuant to IFRS. VSEH is therefore fully consolidated and accounted for using the acquisition method in accordance with IFRS 3 (see Note 5 to the Consolidated Financial Statements). The purchase price to be paid to RWE was not cash-effective in the 2020 financial year. It was offset against an open receivable in conjunction with the acquisition of RWE's innogy stake, which closed on September 18, 2019. The transaction therefore had no material impact on cash flow in the 2020 financial year.

Operations during the Covid-19 Pandemic

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

In addition, E.ON SE Management Board members used various information channels on Connect, E.ON's intranet platform, to share their views on the pandemic and explain its impact on everyday working life as well as on the Company. The purpose was to inform employees swiftly and comprehensively. Connect not only provided information about the measures taken to contain the Covid-19 pandemic. It also created interactive opportunities for employees to ask questions and to discuss them in town hall meetings. Furthermore, helping employees deal with the impact of the pandemic was and remains one of E.ON's priorities. Where possible, the Company therefore made use of all forms of flexible working arrangements (such as home office and variable working hours) in order to accommodate employees' personal circumstances and needs. Covid-19 also made it necessary to adjust meeting formats. Most meetings were held virtually and still are. In addition, managers have paid even more attention than usual to their employees' well-being and, when needed, have pointed them toward company assistance and support services, such as a confidential social counseling service. This was ensured in several ways, including additional communications and individual coordination at the management level.

As many European countries relaxed the restrictions on public life and the economy in the summer of 2020, E.ON too took steps to enable many of its employees to return to their jobs responsibly. The third quarter of 2020 saw a renewed rise in Covid-19 infections across Europe that continued into the fourth quarter and, in many cases, exceeded the peaks that had been recorded during the lockdown in the spring of 2020. This resulted in many cities and regions being classified as high-risk areas, which in such cases led to additional restrictions on daily life. E.ON is continuously analyzing the risk situation resulting from the Covid-19 pandemic and, if necessary, will take additional measures to contain the pandemic's impact.

During the Covid-19 pandemic, E.ON temporarily shortened work schedules, particularly in the United Kingdom, and availed itself of related government support, which for the E.ON Group is, on balance, negligible. Nevertheless, the employment situation at E.ON has remained very stable over the course of the Covid-19 crisis. In this regard, there have been no noteworthy longer-term effects on employment in the E.ON Group.

Other impacts of the Covid-19 pandemic on E.ON's business are described in the Business Report, the Forecast Report, and the Risks and Chances Report.

Corporate Bonds Issued

In 2020 E.ON issued various corporate bonds totaling €5 billion. The high level of investor demand enabled E.ON to secure favorable interest terms across all maturities (month of issuance in parenthesis):

- €750 million bond maturing in December 2023 with a coupon of 0 percent per year (January)
- €1 billion green bond maturing in September 2027 with a coupon of 0.375 percent per year (January)
- €500 million bond maturing in December 2030 with a coupon of 0.75 percent per year (January)
- €750 million bond maturing in October 2025 with a coupon of 1 percent per year (April)
- €1 billion bond maturing in April 2023 with a coupon of 0.375 percent per year (May)
- €500 million bond maturing in February 2028 with a coupon of 0.75 percent per year (May)
- €500 million green bond maturing in August 2031 with a coupon of 0.875 percent per year (May).

Nord Stream Stake Transferred to Contractual Trust Arrangement ("CTA")

E.ON Beteiligungen GmbH held all of the shares of PEG Infrastruktur AG ("PEGI") and thus an indirect, 15.5-percent stake in Nord Stream AG. Nord Stream AG, a project company founded in 2005, owns and operates two offshore gas pipelines, each with a length of 1,224 kilometers, that transport natural gas from Russia to Germany. In a contract dated December 18, 2019, E.ON Beteiligungen GmbH sold all of its PEGI shares and thus its indirect stake in Nord Stream AG to E.ON Pension Trust e.V. ("EPT") with effect and for the account of the trust assets of MEON Pensions GmbH & Co. KG ("MEON"). The shares were transferred at the end of 2019. The purchase price of €1.1 billion was paid at the start of 2020.

Agreement on Strategic Partnership with Kraken Technologies

In March 2020 E.ON reached a contractual agreement on a strategic partnership with Kraken Technologies, a subsidiary of Octopus Energy. The strategic partnership, E.ON$_{Next}$, uses Kraken Technologies' technology platform and will transform E.ON UK's business with residential and small and medium enterprise customers.

E.ON and Kraken Technologies will further improve the platform in order to offer outstanding customer service founded on the principles of customer orientation, simplicity, transparency, and cost-efficiency. In the first phase, npower's customers are currently being migrated to the new platform; E.ON UK's customers will be migrated in the second phase. By the end of December 2020, nearly 70 percent of npower's residential customer contracts had been transferred to E.ON$_{Next}$.

Sale of Real Estate Assets

Fully consolidated E.ON Group companies E.ON NA Capital, Inc. and E.ON RE Investments LLC transferred real estate assets in the amount of roughly US$288 million to other entities in 2020; US$265 million was transferred to the trust assets of E.ON Pension Trust e.V., which is not fully consolidated. The payments of the purchase price were made primarily in 2020.

Acquisition of Residual Power Output Rights

In 2020 a total of 19 TWh of residual power output rights were acquired from the company that operates Krümmel nuclear power plant ("NPP") and transferred to Grohnde (3 TWh in October 2020), Isar II (6 TWh in February 2020), and Brokdorf (5 TWh each in February and December 2020), NPPs managed by PreussenElektra. The legal framework ensures the supply of all NPPs operated by E.ON with additional amounts of residual power output (for more information, see pages 61 and 62 of the Risk and Chances Report as well as Notes 29 and 37 to the Consolidated Financial Statements).

Reorganization of E.ON's Business in Hungary

In early October 2019 E.ON acquired EnBW's 27-percent stake in ELMŰ Nyrt. ("ELMŰ") and ÉMÁSZ Nyrt. ("ÉMÁSZ"). Subsequently, E.ON, MVM Magyar Villamos Művek Zrt. ("MVM," a shareholder of ELMŰ and ÉMÁSZ), and Opus Global Nyrt. ("Opus") signed a framework agreement. This agreement enables E.ON to give itself a balanced and optimized portfolio in Hungary that will also make it possible to swiftly integrate innogy's operations there.

The agreement is expected to be fully implemented in 2021 after clearance by the relevant agencies. This will give MVM 100 percent of distribution operator ÉMÁSZ, ÉMÁSZ Hálózati Kft. ("ÉMÁSZ DSO"), and a 25-percent stake in E.ON Hungária Zrt. (including the innogy holding companies, ELMÜ Zrt. and ÉMÁSZ Zrt.). In addition, Opus is to acquire current E.ON subsidiary E.ON Tiszántúli Áramhálózati Zrt. ("E.ON ETI"). Pursuant to IFRS 5, ÉMÁSZ DSO as well as E.ON ETI were reclassified as a disposal group effective December 31, 2020. E.ON ETI assets and liabilities had already been reclassified as a disposal group in 2019.

New Central Commodity Procurement Entity, E.ON Energy Markets, Founded

On October 1, 2020, newly founded E.ON Energy Markets GmbH ("EEM") began operating as the Group's commodity procurement entity. EEM gives affiliated Group companies access to outside trading markets (which have previously been conducted decentrally) and bundles the resulting risks. Alongside innogy Commodities GmbH, EEM provides market access for E.ON's portfolio in Germany. In the future, EEM will handle power and gas procurement for other E.ON companies in Germany and elsewhere.

Management System

E.ON's corporate strategy aims to deliver sustainable growth in shareholder value. E.ON has in place a Group-wide planning and controlling system to assist its in planning and managing the Group as a whole and its individual businesses with an eye to increasing their value. This system ensures that E.ON's financial resources are allocated efficiently. E.ON strives to enhance its sustainability performance efficiently and effectively as well. It embeds these expectations progressively more deeply into its organization—across all organizational entities and all processes—by means of binding Group-wide policies (for more information, see the Separate Combined Non-Financial Report on pages 100 to 115).

Key Performance Indicators

In the 2020 financial year, E.ON's most important key performance indicators ("KPIs") for managing its operating business were adjusted EBIT and cash-effective investments. Other KPIs for managing the E.ON Group are cash-conversion rate, adjusted net income, earnings per share (based on adjusted net income), and debt factor. In the prior year, the Combined Group Management Report's presentation of sales and the KPIs relevant for management control also included the results of discontinued operations in the Renewables segment that were deconsolidated effective September 18, 2019. Pages 34 to 36 of the Combined Group Management Report and Note 35 to the Consolidated Financial Statements contain reconciliations of these indicators to the disclosures in the E.ON SE and Subsidiaries Consolidated Statements of Income, Consolidated Balance Sheets, and Consolidated Statements of Cash Flows.

Adjusted earnings before interest and taxes ("adjusted EBIT") is E.ON's most important KPI for purposes of internal management control and as an indicator of its businesses' long-term earnings power. The E.ON Management Board is convinced that adjusted EBIT is the most suitable KPI for assessing operating performance because it presents a business's operating earnings independently of non-operating factors, interest, and taxes. The adjustments include net book gains, certain restructuring expenses, impairment charges and reversals, the marking to market of derivatives, and other non-operating earnings (see the explanatory information on pages 34 to 36 of the Combined Group Management Report and in Note 35 to the Consolidated Financial Statements).

In addition, the effects of the subsequent valuation of hidden reserves and liabilities that were identified as part of the purchase-price calculation and allocation for the innogy transaction are disclosed separately.

Cash-effective investments are equal to the investment expenditures shown in the E.ON Group's Consolidated Statements of Cash Flows. In the prior year, these included the investments of discontinued operations in the Renewables segment until they were deconsolidated effective September 18, 2019.

Cash-conversion rate is equal to operating cash flow before interest and taxes divided by adjusted EBITDA. It indicates whether E.ON's operating earnings are generating enough liquidity. The expenditures for the dismantling of nuclear power stations that are included in operating cash flow before interest and taxes are not factored into cash-conversion rate. To balance out fluctuations that result primarily from payments around the balance-sheet date, E.ON will manage its cash-conversion rate by means of a target figure over the three years of the medium-term plan.

Adjusted net income is an earnings figure after interest income, income taxes, and non-controlling interests that has likewise been adjusted to exclude non-operating effects (see the explanatory information on page 36 of the Combined Group Management Report).

E.ON manages its capital structure by means of its debt factor (see the section entitled Finance Strategy on page 37). Debt factor is equal to economic net debt divided by adjusted EBITDA and is therefore a dynamic debt metric. Economic net debt includes net financial debt as well as pension and asset-retirement obligations.

Other KPIs

Alongside E.ON's most important financial management KPIs, the Combined Group Management Report includes other financial and non-financial KPIs to present the performance of E.ON's operating business and as part of E.ON's responsibility for all its stakeholders: employees, customers, shareholders, bond investors, and the countries in which the Group operates. Operating cash flow, power and gas passthrough and sales volume, and selected employee information are examples of other KPIs.

In addition, some KPIs are important for E.ON as a customer-focused company. For example, E.ON's ability to acquire new customers and retain existing ones is crucial to the Company's success. Net promoter score ("NPS") measures customers' willingness to recommend E.ON to a friend or colleague. Our The Sustainability Report and the Separate Combined Non-Financial Report describe how NPS fits into the Company's management approach.

However, these other KPIs are not the focus of the ongoing management of E.ON's businesses.

Innovation

Innovations are an important element of E.ON's business operations. The transition of today's energy system toward a distributed, digital, and sustainable energy world goes hand in hand with the use of new technologies and the development of new, innovative business models. E.ON's focus is on its core businesses: energy networks, regulated and market-based energy infrastructure, and customer solutions for its commercial and residential customers. Innovations in these businesses make a significant contribution to E.ON's future and competitiveness and the implementation of the energy transition in Europe.

In a distributed energy system, E.ON will be even more of an energy service provider for its business partners and customers. In a world in which every household and every company can be an energy producer, roles established over many years will change. Tomorrow's customers will be partners who may be energy producers and traders as well as energy consumers. At the same time, more and more renewable power will be fed into the grid. These parallel trends—more market participants and more renewables feed-in—pose significant technical and organizational challenges for grid management. Increasingly, managing distributed feed-in requires new technologies like artificial intelligence. In addition, E.ON's innovation activities are focusing increasingly on the Internet of Things ("IoT") and corresponding data processing systems. The purpose is to give E.ON the capability in the future to manage a much more complex energy system that can no longer be controlled by humans alone.

In 2020 Group Innovation adopted a new 360-degree innovation approach. It combines E.ON's own innovation activities and outside collaborations in a single entity. This strengthens E.ON's partnerships with other innovative and global companies, start-ups, universities, other institutions, and thought leaders. The new 360-degree innovation approach has the following core elements:

Forging Strategic Partnership with Startups, Blue Chips, and Technology Companies

Together with innovative partners, E.ON is exploring which technologies, applications, platforms, and services will become relevant in the future and can provide the best and most sustainable solution for customers. Partnering with startups, technology groups, and other innovative companies in the years ahead will enable E.ON to differentiate itself from competitors much more by means of innovation than productivity gains. E.ON already uses cross-industry knowledge sharing as a catalyst for progress and to accelerate the energy transition. In 2020, E.ON business units concluded commercial agreements totaling €12 million with 24 start-ups from E.ON's investment platform to test new technologies and their customer acceptance in its operating business. If test results are successful, these solutions can be deployed at other E.ON business units, enabling E.ON to tap new growth areas for future business. E.ON focuses on areas like sustainability, customer centricity, eMobility, and IoT services for the digitization of its network and sales businesses.

Partnering with Universities and Other Scientific Institutions

Together with the E.ON Energy Research Center at RWTH Aachen University, E.ON is pursuing a wide range of research and development activities to identify technology trends at an early stage and assess their economic potential for the Company's future business. E.ON and the E.ON Energy Research Center launched 12 new joint projects and 14 studies in 2020. The knowledge gained from them can be integrated more quickly into E.ON's ongoing innovation projects at its business units. The annual budget for the partnership with RWTH amounts to approximately €2 million. E.ON is also in contact with other leading scientific institutions and universities in Germany in order to help shape the implementation of the country's energy transition. In addition, E.ON contributes its expertise to statements of the German science academies on policy, technological, and regulatory issues. In this way, E.ON and its partners also support the implementation of the European Green Deal, whose purpose is to make the European Union's economy climate-neutral by 2050.

Expanding and Integrating In-house Innovations into E.ON's Existing Business

E.ON is one of Europe's largest distribution system operators and energy suppliers. It is therefore well placed to play a key role in shaping the energy transition. Sector integration is expanding the energy supply business beyond its traditional boundaries. This is already enabling E.ON to establish new businesses in industry, transport, buildings, and infrastructure. E.ON's innovative solutions are already helping a variety of industries embrace green growth and develop individually tailored solutions for industrial and residential customers. As part of this effort, Group Innovation conducts projects in four main areas: industrial automation and electrification, energy grids and city solutions, connected mobility, and connected lifestyle.

IElectrix is a pilot project for innovative energy concepts in the distributed and digital energy system of the future. It is part of European Horizon 2020, the European Union's largest research and innovation initiative. E.ON is responsible for the technical management of IElectrix, which will run for three and a half years. In IElectrix, E.ON is testing mobile storage systems for distribution grids in Germany and demonstrating their advantages in a real-world setting. E.ON's IElectrix project partners—E.ON Hungária in Hungary, Stadtwerke Güssing in Austria, and Tata Power in India—are conducting real-word demonstrations in their countries. The purpose of all these demonstration projects is to yield test results, by 2022, on the possibilities for making greater use of renewable electricity in the immediate vicinity of its production. After successful piloting of the technologies, all major elements of energy control can be brought together: energy storage, locally generated renewable energy, smart grid control, flexibility services, and new commercial marketing models. IElectrix's objective is to demonstrate that storage systems can give distribution grids greater flexibility, thereby enhancing grid stability and supply security. IElectrix is one of the ways E.ON is making a significant contribution to developing technical solutions for a more environmentally friendly and resilient energy supply in all regions of Europe: for cities and districts as well as remote, rural areas.

The future of mobility is another key innovation area for E.ON. In order for eMobility to become established in the marketplace, E.ON considers improvements in charging infrastructure and the use of new storage options to be key challenges. E.ON's innovation team is testing new technologies to increase the quality of charging processes. The technologies include artificial intelligence, robotics, and new approaches to distributed energy management. One result is OMNe, an innovative digital tool that provides E.ON's business customers with comprehensive advice on enlarging their charging infrastructure for electric vehicles ("EVs"). With the percentage of EVs in fleets growing continually, E.ON's digital advice tool meets the demand for swiftly adding significant charging infrastructure. However, installing EV charging stations changes a facility's power consumption and load profile. Finding the most cost-effective solution requires a comprehensive view that takes into account all variables: the number of vehicles, parking duration, load profile, grid connection, and a company's energy consumption targets. OMNe enables any company to plan the installation or expansion of charging infrastructure in just a few minutes.

Group-wide Transparency on Innovation Activities

In order to continually leverage innovations to generate growth businesses for E.ON, Group Innovation initiates cross-divisional innovation and competence networks, which ensure that new innovative business activities are undertaken throughout the E.ON Group. In 2020 E.ON developed a new reporting system for this purpose, the Innovation Dashboard, which provides comprehensive transparency on all central innovation activities and product developments and displays information on their current status quo and expected monetization. It yields real-time insights for monitoring innovation performance and thus serves as an improved database for decision-making.

Inventions and Patents

Partnerships and research and pilot projects of today become E.ON's innovations of tomorrow. These ideas also lead to a large number of inventions that result in patent applications. To protect intellectual property, E.ON has made patenting an integral part of its innovation strategy.

E.ON's Equity Investment and Partnership Platform

To help shape tomorrow's decarbonized, distributed, and digital energy system, it is important to have access to the latest technologies and business models as well as entrepreneurs and startups in the world's leading innovation hubs. In 2020 E.ON founded Future Energy Ventures, a new equity investment and partnership platform that secures E.ON's access to outside innovation and combines E.ON and innogy's co-investment portfolios. Future Energy Ventures has offices in Palo Alto (USA), Tel Aviv (Israel), and Berlin and Essen (Germany). It invests in digital and digitally enabled technologies and business models that have the potential to fundamentally change and shape the energy system of the future.

Toward a Global Innovation Network

E.ON supports its development of new business models by establishing networks. In 2020 the Company further expanded its international partnerships with leaders from other industries as well as leading universities, institutions, and startups. In October 2020, for the first time more than 5,000 participants from 63 nations took part in E.ON's virtual Energy Innovation Days conference. The conference focused on the challenges facing the energy industry and the use of innovation to shape a sustainable energy world.

Business Report

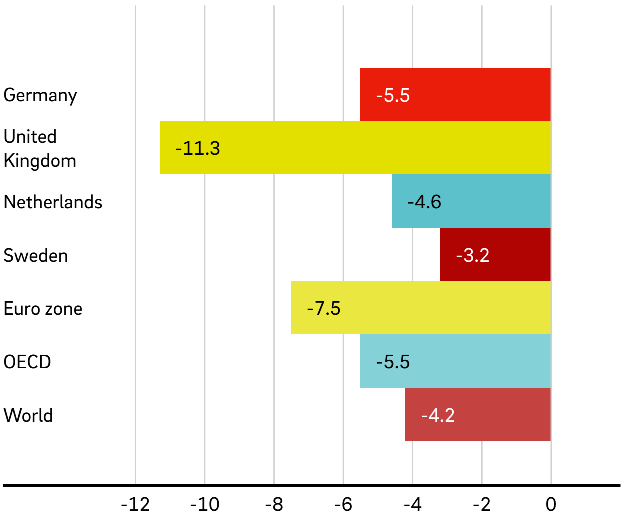
Macroeconomic and Industry Environment

Macroeconomic Environment

After growing moderately in 2019, the global economy slumped significantly in 2020, contrary to the original growth forecasts from 2019. The global Covid-19 pandemic was mainly responsible. The large number of possible scenarios for the pandemic's spread makes it difficult to forecast global economic development in 2021 as well. Amid a global recession, the unemployment rate in OECD countries rose sharply. The closure of national borders intended to slow the spread of Covid-19 restricted freedom of movement, which had an adverse impact on global economic development. Industry, commerce, and trade had to reduce production worldwide in 2020. The degree of reduction depended on the pandemic's spread and the restrictions on employees and consumers, which varied by country and region. As a result, energy consumption declined worldwide. For example, the European Network of Transmission System Operators for Electricity ("ENTSO-E") reported that Germany's total electricity demand fell by 3 percent relative to 2019, Britain's by 6 percent, Spain and France's by 5 percent, and Italy's by fully 8 percent.

GDP Growth in Real Terms in 2020

Annual change in percent



Source: OECD, 2020.

Alongside the pandemic, the Brexit negotiations were a key factor in 2020. The Brexit transition period, which was supposed to provide time to work out exit arrangements, concluded at the end of December 2020. Effective the beginning 2021, the United Kingdom is no longer part of the EU single market. Shortly before this, the European Union and the United Kingdom concluded a trade and cooperation agreement that, among other things, avoids tariffs.

Energy Policy and Regulatory Environment

Global

The United States' withdrawal from the Paris Climate Agreement initiated by the President Donald Trump became official on November 4, 2020. One of the world's largest industrialized nations and carbon emitters was therefore no longer part of the global climate dialogue. However, shortly after the new President, Joseph Biden, took office in January 2021, the United States rejoined the Paris Climate Agreement. Biden had indicated prior to his inauguration his intention of continuing the fight against climate change.

The pandemic necessitated the postponement of the United Nations Framework Convention on Climate Change, 26th Conference of the Parties ("COP 26") in Glasgow, which was originally scheduled for November 2020. COP 26 is now scheduled to begin on November 1, 2021. In addition, EU representatives and Chinese delegates had been planning to hold talks in Glasgow with the aim of bringing the People's Republic of China closer to the Paris Climate Agreement. In September 2020 President Xi Jinping made a surprise announcement that China—one of the world's largest emitters of greenhouse gases ("GHGs")—would strive for carbon neutrality by 2060. This announcement itself is a sign of progress in international climate-protection efforts.

Europe

In March 2020 the European Commission proposed a draft European Climate Law as part of the European Green Deal. The draft initially foresaw a 40-percent reduction in GHG emissions by 2030 and climate neutrality by 2050. Following an evaluation of the GHG reduction target in September, the Commission proposed a higher target of at least 55 percent by 2030. The European Commission is currently developing strategies and proposals as a basis for implementing the measures necessary to reach this target. These include a European structural and investment fund, a hydrogen strategy, and the 2030 climate target plan.

Germany held the EU Council Presidency in the second half of 2020. Work focused on the fight against the Covid-19 pandemic and its impact, the crafting of a multiannual financial framework, future relations with the United Kingdom, climate protection, digitization, and Europe's global role.

In December 2020 the European Parliament and EU Council finally agreed on the €1.82 trillion financial framework for 2021 to 2027 and the €750 billion EU economic stimulus package. The latter's purpose is to help member states' economies recover from the repercussions of the Covid-19 pandemic. The Green Deal, which was unveiled at the end of 2019 and aims to reduce the European Union's net GHG emissions to zero, is the centerpiece of the EU's Covid-19 recovery package. The EU heads of state and government also endorsed the 55-percent reduction target.

Germany

The German government took a number of steps during 2020 to mitigate the economic slump resulting from the Covid-19 pandemic. For example, in March the Bundestag passed legislation that applied to ongoing obligations, such as electricity and gas supply contracts. The legislation allows residential customers and small businesses to suspend payments for electricity and gas for three months if they can demonstrate that they face economic hardship as a result of the Covid-19 pandemic. In early June 2020 the German government adopted a €130 billion economic stimulus package for 2020 and 2021. It reduced the value-added tax in the second half of 2020 and allocates funds to energy, climate protection, and green mobility. Beginning in 2021, €11 billion alone will be used to stabilize the renewables surcharge. The federal rebate for the purchase of an electric vehicle was doubled, and an additional €2.5 billion is earmarked to support the expansion of charging infrastructure. Other aid measures for trade and industry were enacted amid the restrictions on public life imposed in November and December 2020.

The climate action program adopted by the German federal government at the end of 2019, which included the pricing of carbon emissions in the building and transport sectors, was amended in November 2020. The Fuel Emissions Trading Act (German abbreviation: "BEHG") steepened the rate of increase for carbon allowances in particular. The starting price will be €25 per metric ton of carbon dioxide in 2021. This will gradually increase to €55 per metric ton in 2025. Proceeds from the BEHG will be used primarily to reduce the renewables surcharge. Through the use of BEHG proceeds and general budget funds, the renewables surcharge is to be capped at 6.5 cents per kWh in 2021 and 6 cents per kWh in 2022.

In June 2020 the German federal government announced its national hydrogen strategy, which aims to develop a market for hydrogen produced, in particular, from renewable sources. Its purposes are to help Germany achieve its climate targets and to incentivize investment in technologies suitable for export. It provides roughly €7 billion in funding, which will go toward, among other things, installing up to 5 GW of electrolysis capacity by 2030. Another €2 billion is to be made available for international partnerships.

The Coal Exit Act (German abbreviation: "KAusG") adopted in August 2020 provides for the phaseout of coal-fired power generation in Germany by 2038. It includes a coal-replacement bonus, which is intended to promote the conversion of newer power plants in particular to gas (combined heat and power). E.ON plans to shut down its few remaining coal-fired power plants as early as year-end 2030.

The Renewable Energy Sources Act (German abbreviation: "EEG"), which was amended at the end 2020, provides details on the expansion and promotion of renewables. Among other things, it includes growth trajectories for the construction of renewables facilities. The amendment also contains regulations for the continued operation of renewables facilities whose subsidies would have expired on January 1, 2021.

On September 29, 2020, the Federal Constitutional Court issued a ruling: the judges of the First Senate called on lawmakers to make the compensation mechanism for the nuclear phaseout clear and legally robust and at the same time to regulate the handling of prorated residual power output rights. This could affect E.ON's business.

United Kingdom

The United Kingdom exited the European Union effective February 1, 2020. Effective the close of December 31, 2020, it is no longer part of the EU's single market. This will not have a significant impact on E.ON's business in the United Kingdom. The Brexit debate dominated Britain's political agenda, as did the Covid-19 pandemic, which resulted in the U.K. economy contracting by around 11 percent in 2020.

Nevertheless, combating climate change remains a high priority for the British government. In March 2020, for example, it announced subsidies for low-carbon heating systems and for the decarbonization of district heating networks. Up to £3 billion in investments are planned for 2020 and 2021 under green stimulus plans called the Green Homes Grant and the Public Sector Decarbonization Program. In November 2020 the Prime Minister published a Ten-Point Plan for a Green Industrial Revolution, which includes the installation of 600,000 heat pumps per year from 2028 onward and a ban on the sale of new gasoline and diesel cars from 2030 onward. The United Kingdom also adopted an ambitious 68 percent emissions reduction target for 2030. The retail price cap introduced by the U.K. government is expected to be reviewed by Ofgem, the U.K. energy regulator, in the second half of 2021. The final decision on the price cap rests with the government.

Netherlands/Belgium

Numerous government support measures, including tax breaks and loan guarantees for companies, limited the Covid-19 pandemic's impact on the Dutch economy. The Netherlands' main energy policy issue of 2020 was the implementation of the climate agreement (Dutch: "Klimaatakkoord") adopted in 2019. The agreement consists of a set of measures to make the Netherlands more sustainable by 2030 (target: a 49-percent reduction in carbon emissions). It encompasses the expansion of renewables, the phaseout of fossil energy production, and a more sustainable approach to the environment. The measures include building insulation and the use of gases made from renewable sources. The Energy Act and the Heat Act, which are to establish the rules for the country's future energy supply, were still being drafted at the time of this report's preparation and are not expected to be completed before the election of members of the second chamber, which is planned for the second half of March 2021.

Italy

The Italian central government responded to the outbreak of the Covid-19 pandemic by issuing numerous decrees aimed at mitigating financial repercussions (such as from business closures) for companies and households. The measures included a temporary disconnection ban for insolvent electricity customers with low consumption.

The "Milleproroghe" decree of December 30, 2019, which was adopted as Law No. 8 on February 28, 2020, transposed into national law the provisions of the EU Renewable Energy Directive II aimed at promoting the use of renewable energy. The degree also postponed the liberalization of Italy's energy market.

Sweden

The contact restrictions imposed by Sweden at the start of the Covid-19 pandemic were less strict than those of other countries. One result of this was a smaller reduction in energy demand.

The government, which was formed at the start of 2019, created the Swedish Climate Policy Council, consisting of eight ministers and chaired by the prime minister. The council's purpose is to ensure that Sweden becomes the first country to stop using fossil fuels. The Ministry of the Environment and Energy is currently working on an electrification strategy. The Ministry of Infrastructure established an electrification committee for the transport sector, which will be active until the end of 2022. In April 2020 a waste-incineration tax took effect; its purpose is to increase revenues from environmental taxes. In addition, the formation of a parliamentary majority continues with regard to certain aspects of electricity grid regulation.

East-Central Europe

The Covid-19 pandemic considerably weakened the Czech economy. The introduction of a new energy law was announced but is not expected to take effect until January 2023. The governing party's goal remains to support the completion of a nuclear power plant that will secure the country's energy supply over the long term.

Hungary's government and parliament adopted and reaffirmed climate and energy strategies and plans with targets for 2030 and 2050. These include phasing out coal production by 2030 and achieving climate neutrality in 2050. The start of the regulatory period for energy networks, originally scheduled for January 1, 2021, was postponed until March 31, 2021. The government continues to foresee the introduction of smart meters and a plan for the mandatory implementation of energy-saving and energy-efficiency measures.

In view of the Covid-19 countermeasures, Poland postponed the imposition of consumer fees, which were to be part of the establishment of a capacity market, from October 2020 to January 2021. During 2020 Poland's government adopted a number of what it called Covid-19 safeguards, including tax exemptions and the granting of microcredit and loans to businesses. In September the government and miners' unions reached a tentative agreement to close the country's coal mines by 2049.

Croatia is expected to amend legislation relating to energy efficiency and renewable energy in 2021. Important developments in the energy sector relate to the gas market: an LNG terminal became operational on January 1, 2021, and in April 2021 the residential gas market is supposed to be opened to competition.

In March 2020 a new government was formed in Slovenia under Prime Minister Janez Janša after the previous prime minister and government resigned in January 2020. In October the government presented a draft for a new Electricity Supply Act to transpose the EU electricity market directives into national law. This was followed in November by draft legislation to promote renewable energy. Neither draft was enacted by the end of 2020, and the consultations had not been completed at the time of this report's preparation.

Romania's economy too was adversely affected by the Covid-19 pandemic. The government and state agencies responded, for example, by awarding subsidies to small and medium-sized enterprises. In 2020 Romania's parliament passed two amendments to the Energy Law that have implications for the activities of distribution system operators. These include the obligation to connect customers and to speed up the grid-connection process. The gas market was liberalized effective July 1, 2020 (which affects wholesale and retail prices). This was followed by the liberalization of the electricity market effective January 2021. The government unveiled a new energy strategy in November 2020 but had not yet adopted it by the time of this report's preparation.

Business Performance

The 2020 financial year was shaped by the Covid-19 pandemic. Factoring in countermeasures, the impact of the Covid-19 pandemic adversely affected the Group's 2020 earnings by a figure in the low to mid three-digit million euro range. These effects occurred mainly at the U.K. sales business and the network business in Germany. They consist primarily of lower sales and an increase in other operating expenses. Despite these challenges, E.ON's operating business delivered a solid performance.

Sales of €60.9 billion were €19.7 billion above the prior-year figure. The increase resulted largely from the inclusion of the innogy Group for the entire year.

Adjusted EBIT for the E.ON Group of about €3.8 billion was about €0.6 billion above the prior-year level and thus below the forecast range of €3.9 to €4.1 billion. Adjusted net income of €1.6 billion was slightly above the prior-year level and thus likewise below the forecast range of €1.7 to €1.9 billion. Earnings per share, which are based on adjusted net income, amounted to €0.63 in the reporting period (prior year: €0.67). These results are principally attributable to the Covid-19 pandemic's economic repercussions. Adjusted EBIT and adjusted net income are both within the forecast ranges that were adjusted in August 2020.

In addition, E.ON recorded a cash-conversion rate of 91 percent in the 2020 financial year. Cash-conversion rate is equal to operating cash flow before interest and taxes (€5.9 billion) divided by adjusted EBITDA (€6.9 billion), without factoring in payments for the dismantling of nuclear power stations (roughly -€0.4 billion). E.ON continues to expect to achieve an average cash-conversion rate of 95 percent for the 2020 to 2022 financial years.

Cash-effective investments of €4.2 billion were significantly below the prior-year figure of €5.5 billion and the €4.5 billion forecast for 2020 in the E.ON 2019 Annual Report. This deviation from the original forecast is attributable to subsequent purchase-price reductions in conjunction with the innogy acquisition. These payments for E.ON's account reduce cash-effective investments. Including this effect, cash-effective investments were within the forecast range that was adjusted in August 2020.

Cash provided by operating activities of continuing and discontinued operations of €5.3 billion was considerably above the prior-year level (€3 billion). The inclusion of the innogy Group for the entire year was the principal reason.

Acquisitions, Disposals, and Discontinued Operations in 2020

In 2020 E.ON executed the following significant transactions and made the following reclassifications pursuant to IFRS 5. Note 5 to the Consolidated Financial Statements contains detailed information about them:

- Accounting of innogy acquisition concluded
- Acquisition of a 49-percent stake in VSE Holding
- Disposal of innogy's sales business in the Czech Republic
- Disposal of the heating electricity business in Germany
- Disposal of E.ON's non-regulated commercial electricity end-customer business in Hungary
- Disclosure of the 20-percent stake in Rampion offshore wind farm as an asset held for sale
- Disclosure of both E.ON ETI and ÉMÁSZ DSO as a disposal group
- Disposal of real estate assets.

Cash provided by investing activities of continuing operations included cash-effective disposal proceeds totaling €2.8 billion in 2020 (prior year: €0.3 billion).

Earnings Situation

Sales

E.ON's sales in 2020 increased by €19.7 billion year on year to €60.9 billion.

Energy Networks' sales of €18.3 billion surpassed the prior-year figure by €6.2 billion. This is principally attributable to the inclusion of innogy operations, primarily in Germany (+€5.4 billion).

Customer Solutions' sales rose by €16.5 billion to €48.3 billion. This increase likewise resulted mainly from the inclusion of innogy, in particular in Germany (+€9.6 billion), the United Kingdom (+€4.5 billion), and the Netherlands/Belgium (+€2 billion).

Substantially all of the Renewables segment was transferred to RWE in September 2019. Its operations that remain at E.ON are disclosed in other segments (see page 21). Effective 2020 the Renewables segment therefore no longer exists.

Sales at Non-Core Business increased significantly year on year, in particular because PreussenElektra benefitted from higher sales prices. This was partially offset by a decline in sales resulting from the transfer of stakes in power stations to RWE in September 2019.

Sales recorded at Corporate Functions/Other of €2.7 billion were €1.9 billion above the prior-year figure. The increase is mainly attributable to in-house services performed for innogy companies and to E.ON Energy Markets and innogy Commodities GmbH (see page 24), the Company's entities for energy procurement, which are reported at this segment.

Sales[1, 2]

	Fourth quarter			Full year		
€ in millions	2020	2019	+/- %	2020	2019	+/- %
Energy Networks	5,252	4,970	+6	18,284	12,098	+51
Customer Solutions	13,996	14,845	-6	48,342	31,794	+52
Renewables	–	–	–	–	948	–
Non-Core Business	360	308	+17	1,388	1,174	+18
Corporate Functions/Other	1,749	300	+483	2,702	784	+245
Consolidation	-3,727	-2,537	–	-9,772	-5,514	–
E.ON Group	**17,630**	**17,886**	**-1**	**60,944**	**41,284**	**+48**

[1]Includes the discontinued operations in the Renewables segment until September 18, 2019. Sales from continuing operations amounted to €40.8 billion in 2019.
[2]Adjustment of prior-year figures in the context of "failed-own-use"-accounting with no impact on earnings.

Other Line Items from the Consolidated Statements of Income

Own work capitalized of €680 million was 40 percent above the prior-year figure of €487 million. The increase is mainly attributable to the inclusion of innogy for the entire year for the first time. Own work capitalized consisted predominantly of ongoing and completed IT projects as well as network investments.

Other operating income totaled €8,907 million in 2020 (prior year: €5,367 million). Income from currency-translation effects of €1,064 million and income from derivative financial instruments of €5,906 million were considerably above the prior-year figures (€327 million and €3,378 million, respectively). Corresponding amounts resulting from currency-translation effects and derivative financial instruments are recorded under other operating expenses. The sale of equity interests and securities resulted in income of €411 million (prior year: €525 million).

Costs of materials of €47,147 million were substantially above the prior-year level of €31,434 million. Personnel costs rose by €1,765 million, from €4,101 million to €5,866 million. These developments resulted mainly from the inclusion, for the first time, of the innogy Group for the entire year in 2020.

Depreciation charges rose from €2,489 million in 2019 to €4,166 million in 2020. This change mainly reflects the inclusion of innogy for part of 2019 and all of 2020. Planned depreciation charges in 2020 were recorded primarily at Energy Networks in Germany; impairment charges, principally in connection with the restructuring of the network business in Hungary, which is recorded at Energy Networks' East-Central Europe unit.

Other operating expenses increased by 44 percent, from €7,570 million to €10,919 million, chiefly because expenditures relating to derivative financial instruments (including changes in currency rates) rose by €1,488 million to €5,787 million. Expenditures relating to currency-translation effects were also higher, increasing by €216 million to €641 million.

Income from companies accounted for under the equity method of €408 million was slightly below the prior-year figure of €421 million. Higher earnings from innogy subsidiaries resulting from their inclusion, for the first time, for the entire year were more than offset by the absence of equity income from the stake in Nord Stream, which was transferred to the CTA at the end of 2019 (see page 23), and by the low earnings contributions from the shareholdings in Turkey.

Adjusted EBIT

For the purpose of internal management control and as the most important indicator of businesses' long-term earnings power, E.ON uses earnings before interest and taxes that have been adjusted to exclude non-operating effects ("adjusted EBIT"). The prior-year figure includes the operating earnings of the discontinued operations in the Renewables segment prior to their deconsolidation on September 18, 2019.

The core business's adjusted EBIT in 2020 rose significantly —by €509 million—year on year. Energy Networks' adjusted EBIT was €752 million above the prior-year level. The inclusion of innogy's operations in Germany was the principal reason. A lower regulated return in Sweden was the primary countervailing factor. In addition, earnings in Germany declined owing to milder weather and Covid-19 pandemic's repercussions. However, these effects will be largely offset in subsequent years.

Adjusted EBIT at Customer Solutions rose by €104 million year on year. The inclusion of innogy businesses, particularly in Germany and the Netherlands/Belgium, contributed to the increase. Adjusted EBIT also rose primarily because of significant cost savings in the previous E.ON business in the United Kingdom. These items were partially offset primarily by the negative earnings of innogy's U.K. operations and weather-related effects at the previous E.ON sales business in Germany and the United Kingdom. In addition, the repercussions of Covid-19 had an adverse impact on earnings, primarily in Germany and the United Kingdom.

Substantially all of the Renewables segment was transferred to RWE in September 2019. Its operations that remain at E.ON are disclosed in other segments (see page 21). Effective 2020 the Renewables segment therefore no longer exists.

Corporate Functions/Other's adjusted EBIT declined by €47 million year on year to -€350 million, especially because of the inclusion of innogy's corporate functions for the entire reporting period. Another adverse factor was that the prior-year figure included earnings on the stake in Nord Stream AG, which was transferred to the CTA at the end of 2019.

The E.ON Group's adjusted EBIT was €556 million above the prior-year figure. The increase resulted primarily from the aforementioned items in the core business and at Non-Core Business. PreussenElektra's adjusted EBIT was slightly higher, in particular because of higher sales prices, which were partially offset by higher expenditures for residual power output rights and a decline in earnings resulting from the transfer of stakes in power plants to RWE. By contrast, equity earnings from Enerjisa Üretim in Turkey declined significantly.

Adjusted EBIT

€ in millions	Fourth quarter 2020	2019[1]	+/- %	Full year 2020	2019[1]	+/- %
Energy Networks	922	907	+2	3,253	2,501	+30
Customer Solutions	76	290	-74	454	350	+30
Renewables	–	–	–	–	301	–
Corporate Functions/Other	-32	-222	+86	-350	-303	-16
Consolidation	7	-3	–	6	5	–
Adjusted EBIT from core business	**973**	**972**	**–**	**3,363**	**2,854**	**+18**
Non-Core Business	115	40	+188	413	366	+13
E.ON Group adjusted EBIT	**1,088**	**1,012**	**+8**	**3,776**	**3,220**	**+17**

[1]Includes the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020; the previous year was adjusted accordingly.

E.ON generates a large portion of its adjusted EBIT in very stable businesses. Regulated, quasi-regulated, and long-term contracted businesses accounted for the overwhelming proportion of E.ON's adjusted EBIT in 2020.

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

E.ON's quasi-regulated and long-term contracted business consists of operations in which earnings have a high degree of predictability because key determinants (price and/or volume) are largely set for the medium to long term. Examples include the operation of industrial customer solutions with long-term supply agreements and the operation of heating networks.

Merchant activities are all those that cannot be subsumed under either of the other two categories.

Reconciliation to Adjusted Earnings Metrics

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

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

The disclosures in the Consolidated Statements of Income are reconciled to the adjusted earnings metrics below.

Reconciliation to Adjusted EBIT

E.ON recorded net income attributable to shareholders of E.ON SE of €1 billion and corresponding earnings per share of €0.39. In the prior year E.ON recorded net income of about €1.6 billion and earnings per share of €0.68.

Pursuant to IFRS 5, income/loss from discontinued operations, net, is reported separately in the Consolidated Statements of Income. In the 2020 financial year, this item includes negative effects from the subsequent adjustment of certain components of the purchase price in conjunction with the innogy acquisition and positive earnings from innogy's sales business in the Czech Republic (including deconsolidation results). The prior-year figure primarily includes the earnings from the discontinued operations at Renewables. Alongside the operating earnings of discontinued operations, this figure contains items resulting from the deconsolidation. In this context, items previously recognized in equity were recorded in income. This figure also includes the earnings from the transitional consolidation of Rampion wind farm following the reduction in E.ON's stake to 20 percent.

E.ON's tax expense on continuing operations rose from €43 million to €871 million. The tax rate on net income from continuing operations increased from 6 percent to 40 percent. The main reason for the high tax rate in the period under review was a one-off item related to the revaluation of deferred tax assets in the first half of 2020, which was partially offset by taxes for prior years. Tax-relief effects on non-operating earnings and the release of tax provisions and liabilities for prior years led to a lower tax rate in 2019.

Financial results of -€0.7 billion were significantly below the prior-year level. The inclusion of innogy and the marking to market of securities held for trading purposes, which is disclosed in non-operating earnings, had an adverse effect. This could not be fully offset by a reduction in adverse items relating to the valuation of non-current provisions and income for prior years. Financial results also include a positive effect of €328 million resulting from the resolution of the difference between the nominal and fair value of innogy bonds (see also page 37).

Net book gains were significantly lower than in the prior year. In 2020 they consist primarily of deconsolidation gains in conjunction with the fulfilment of EU conditions relating to the innogy transaction (see pages 21 and 22). The prior-year figure principally reflects the deconsolidation of the Company's stake in PEGI, the parent company of Nord Stream. Income from the sale of securities was lower than in the prior year as well.

Restructuring expenses were significantly lower than in 2019 and, as in the prior year, consisted primarily of expenditures in conjunction with the integration of innogy. The 2020 figure also includes restructuring expenditures for the U.K. retail business.

The marking to market of derivatives in the 2020 financial year resulted in a positive effect of €1,128 million (prior year: -€630 million). Positive items in 2020 resulted primarily from hedging against price fluctuations, in particular at Customer Solutions and at Corporate Functions/Other due to the central energy procurement entities, which are reported at the latter (see page 23).

Reconciliation to Adjusted EBIT

	Fourth quarter		Full year	
€ in millions	2020	2019[1]	2020	2019[1]
Net income/loss	60	-513	1,270	1,792
Attributable to shareholders of E.ON SE	*15*	*-551*	*1,017*	*1,550*
Attributable to non-controlling interests	*45*	*38*	*253*	*242*
Income/Loss from discontinued operations, net	2	696	40	-1,063
Income/Loss from continuing operations	**62**	**183**	**1,310**	**729**
Income taxes	159	-311	871	43
Financial results	206	65	702	587
Income/Loss from continuing operations before financial results and income taxes	**427**	**-63**	**2,883**	**1,359**
Income/Loss from equity investments	-21	-3	18	58
EBIT	**406**	**-66**	**2,901**	**1,417**
Non-operating adjustments	**682**	**1,078**	**875**	**1,503**
Net book gains (-)/losses (+)	*-40*	*-398*	*-258*	*-366*
Restructuring expenses	*266*	*640*	*656*	*819*
Effects from derivative financial instruments	*-798*	*556*	*-1,128*	*630*
Impairments (+)/Reversals (-)	*473*	*260*	*557*	*260*
Carryforward of hidden reserves (+) and liabilities (-) from the innogy transaction	*328*	*162*	*802*	*317*
Other non-operating earnings	*453*	*-142*	*246*	*-157*
Reclassified businesses of Renewables[2] (adjusted EBIT)	–	–	–	300
Adjusted EBIT	**1,088**	**1,012**	**3,776**	**3,220**
Impairments (+)/Reversals (-)	21	65	27	67
Scheduled depreciation and amortization	830	745	3,102	2,006
Reclassified businesses of Renewables[2] (scheduled depreciation and amortization, impairment charges and reversals)	–	–	–	271
Adjusted EBITDA	**1,939**	**1,822**	**6,905**	**5,564**

[1]Includes the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020; the previous year was adjusted accordingly.
[2]Deconsolidated effective September 18, 2019.

In the 2020 financial year, E.ON recorded impairment charges principally at Energy Networks in Hungary (owing mainly to the current restructuring of the business there; see page 23), at Customer Solutions in the United Kingdom (mainly for software in conjunction with ongoing restructuring measures), and the Netherlands/Belgium (in particular as part of the planned disposal of the sales business in Belgium). In the prior-year E.ON recorded impairment charges primarily at Customer Solutions in the United Kingdom (in particular because of the decision made at that time to restructure E.ON and innogy's U.K. sales business).

Items resulting from the subsequent valuation of hidden reserves and liabilities as part of the preliminary purchase-price allocation until September 18, 2020, and newly recorded items resulting from the valuation of innogy's financial assets are disclosed separately. The latter were fully balanced out by year-end 2020.

The decline in other operating earnings is partially attributable to valuation effects for repurchase obligations pursuant to IAS 32, non-current provisions, and realized earnings from hedging transactions for certain currency risks.

Reconciliation to Adjusted Net Income

Adjusted net income of €1,638 million was 7 percent above the prior-year figure of €1,526 million. Besides the above-described effects in the reconciliation to adjusted EBIT, this reconciliation includes following items:

Interest income/expenses includes non-operating items. These rose by €0.3 billion year on year. The prior-year figure primarily reflects items from the valuation of non-current provisions. The current-year figure includes, in particular, amounts from the resolution of the difference between the nominal and fair value of innogy bonds as well as income for prior years. This was partially offset by valuation effects on securities held for trading purposes.

The tax rate on continuing operations was 24 percent (prior year: 26 percent).

Non-controlling interests' share of operating earnings rose significantly year on year, principally because of the innogy takeover.

Reconciliation to Adjusted Net Income

	Fourth quarter		Full year	
€ in millions	2020	2019[1]	2020	2019[1]
Income/Loss from continuing operations before financial results and income taxes	**427**	**-63**	**2,883**	**1,359**
Income/Loss from equity investments	-21	-3	18	58
EBIT	**406**	**-66**	**2,901**	**1,417**
Non-operating adjustments	682	1,078	875	1,503
Reclassified businesses of Renewables[2] (adjusted EBIT)	–	–	–	300
Adjusted EBIT	**1,088**	**1,012**	**3,776**	**3,220**
Net interest income/loss	-185	-62	-720	-645
Non-operating interest expense (+)/income (-)	-57	-231	-358	-33
Reclassified businesses of Renewables[2] (operating interest expense)	–	–	–	-123
Operating earnings before taxes	**846**	**719**	**2,698**	**2,419**
Taxes on operating earnings	-190	-199	-653	-580
Operating earnings attributable to non-controlling interests	-107	-171	-407	-317
Reclassified businesses of Renewables[2] (taxes and minority interests on operating earnings)	–	–	–	4
Adjusted net income	**549**	**349**	**1,638**	**1,526**

[1]Includes the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020; the previous year was adjusted accordingly.
[2]Deconsolidated as of September 18, 2019.

Financial Situation

Finance Strategy

E.ON's finance strategy focuses on capital structure. At the forefront of this strategy is ensuring that E.ON always has access to capital markets commensurate with its debt level.

With its target capital structure E.ON aims to sustainably secure a strong BBB/Baa rating.

E.ON manages its capital structure using debt factor, which is equal to economic net debt divided by adjusted EBITDA; it is therefore a dynamic debt metric. Economic net debt includes not only financial liabilities but also provisions for pensions and asset-retirement obligations.

The low interest-rate environment continued. In some cases this led to negative real interest rates on asset-retirement obligations. As in prior years, provisions therefore exceeded the actual amount of asset-retirement obligations at year-end 2020 without factoring in discounting and cost-escalation effects. This limits the relevance of economic net debt as a key figure. E.ON wants economic net debt to serve as a useful key figure that aptly depicts E.ON's debt situation. In the case of material provisions affected by negative real interest rates, E.ON has therefore used the aforementioned actual amount of the obligations instead of the balance-sheet figure to calculate economic net debt since year-end 2016.

Pursuant to IFRS valuation standards, innogy's financial liabilities at the time of initial consolidation were recorded at their fair value. This fair value is significantly higher than the original nominal value because interest-rate levels have declined since innogy's bonds were issued. The purchase-price allocation yielded a difference between the nominal value and the fair value, which results in additional liabilities of €2.1 billion at year-end 2020. This amount will be recorded in financial earnings as a reduction in expenditures and spread out over the maturity period of the respective bonds. These balance-sheet and earnings effects do not alter the interest and principal payments. To manage economic net debt, E.ON continues to use the nominal amount of financial liabilities, which deviates from the figure shown in its balance sheets.

E.ON aims to reduce its debt factor to around 5 over the medium term. As anticipated, the debt factor of 5.9 at year-end 2020 was above this medium-term target. E.ON expects to achieve a debt factor of around 5 over the medium term, in particular by earnings increases in its core business and the leveraging of synergies identified in conjunction with the innogy transaction.

Economic Net Debt

Compared with the year-end 2019 figure of €38.9 billion, economic net debt rose by €1.8 billion to €40.7 billion.

The increase in financial liabilities to €30.7 billion relative to year-end 2019 is mainly attributable to E.ON SE's issuance of €5 billion in bonds (see page 23). The issuance proceeds were used in part to finance the squeeze-out of innogy SE's minority shareholders and to repay, on schedule, bonds that had matured (innogy SE: €750 million; E.ON International Finance B.V.: €1.4 billion).

E.ON's net financial position increased by -€1.1 billion relative to year-end 2019 to roughly -€24 billion. E.ON SE's dividend payout, investment expenditures, and cash compensation for innogy SE's minority shareholders as part of the squeeze-out (see page 21) were largely offset by items that included operating cash flow, the sales proceeds from the transfer of the (indirect) stake in Nord Stream AG to the CTA (see page 23), and the sales required under the antitrust clearance, in particular of innogy's sales business in the Czech Republic (see page 21).

Despite an increase in plan assets, provisions for pensions were higher, due mainly to a significant reduction in actuarial interest rates, which led to an increase in defined benefit obligations.

Economic Net Debt

	December 31	
€ in millions	2020	2019[1]
Liquid funds	4,795	3,602
Non-current securities	1,887	2,354
Financial liabilities[2]	-30,720	-28,947
FX hedging adjustment	82	166
Net financial position	**-23,956**	**-22,825**
Provisions for pensions	-8,088	-7,201
Asset-retirement obligations[3]	-8,692	-8,869
Economic net debt	**-40,736**	**-38,895**

[1]Certain adjustments to the preliminary accounting of the innogy acquisition, which was provisional until September 18, 2020, must be presented retroactively to the acquisition date. The prior-year figures were adjusted accordingly.
[2]Bonds issued by innogy are recorded at their nominal value. The figure shown in the Consolidated Balance Sheets is €2.1 billion higher (year-end 2019: €2.5 billion higher).
[3]This figure is not the same as the asset-retirement obligations shown in the Consolidated Balance Sheets (€10,194 million at December 31, 2020; €10,571 million at December 31, 2019). This is because economic net debt is calculated in part based on the actual amount of E.ON's obligations.

Funding Policy and Initiatives

The key objective of E.ON's funding policy is for the Company to have access to a variety of financing sources at all times. E.ON achieves this objective by using different markets and debt instruments to maximize the diversity of its investor base. E.ON issues bonds with tenors that give its debt portfolio a balanced maturity profile. Moreover, large-volume benchmark issues may in some cases be combined with smaller issues, private placements, and/or promissory notes. Furthermore, from 2019 onward E.ON has issued green bonds and has since established them in its financing mix. In the future, E.ON intends to cover more than 50 percent of its annual financing requirements with green bonds.

At the beginning of March 2021, E.ON presented a new green bond framework. In addition to compliance with the ICMA Green Bond Principles, which until now set the standard for green bonds on the capital market, the new E.ON framework is one of the first in Europe to meet the criteria of the EU Taxonomy Regulation on sustainable economic activities. The EU Taxonomy Regulation defines which economic activity is to be classified as ecologically sustainable and thus sets a Europewide standard for sustainable investments. E.ON's green bond framework is geared toward sustainable projects in both Energy Networks and Customer Solutions.

External funding is generally carried out by E.ON SE, and the funds are subsequently on-lent in the Group. In the past, external funding was also carried out by the Company's Dutch finance subsidiary, E.ON International Finance B.V. ("EIF"), under guarantee of E.ON SE, and by innogy SE and innogy Finance B.V. under guarantee of innogy SE. As part of the process of integrating the innogy Group, E.ON harmonized the E.ON Group's funding structure. It offered innogy bondholders the option to change the debtor of their bonds to E.ON by means of consent solicitations or conversion offers. This offer was accepted for 99.95 percent of the bond volume. All bonds transferred now have E.ON SE as debtor or guarantor (with EIF as issuer). In 2020 E.ON paid back in full maturities of €2.2 billion. E.ON issued new debt totaling €5 billion (see page 23).

Financial Liabilities

	December 31	
€ in billions	2020	2019
Bonds[1]	26.9	24.6
EUR	*18.4*	*15.6*
GBP	*7.2*	*7.6*
USD	*0.8*	*0.9*
JPY	*0.3*	*0.3*
Other currencies	*0.2*	*0.2*
Promissory notes	0.0	0.0
Commercial paper	0.0	0.1
Other liabilities	3.8	4.8
Total	**30.7**	**29.5**

[1]Includes private placements.

With the exception of a U.S.-dollar-denominated bond issued in 2008, all of E.ON SE and EIF's currently outstanding bonds were issued under a Debt Issuance Program ("DIP"). Similarly, innogy and innogy Finance B.V. bonds were formerly issued under the former innogy Group's DIP. A DIP simplifies a company's ability to issue debt to investors in public and private placements in flexible time frames. E.ON SE's DIP was last updated in March 2020 with a total volume of €35 billion, of which about €16 billion was utilized at year-end 2020. E.ON SE intends to renew the DIP in 2021.

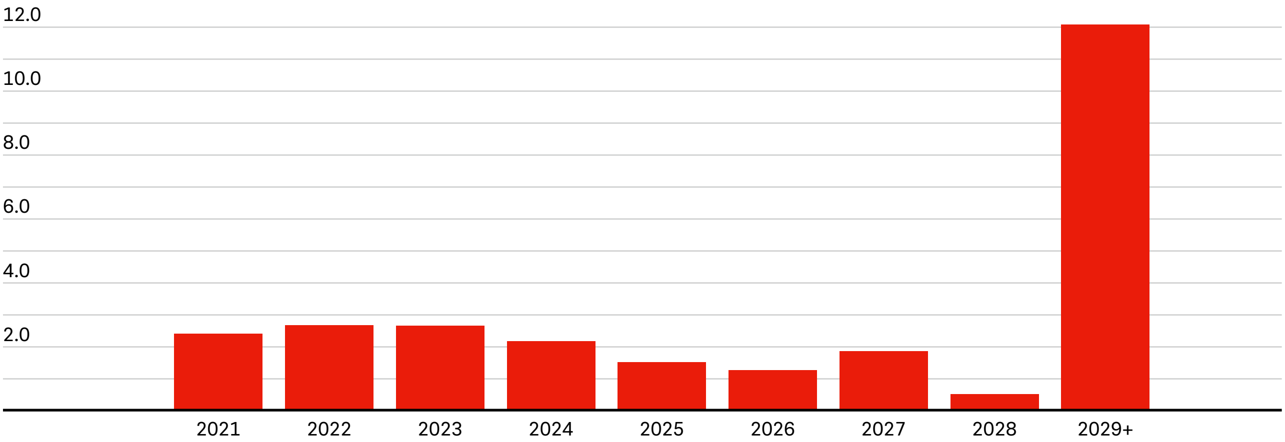
In addition to its DIP, E.ON has a €10 billion Commercial Paper ("CP") program and a US$10 billion CP program, under which it can issue short-term notes. At year-end 2020 E.ON had no CP outstanding (prior year: €50 million).

E.ON also has access to a five-year, €3.5 billion syndicated credit facility, which was concluded on October 24, 2019, and which includes two options to extend the facility, in each case for one year. The first option to extend the facility for another year was exercised in October 2020. The credit margin is linked, among other things, to the development of certain ESG ratings, which gives E.ON financial incentives to pursue a sustainable corporate strategy. The ESG ratings are set by three renowned agencies: ISS ESG, MSCI ESG Research, and Sustainalytics. The facility serves as a reliable, ongoing general liquidity reserve for the E.ON Group and can be drawn on as needed. The credit facility is made available by 21 banks which constitute E.ON's core group of banks.

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

€ in billions

At December 31, 2020



In conjunction with the acquisition of innogy SE, on April 6, 2018, E.ON originally secured a €5 billion acquisition facility, that it partially cancelled down to €1.75 billion in August 2018. At the conclusion of the squeeze-out, the facility was cancelled in June 2020; the facility was undrawn.

Alongside financial liabilities, E.ON has, in the course of its business operations, entered into contingencies and other financial obligations. These include, in particular, guarantees, obligations from legal disputes and damage claims, as well as current and non-current contractual, legal, and other obligations. Notes 27, 28, and 32 to the Consolidated Financial Statements contain more information about E.ON's bonds as well as liabilities, contingencies, and other commitments.

E.ON's creditworthiness has been assessed by Standard & Poor's ("S&P") and Moody's with long-term ratings of BBB and Baa2, respectively. The outlook for both ratings is stable. In both cases the ratings were based on the expectation that, over the near to medium term, E.ON will be able to maintain a debt ratio commensurate with these ratings. S&P's and Moody's short-term ratings are unchanged at A-2 and P-2, respectively.

E.ON SE Ratings

	Long term	Short term	Outlook
Moody's	Baa2	P-2	Stable
Standard & Poor's	BBB	A-2	Stable

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

Investments

The E.ON Group's cash-effective investments in 2020 were below the prior-year level. Factoring out the reporting-year and prior-year payments in conjunction with the innogy transaction (see commentary under Corporate Functions/Other on page 40), there would have been a significant increase in investments in the core business. The E.ON Group invested about €4.4 billion in property, plant, and equipment and intangible assets (prior year: €3.8 billion). Share investments totaled -€0.2 billion versus €1.7 billion in the prior year.

Investments

€ in millions	2020	2019	+/- %
Energy Networks	3,386	2,384	+42
Customer Solutions	790	1,008	-22
Renewables	–	563	–
Corporate Functions/Other	-278	1,329	–
Consolidation	-2	1	–
Investments in core business	**3,896**	**5,285**	**-26**
Non-Core Business	275	207	+33
E.ON Group investments	**4,171**	**5,492**	**-24**

Energy Networks' investments increased by 42 percent year on year, from €2.4 billion to €3.4 billion. Investments in Germany rose significantly, primarily because of the inclusion of innogy operations. In addition, the increase reflected in particular new connections. Investments in new connections and maintenance were made in Sweden as well. Investments in East-Central Europe/Turkey were also above the prior-year level. The inclusion of innogy's operations in Hungary and Poland as well as VSE Holding was one of the factors.

Customer Solutions invested €0.2 billion less than in the prior year. Investments in Sweden declined significantly year on year owing to the completion of the Högbytorp project. In addition, the prior-year figure included payments to acquire Coromatic, a leading provider of critical building infrastructure in Scandinavia. Investments in the United Kingdom were significantly lower as well, primarily because of postponed investments for smart meters. By contrast, the inclusion of innogy's operations in Germany and Poland resulted in higher investments. In addition, E.ON Business Solutions invested in significantly more distributed-generation projects than in the prior year.

After the transfer of substantially all of the Renewables segment to RWE in September 2019 and its remaining operations to other E.ON segments, effective 2020 the Renewables segment therefore no longer exists.

Subsequent purchase-price reductions in conjunction with the innogy acquisition had a positive impact on investments recorded at Corporate Functions/Other in 2020. Because these payments are for E.ON's account, they reduce investments. The prior-year figure primarily reflects payments in conjunction with the public takeover offer and for the acquisition of additional innogy stock on-market.

Investments at Non-Core Business were €68 million above the prior-year level. The prior-year figure reflects, in particular, payments in conjunction with the innogy transaction recorded at PreussenElektra. By contrast, PreussenElektra's investments to acquire residual power output rights were higher than in the prior year.

Cash Flow

Cash provided by operating activities of continuing and discontinued operations before interest and taxes of €5.9 billion was significantly above the prior-year level (€4.4 billion). Energy Networks recorded an increase of €1.9 billion year on year thanks to positive working capital effects at the previous E.ON network business and the inclusion, for the first time, of innogy's network operations for the entire year.

Customer Solutions' cash flow of €0.4 billion was below the prior-year level, mainly due to the inclusion of innogy's operations in the United Kingdom and to the changes in segment reporting, which, for comparative purposes, were also made to the prior year (see page 21). The absence of Renewables' €0.2 billion contribution relative to the prior year was another factor.

Cash provided by operating activities of continuing and discontinued operations also rose because of lower tax payments (+€0.8 billion), whereas higher interest payments on innogy's debt had a negative impact (-€0.1 billion).

Cash provided by investing activities of continuing and discontinued operations totaled -€1.9 billion versus -€5.8 billion in 2019. Expenditures were recorded in the prior year for the acquisition of innogy stock, whereas in the 2020 financial year cash provided by investing activities benefited from a subsequent purchase-price payment from RWE. In addition, the payment received in the first quarter of 2020 for the indirect stake in Nord Stream AG that was transferred to the CTA in 2019, the sale of innogy's sales business in the Czech Republic, an advance payment in connection with the agreed-on sale of the stake in Rampion, and the sale of substantial parts of the heating electricity business in Germany had a positive impact on cash provided by investing activities.

Cash Flow[1]

€ in millions	2020	2019
Operating cash flow	5,313	2,965
Operating cash flow before interest and taxes[2]	5,948	4,407
Cash provided by (used for) investing activities	-1,864	-5,820
Cash provided by (used for) financing activities	-2,624	792

[1]From continuing and discontinued operations.
[2]Excluding the innogy business in the Czech Republic reclassified in accordance with IFRS 5 and deconsolidated on October 30, 2020.

Cash provided by financing activities of continuing and discontinued operations of -€2.6 billion was €3.4 billion below the prior-year figure of +€0.8 billion, principally because of payments in conjunction with the compensation of innogy SE's remaining minority shareholders and E.ON SE's higher dividend payout relative to the prior year.

Asset Situation

Total assets and liabilities of roughly €95.4 billion were €2.7 billion, or 3 percent, below the figure at year-end 2019. Non-current assets declined by €0.3 billion year on year to €75.5 billion. This is mainly attributable to an increase in assets and preliminary goodwill from the acquisition of VSE Holding. A reduction in financial assets, particularly companies accounted for using the equity method and non-current securities, had a countervailing effect.

Current assets declined by €2.4 billion, or 11 percent, from €22.3 billion to roughly €19.9 billion. This resulted mainly from a decline in other operating assets and the deconsolidation of assets that had been reclassified as assets held for sale pursuant to IFRS 5: innogy's business in the Czech Republic, the heating electricity business in Germany, and a business in Hungary. This was partially offset by an increase in liquid funds.

The equity ratio (including non-controlling interests) at year-end 2020 was 9 percent, which is 5 percentage points lower than at year-end 2019. The reduction in the equity ratio mainly reflects the merger squeeze-out of innogy SE's remaining minority shareholders (see page 21). Equity was also reduced by the dividend payout totaling €1.6 billion, the remeasurement of pension obligations, and other items not affecting net income recorded under other comprehensive income. By contrast, net income for the 2020 financial year served to increase equity.

Non-current debt rose by €2.8 billion, or 5 percent, chiefly because of the development of non-current bonds and an increase in pension obligations.

Current debt of €24.7 billion was 5 percent below the figure at year-end 2019. The reason was the deconsolidation of debt that had previously been reclassified pursuant to IFRS 5 at innogy's business in the Czech Republic, the heating electricity business in Germany, and a business in Hungary. The repayment of financial liabilities was another factor.

Consolidated Assets, Liabilities, and Equity

€ in millions	Dec. 31, 2020	%	Dec. 31, 2019	%
Non-current assets	75,484	79	75,786	77
Current assets	19,901	21	22,294	23
Total assets	**95,385**	**100**	**98,080**	**100**
Equity	9,055	9	13,248	14
Non-current liabilities	61,761	65	58,982	60
Current liabilities	24,569	26	25,850	26
Total equity and liabilities	**95,385**	**100**	**98,080**	**100**

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

Business Segments

Energy Networks

Power and Gas Passthrough

Power and gas passthrough in Germany in 2020 rose significantly owing to the inclusion of innogy operations. Gas passthrough of the previous E.ON network business was at the prior-year level, whereas its power passthrough declined, in part because of the Covid-19 pandemic.

Power passthrough in Sweden was almost unchanged from the prior year.

Energy Passthrough

Billion kWh	Germany 2020	Germany 2019	Sweden 2020	Sweden 2019	East-Central Europe/ Turkey 2020	East-Central Europe/ Turkey 2019	Total 2020	Total 2019
Fourth quarter								
Power	64.4	62.4	9.5	9.8	17.8	16.5	91.7	88.7
Line loss, station use, etc.	2.0	1.9	0.3	0.3	0.9	1.0	3.2	3.2
Gas	60.6	54.3	–	–	16.1	14.4	76.7	68.7
Full year								
Power	226.9	144.2	34.7	35.5	64.1	46.0	325.7	225.7
Line loss, station use, etc.	7.1	4.8	1.1	1.1	3.9	2.9	12.1	8.8
Gas	170.6	118.5	–	–	46.2	44.5	216.8	163.0

The inclusion of innogy's network business in Hungary and Poland and the acquisition of VSE Holding Slovakia led to a significant structural increase in East-Central Europe/Turkey's power passthrough. Gas passthrough rose slightly owing to the inclusion of the innogy business in Croatia. Power and gas passthrough at the previous E.ON network business was at the prior-year level.

System Length and Network Customers

E.ON's power system in Germany was about 705,000 kilometers long, roughly the same as in 2019. As in the prior year, at year-end it had about 15.1 million connection points for power in its service territory. E.ON's gas system was around 104,000 kilometers long and had 1.8 million connection points, likewise essentially unchanged from 2019.

The length of E.ON's power system in Sweden was roughly 139,000 kilometers (prior year: 138,000 kilometers). The number of customers in the power distribution system was about 1.1 million (prior year: about 1 million).

E.ON operates electricity networks in East-Central Europe/Turkey with a total system length of 322,000 kilometers and supplies about 9.7 million network customers. System length and the number of network customers are thus significantly higher than the prior-year figures of 296,000 kilometers and 9 million. The increase is principally attributable to the acquisition of VSE Holding. Gas networks operated by E.ON are roughly 48,000 kilometers long (prior year: roughly 46,000 kilometers). This increase is primarily attributable to the acquisition of two distribution system operators in Croatia, which are not material for the Group as a whole. The number of gas network customers was unchanged at around 2.6 million.

Sales and Adjusted EBIT
Energy Networks' sales and adjusted EBIT in 2020 were significantly above the prior-year level, in particular due to the inclusion of innogy operations.

Sales and adjusted EBIT in Germany were €14.6 billion and €2.2 billion, respectively. As described above, the year-on-year increase is principally attributable to the inclusion of innogy operations. Sales at the previous E.ON network business were at the prior-year level. A decline in power passthrough was offset by non-recurring regulatory items. By contrast, adjusted EBIT of the previous E.ON network business declined slightly owing in part to mild weather and Covid-19. However, these effects will be largely offset in subsequent years.

In Sweden sales and adjusted EBIT in 2020 were significantly below the prior-year level. Lower network fees in conjunction with the start of the new regulatory period constituted the primary reason for the decline in sales and earnings.

Sales and adjusted EBIT in East-Central Europe/Turkey rose significantly, likewise because of the innogy takeover. The previous E.ON operations' sales and earnings were slightly higher.

Energy Networks

	Germany		Sweden		East-Central Europe/ Turkey		Total	
€ in millions	2020	2019	2020	2019	2020	2019	2020	2019
Fourth quarter								
Sales	4,102	4,031	240	276	910	663	5,252	4,970
Adjusted EBITDA[1]	1,028	958	137	183	296	262	1,461	1,403
Adjusted EBIT[1]	626	592	96	145	200	170	922	907
Full year								
Sales	14,563	9,161	889	1,024	2,832	1,913	18,284	12,098
Adjusted EBITDA[1]	3,628	2,313	529	692	1,042	789	5,199	3,794
Adjusted EBIT[1]	2,182	1,455	371	539	700	507	3,253	2,501

[1]Includes effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020; the previous year was adjusted accordingly.

Customer Solutions

Power and Gas Sales Volume

This segment's power sales in 2020 increased by 154.9 billion kWh to 369 billion kWh. Its gas sales rose by 124.3 billion kWh to 381.6 billion kWh. The inclusion of innogy operations for the first time for the entire year was the main reason.

Power Sales

	Germany		United Kingdom[1]		Netherlands/ Belgium		Other[2]		Total	
Billion kWh	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Fourth quarter										
Residential and SME	7.7	9.6	6.3	6.5	2.3	2.1	8.1	8.2	24.4	26.4
I&C	6.7	9.5	8.1	9.1	1.7	2.1	7.1	8.4	23.6	29.1
Sales partners	20.2	36.3	0.6	0.6	–	–	2.2	0.2	23.0	37.1
Customer groups	**34.6**	**55.4**	**15.0**	**16.2**	**4.0**	**4.2**	**17.4**	**16.8**	**71.0**	**92.6**
Wholesale market	20.3	3.3	3.9	5.0	2.2	4.9	3.5	2.3	29.9	15.5
Total	**54.9**	**58.7**	**18.9**	**21.2**	**6.2**	**9.1**	**20.9**	**19.1**	**100.9**	**108.1**
Full year										
Residential and SME	31.5	21.0	22.4	18.1	7.6	2.4	30.6	25.3	92.1	66.8
I&C	30.9	20.3	31.5	18.9	6.2	2.3	29.4	28.3	98.0	69.8
Sales partners	72.5	40.8	2.2	0.6	–	–	3.8	0.7	78.5	42.1
Customer groups	**134.9**	**82.1**	**56.1**	**37.6**	**13.8**	**4.7**	**63.8**	**54.3**	**268.6**	**178.7**
Wholesale market	61.4	12.7	20.5	8.7	6.5	4.9	12.0	9.1	100.4	35.4
Total	**196.3**	**94.8**	**76.6**	**46.3**	**20.3**	**9.6**	**75.8**	**63.4**	**369.0**	**214.1**

[1]The line item "wholesale market" includes changes made retroactively.
[2]Excludes E.ON Business Solutions.

Gas Sales

	Germany		United Kingdom[1]		Netherlands/ Belgium		Other[2]		Total	
Billion kWh	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Fourth quarter										
Residential and SME	14.5	15.1	16.5	18.3	5.4	9.4	10.6	9.2	47.0	52.0
I&C	7.9	8.6	2.7	3.8	7.6	5.2	6.2	6.9	24.4	24.5
Sales partners	14.6	36.3	2.3	2.5	–	–	0.5	0.6	17.4	39.4
Customer groups	**37.0**	**60.0**	**21.5**	**24.6**	**13.0**	**14.6**	**17.3**	**16.7**	**88.8**	**115.9**
Wholesale market	13.6	4.8	11.3	13.2	9.1	24.1	1.0	2.2	35.0	44.3
Total	**50.6**	**64.8**	**32.8**	**37.8**	**22.1**	**38.7**	**18.3**	**18.9**	**123.8**	**160.2**
Full year										
Residential and SME	40.7	27.3	49.1	39.5	21.6	9.7	29.6	27.7	141.0	104.2
I&C	25.2	18.2	10.3	10.1	26.6	5.9	21.2	23.3	83.3	57.5
Sales partners	45.3	37.5	6.8	2.5	–	–	1.4	1.6	53.5	41.6
Customer groups	**111.2**	**83.0**	**66.2**	**52.1**	**48.2**	**15.6**	**52.2**	**52.6**	**277.8**	**203.3**
Wholesale market	44.5	11.7	27.7	13.2	25.8	24.1	5.8	5.0	103.8	54.0
Total	**155.7**	**94.7**	**93.9**	**65.3**	**74.0**	**39.7**	**58.0**	**57.6**	**381.6**	**257.3**

[1]The line item "wholesale market" includes changes made retroactively.
[2]Excludes E.ON Business Solutions.

The sales business in Germany increased its power sales to 196.3 billion kWh relative to 2019 owing primarily to the inclusion of innogy operations. On balance, the previous E.ON sales business in Germany sold more power as well. Power sales to residential and small and medium enterprise ("SME") customers were below the prior-year level due to the sale of the heating electricity business. Power sales to industrial and commercial ("I&C") customers declined year on year, primarily because of changes in the customer portfolio and the repercussions of Covid-19. Power sales to the wholesale market were significantly above the prior-year level, mainly owing to reselling related to Covid-19 and to the optimization of the procurement portfolio. Gas sales of 155.7 billion kWh were 61 billion kWh above the prior-year level, principally because of the inclusion of innogy operations. The previous E.ON business's gas sales to residential and SME customers and to I&C customers decreased owing to weather factors. Gas sales to I&C customers also declined because of changes in the customer portfolio. The optimization of the procurement portfolio led to a significant increase in gas sales to the wholesale market.

Power sales in the United Kingdom increased to 76.6 billion kWh in 2020, owing in particular to the inclusion of innogy operations. The previous E.ON business's sales to residential and SME customers and I&C customers declined, mainly because of the Covid-19 pandemic. Gas sales in the United Kingdom rose significantly as well (+44 percent), primarily because of innogy operations. Covid-19's repercussions led to lower gas sales at the previous E.ON U.K. business. In addition, warmer weather in 2020 had an adverse impact on gas sales to residential and SME customers.

The Netherlands/Belgium unit, which consists exclusively of originally innogy business operations, sold 20.3 billion kWh of power and 74 billion kWh of gas in 2020 (prior year: 9.6 billion kWh and 39.7 billion kWh, respectively).

Power sales at the Other unit rose by 12.4 billion kWh, primarily owing to the inclusion of innogy operations in Hungary and Poland. Power sales in the other previous E.ON regions declined. Power sales to residential and SME customers were below the prior-year level, particularly in Italy. The impact of Covid-19 in the Czech Republic, Hungary, and Italy along with lower customer numbers in Romania were the principal reasons for the decline in power sales to I&C customers. Power sales to I&C customers in Sweden were higher thanks to new sales contracts. Power sales to sales partners increased significantly as well, mainly because of a new customer relationship at the previous E.ON sales business in Hungary. Power sales to the wholesale market rose, primarily because of an increase in reselling in the Czech Republic and Italy. This was partially offset by a decline in wholesale market sales in Sweden.

Other's gas sales were 0.4 billion kWh higher. The inclusion of innogy operations in Hungary and Poland had a positive impact, whereas gas sales in nearly all other previous E.ON regions declined. Gas sales to residential and SME customers were slightly above the prior-year level. Slightly higher customer numbers and cold weather in Romania were the primary reasons. Gas sales to I&C customers decreased, principally because of a decline in customer numbers in Romania, the sale of the LPG business in Sweden in the second quarter of 2019, and deteriorated market conditions in Italy and the Czech Republic due to Covid-19. Gas sales to the wholesale market were at the prior-year level. Higher reselling in Italy was offset by lower sales volume in Sweden.

Customer Numbers

This segment's fully consolidated companies had about 40.7 million customers at year-end 2020, nearly at the prior-year level of 41.1 million. The sale of the heating electricity reduced the number of customers in Germany to 13.9 million (prior year: 14.2 million). Customer numbers in the United Kingdom declined from 10.9 to 10.3 million amid the ongoing restructuring of the sales business. There were losses among power as well as gas customers. By contrast, the customer base grew in the Netherlands/Belgium, mainly through new acquisitions; this unit had 4.6 million customers at year-end 2020 (prior year: roughly 4.3 million). The total number of customers in the other countries where this segment operates rose from 11.8 to 11.9 million, principally because of the successful acquisition of residential and SME customers in Romania.

Customer Solutions

€ in millions	Germany 2020	Germany 2019	United Kingdom 2020	United Kingdom 2019	Netherlands/ Belgium 2020	Netherlands/ Belgium 2019	Other 2020	Other 2019	Total 2020	Total 2019
Fourth quarter										
Sales[1]	6,669	7,033	3,917	4,299	940	933	2,470	2,580	13,996	14,845
Adjusted EBITDA[2]	154	436	-96	-113	51	50	114	96	223	469
Adjusted EBIT[2]	116	377	-127	-162	35	36	52	39	76	290
Full year										
Sales[1]	22,550	12,906	13,993	9,645	2,959	991	8,840	8,252	48,342	31,794
Adjusted EBITDA[2]	546	427	1	32	152	54	307	276	1,006	789
Adjusted EBIT[2]	412	308	-129	-106	80	37	91	111	454	350

[1]Adjustment of prior-year figures in the context of "failed-own-use"-accounting with no impact on earnings.
[2]Includes the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020; the previous year was adjusted accordingly.

Sales and Adjusted EBIT
Customer Solutions' sales of €48.3 billion in 2020 were about 52 percent more than in the prior year. Adjusted EBIT rose by €104 million.

The increase in sales in Germany is primarily attributable to the inclusion of innogy operations and to higher sales volume on the wholesale market and the passthrough of cost components at the previous E.ON business. The sale of the heating electricity business in Germany had an adverse impact. Adjusted EBIT was significantly higher due to the inclusion of innogy operations. The decline in the previous E.ON business's adjusted EBIT was mainly caused by Covid-19 and weather factors.

Sales in the United Kingdom were likewise significantly above the prior-year level due to the inclusion of innogy operations. Sales declined at the previous E.ON business, primarily owing to weather factors and lower consumption resulting from Covid-19. Adjusted EBIT was significantly lower than in the prior year. This is attributable to the aforementioned decline in sales at the previous E.ON business and the inclusion of innogy operations. By contrast, cost savings had a positive impact.

Sales and adjusted EBIT in the Netherlands/Belgium were €3 billion and €80 million, respectively (prior year: €1 billion and €37 million, respectively). The year-on-year increase is principally attributable to the inclusion of this unit for the first time for the entire year.

Other's sales rose by €588 million, principally because of the inclusion of innogy operations. By contrast, sales in the previous E.ON regions declined. Lower prices in Italy and Hungary were the primary reasons. Adjusted EBIT decreased by €20 million to €91 million, mainly because of effects resulting from the Covid-19 pandemic in the Czech Republic and Hungary as well as the inclusion of innogy's business with new customer solutions. This was partially offset by items that included the contribution from innogy operations in Poland.

Non-Core Business

Fully Consolidated and Attributable Generating Capacity
As in the prior-year, PreussenElektra's fully consolidated and attributable generating capacity at year-end 2020 totaled 3,828 MW and 3,319 MW, respectively.

PreussenElektra's Power Generation
Power procured (owned generation and purchases) in the 2020 financial year was 2.8 billion kWh below the prior-year level. The year-on-year decline is primarily attributable to the transfer of minority stakes in Gundremmingen and Emsland nuclear power stations to RWE.

Power Generation

Billion kWh	PreussenElektra 2020	PreussenElektra 2019
Fourth quarter		
Owned generation	7.4	7.7
Purchases	0.4	0.2
Jointly owned power plants	–	–
Third parties	*0.4*	*0.2*
Total	**7.8**	**7.9**
Station use, line loss, etc.	–	–
Power sales	**7.8**	**7.9**
Full year		
Owned generation	28.4	30.1
Purchases	1.4	2.5
Jointly owned power plants	–	*0.9*
Third parties	*1.4*	*1.6*
Total	**29.8**	**32.6**
Station use, line loss, etc.	-0.1	-0.1
Power sales	**29.7**	**32.5**

Sales and Adjusted EBIT

Sales at Non-Core Business of €1,388 million were €214 million above the prior-year figure. Adjusted EBIT increased by €47 million to €413 million.

PreussenElektra's sales rose year on year, mainly because of higher sales prices. The absence of sales from Gundremmingen and Emsland was a countervailing factor.

Adjusted EBIT was significantly above the prior-year level. Higher sales prices were the principal factor in the significant increase in PreussenElektra's adjusted EBIT. They were partially offset by the absence of earnings from stakes in nuclear power stations that had been transferred and by higher expenditures for residual power output rights. By contrast, equity earnings on E.ON's stake in Enerjisa Üretim declined significantly. Operating improvements were more than offset by currency-translation effects resulting from the weakening of the Turkish lira and by impairment charges on certain legacy projects.

Non-Core Business

€ in millions	PreussenElektra 2020	PreussenElektra 2019	Generation Turkey 2020	Generation Turkey 2019	Total 2020	Total 2019
Fourth quarter						
Sales	360	308	–	–	360	308
Adjusted EBITDA	253	120	3	4	256	124
Adjusted EBIT	112	36	3	4	115	40
Full year						
Sales	1,388	1,174	–	–	1,388	1,174
Adjusted EBITDA	895	543	30	74	925	617
Adjusted EBIT	383	292	30	74	413	366

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

E.ON SE prepares its Financial Statements in accordance with the German Commercial Code, the SE Ordinance (in conjunction with the German Stock Corporation Act), and the Electricity and Gas Supply Act (Energy Industry Act).

Balance Sheet of E.ON SE (Summary)

	December 31	
€ in millions	2020	2019
Intangible assets	46	–
Property, plant, and equipment	15	10
Financial assets	45,688	45,067
Non-current assets	**45,749**	**45,077**
Receivables from affiliated companies	10,798	5,934
Other receivables and assets	648	1,522
Liquid funds	2,646	1,460
Current assets	**14,092**	**8,916**
Accrued expenses	66	35
Asset surplus after offsetting of benefit obligations	4	3
Total assets	**59,911**	**54,031**
Equity	10,643	9,728
Provisions	1,236	1,061
Bonds	11,621	6,000
Liabilities to affiliated companies	35,683	31,040
Other liabilities	467	6,195
Deferred income	261	7
Total equity and liabilities	**59,911**	**54,031**

As in the prior year, E.ON's earnings, financial, and asset situation in the 2020 financial year was influenced primarily by the agreement reached between E.ON and RWE on March 12, 2018, to transfer business operations and the integration of innogy.

The change in financial assets is mainly attributable to an increase in loans to affiliated companies. The increase in receivables from affiliated companies and liabilities to affiliated companies resulted from the assumption of innogy SE's cash and cash equivalents accounts.

The change in equity mainly reflects the fact that net income was higher in 2020 than in the prior year. The decline in other liabilities resulted from the transfer of innogy SE's renewables business, its gas-storage business, and its stake in Austrian energy utility KELAG Kärntner Elektrizitäts-Aktiengesellschaft to RWE in 2020, which fulfilled the obligation to RWE disclosed in the prior year. Deferred income includes premiums from the transfer of non-current innogy SE bonds to E.ON SE.

The issuance of bonds with a total nominal value of €5,000 million and the €1,186 million increase in liquid funds were the main items affecting the Company's financial situation.

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

Income Statement of E.ON SE (Summary)

€ in millions	2020	2019
Income from equity interests	2,405	1,620
Interest income/loss	24	-127
Other expenditures and income	-624	-763
Taxes	309	59
Net income	**2,114**	**789**
Profit carryforward from the prior year	10	121
Net income transferred to retained earnings	–	300
Net income available for distribution	**2,124**	**1,210**

E.ON SE is the parent company of the E.ON Group. As such, its earnings situation is affected by income from equity interests. The increase in income from equity interests reflects, in particular, profit transfers of €3,384 million from E.ON Beteiligungen GmbH and €267 million from E.ON Finanzanlagen GmbH. The profit transfer from E.ON Beteiligungen GmbH includes the gain of €2,821 million from the merger of innogy SE into E.ON Verwaltungs SE (which now does business as innogy SE). However, this gain was almost entirely offset by impairment charges on equity interests recorded at innogy SE. Income from equity interests was adversely affected primarily by expenditures from loss transfers of €1,282 million. These were mainly attributable to a subsidiary that recorded significant impairment charges on equity interests in affiliated companies.

The improvement in net interest income mainly reflects tax-related interest income. The negative balance of other income and expenses in 2020 resulted from €209 million in expenses for purchased third-party services, €153 million in personnel-related expenses, €131 million in consulting services and €128 million in net expenses from currency hedging. The final settlement of the overall transaction with RWE resulted in a total expense of €97 million at E.ON SE after internal passthrough.

In the year under review, on balance the Company's income taxes yielded tax income of €309 million, which encompasses the year under review as well as prior years. Applying the minimum tax rate resulted in corporate taxes and solidarity surcharges totaling about €2 million in 2020. The Company did not record expenditures for trade taxes. For previous years the Company recorded tax income of €311 million.

At the Annual Shareholders Meeting in 2021, the Management Board will propose that net income available for distribution be used to pay a dividend of €0.47 per ordinary share and the remaining amount of €899 million to be brought forward as retained earnings. Management's proposal for the use of net income available for distribution is based on the number of ordinary shares on March 15, 2021, the date the Financial Statements of E.ON SE were prepared.

The E.ON SE Management Board has decided on a dividend policy that foresees annual growth in the dividend per share of up to 5 percent through the dividend for the 2023 financial year. E.ON will aim for an annual increase in dividend per share after this as well.

The complete Financial Statements of E.ON SE, with an unqualified opinion issued by the auditor, PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf, will be announced in the *Bundesanzeiger*. The Financial Statements of E.ON SE are available on the internet at www.eon.com.

Other Financial and Non-financial Performance Indicators

ROCE

ROCE is a pretax total return on capital and is defined as the ratio of adjusted EBIT to annual average capital employed.

Annual average capital employed represents the interest-bearing capital invested in E.ON's operating business. It is calculated by subtracting non-interest-bearing available capital from non-current and current operating assets. Depreciable non-current assets are included at their book value. Goodwill from acquisitions is included at acquisition cost, as long as this reflects its fair value. In order to better depict intraperiod fluctuations in average capital employed, annual average capital employed is calculated as the arithmetic average of the amounts at the beginning of the year and the end of the year.

Significant changes to E.ON's portfolio during the course of the year were factored into average capital employed. Consequently, the innogy Group's assets and debt relevant for capital employed were included effective the end of September 2019. The components of capital employed attributable to the discontinued operations at Renewables transferred to RWE were included until the end of September 2019 (footnote 4 of the ROCE table below contains more information).

Annual average capital employed does not include the marking to market of other share investments and derivatives. The purpose of excluding these items is to provide us with a more consistent picture of E.ON's ROCE performance.

ROCE Performance in 2020

ROCE decreased from 8.3 percent in 2019, to 6.2 percent in 2020 owing mainly to the increase in average capital employed. The primary reasons are the inclusion of the innogy Group's assets for the first time for the entire year (including goodwill from the purchase-price allocation) and the innogy Group's debt. innogy operations are fully included in capital employed, whereas the synergies associated with the transaction will only emerge over time. E.ON therefore assumes that ROCE will increase in the future.

The table below shows the E.ON Group's ROCE and its derivation.

ROCE

€ in millions	2020	2019[4]
Property, plant, and equipment, right-of-use assets, intangible assets, and goodwill[1]	61,148	59,950
Shares in affiliated and associated companies and other share investments	6,266	6,963
Non-current assets	**67,414**	**66,913**
Inventories	1,131	1,252
Other non-interest-bearing assets/liabilities, including deferred income and deferred tax assets[2]	-5,818	-2,187
Current assets	**-4,687**	**935**
Non-interest-bearing provisions[3]	-3,408	-3,557
Capital employed in continuing and discontinued operations[4]	**59,319**	**62,421**
Annual average capital employed in continuing and discontinued operations[4]	**60,870**	**38,678**
Adjusted EBIT[5]	**3,776**	**3,220**
ROCE[6]	**6.2%**	**8.3%**

[1]Depreciable non-current assets are included at their book value. Goodwill from acquisitions is included at acquisition cost, as long as this reflects its fair value.
[2]Examples of other non-interest-bearing assets/liabilities include income tax receivables and liabilities.
[3]Non-interest-bearing provisions include current provisions, such as those relating to sales and procurement market obligations. In particular, they do not include provisions for pensions or nuclear-waste management.
[4]As a rule, weighted capital employed is the arithmetical average of capital employed at the beginning and the end of the year. To adequately portray the innogy takeover in September 2019, capital employed in 2019 was weighted on the basis of a number of month-end figures. This calculation reflected the following parameters:
a) Capital employed of continuing operations at December 31, 2018: €29.4 billion (includes the discontinued operations at Renewables).
b) Capital employed of continuing operations at June 30, 2019, projected to September 30, 2019, on the basis of net investments and depreciation charges: €32.4 billion (includes the discontinued operations at Renewables).
c) Capital employed of continuing operations at October 1, 2019: €61.7 billion (includes innogy and excludes the discontinued operations at Renewables).
d) Capital employed of continuing operations at December 31, 2019: €62.4 billion (includes innogy and excludes the businesses transferred to RWE). Due to retroactive changes in innogy's purchase-price allocation, this value was adjusted retrospectively.
75 percent of the average of parameters a) and b) is factored into average capital employed, as is 25 percent of the mean of parameters c) and d).
[5]Adjusted for non-operating effects; for purposes of internal management control, adjusted EBIT includes the adjusted EBIT from the operations at Renewables classified as discontinued operations and deconsolidated in September 2019.
[6]ROCE = adjusted EBIT divided by average capital employed.

Employees

Integration of innogy

Following the legal integration of the innogy Group, a major focus in 2020 was on the transfer of innogy employees to their respective E.ON target companies. These transfers were implemented on schedule at the predefined transition dates and were thus almost completed in 2020.

To implement these transfers, E.ON concluded numerous agreements with trade unions and employee representatives at the collective-bargaining and company level. The negotiations were conducted under challenging conditions owing to the Covid-19 pandemic. However, E.ON's proven social partnership made it possible to hold constructive discussions and to find suitable solutions that address the interests of employees who will be affected by the upcoming change process. The aforementioned cooperation between the Company and employee representatives also made it possible to find socially responsible solutions for the redundancies resulting from the innogy integration. Numerous employees made use of the jointly defined mechanisms for voluntarily departing the Group.

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

People Strategy
In 2020 E.ON also focused on the development of its new Group People Strategy ("GPS"), which will serve as the compass to guide the Company's ongoing transformation and promote its lasting success amid a rapidly changing world. The development process reflected, in particular, the innogy integration, which necessitated a review and modification of E.ON and innogy's previous people strategies. The new GPS sets four people priorities for the entire Group: Future of Work, Diversity and Inclusion, Sustainability, and Leadership. These priorities will guide E.ON's human resources activities for the next three years. The new GPS will be brought to life by Group-wide and unit-level people activities, especially by means of existing Group-wide initiatives, such as Grow@E.ON, a competency model for the professional and personal development of the Company's employees and managers. GPS's implementation is flexible and modular to accommodate the differences between business units.

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

In addition, a diverse workforce enables E.ON to do an even better job of meeting customers' specific needs and requirements. As far back as 2006 E.ON issued a Group Policy on Equal Opportunity and Diversity. In late 2016 E.ON along with the SE Works Council of E.ON SE renewed this commitment to diversity. In April 2018 the E.ON Management Board, the German Group Works Council, and the Group representation for severely disabled persons signed the Shared Understanding of Implementing Inclusion at E.ON, creating an important foundation for integrating people with disabilities into the organization.

In 2008 E.ON publicly affirmed its commitment to fairness and respect by signing the German Diversity Charter, which now has about 3,500 signatories. E.ON therefore belongs to a large network of companies committed to diversity, tolerance, fairness, and respect. E.ON assumed innogy's membership in the German Diversity Charter and has thus been an active member since 2020.

E.ON's approach to promoting diversity is holistic, encompassing all dimensions of diversity. In 2020 the Company again implemented numerous measures to promote diversity at E.ON. Fostering female managers' career development remains an important dimension. E.ON set an ambitious target to increase the proportion of women in management positions. Over the long term, E.ON wants the proportion of women in management positions Group-wide to be roughly the same as the proportion of women in its overall workforce. At year-end 2020, 32 percent of E.ON employees were women. E.ON will increase the proportion of women in its talent pool accordingly.

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

Also, E.ON is continuing innogy's membership in Initiative Women into Leadership ("IWiL"), a non-profit initiative based in Germany. innogy was one of IWiL's founding members. The initiative's purpose is to recruit outstanding personalities from various social spheres—including business, culture, the media, and science—to serve as mentors to support highly qualified and successful women on their way to the top.

More information about E.ON's compliance with Germany's Law for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector can be found in the Corporate Governance Declaration on pages 70 to 79.

Workforce Figures
At year-end 2020 the E.ON Group had 78,126 employees worldwide, almost unchanged (-1 percent) from year-end 2019. E.ON also had 2,494 apprentices and 231 board members and managing directors worldwide.

Employees[1]

	December 31		
Headcount	2020	2019	+/- %
Energy Networks	40,764	38,814	+5
Customer Solutions	31,463	33,038	-5
Corporate Functions/Other	4,029	5,218	-23
Core business	**76,256**	**77,070**	**-1**
Non-Core Business	1,870	1,878	–
E.ON Group	**78,126**	**78,948**	**-1**

[1]Does not include board members, managing directors, or apprentices.

The increase in Energy Networks' headcount is chiefly attributable to the acquisition of VSEH in Slovakia. The filling of vacancies to expand the business and to meet regulatory requirements (in Germany, predominantly with apprentices who had successfully completed their training), the reintegration of certain IT functions, and other structural effects also contributed to the increase. The transfer of employees to Customer Solutions was a countervailing factor.

The decline in the number of employees at Customer Solutions mainly reflects restructuring projects, principally in the United Kingdom. This was partially offset by acquisitions in the Netherlands and elsewhere as well as the transfer of employees from Corporate Functions/Other and Energy Networks.

The number of employees at Corporate Functions/Other declined significantly owing primarily to structural effects, such as the transfer of employees to other segments, in part because of the separation of innogy SE into subcompanies and their transfer to the operating segments, as well as the restructuring of IT functions. The sale of a company in Poland was another factor.

Geographic Profile
At year-end, 40,328 employees, or 52 percent of all employees, were working outside Germany, almost unchanged from year-end 2019 (51 percent).

Employees by Country[1]

	Headcount		FTE[3]	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Germany	37,798	38,336	36,090	36,510
United Kingdom	12,216	14,368	11,682	13,737
Hungary	7,943	8,129	7,918	8,104
Romania	6,710	6,579	6,559	6,410
Netherlands	3,288	2,888	2,840	2,628
Czech Republic	2,952	2,930	2,937	2,913
Sweden	2,355	2,286	2,331	2,263
Poland	1,816	2,018	1,802	2,003
Other[2]	3,048	1,414	3,009	1,385
Total	**78,126**	**78,948**	**75,168**	**75,953**

[1]Figures do not include board members, managing directors, or apprentices.
[2]Includes Slovakia, Italy, Philippines, USA, Denmark, and other countries.
[3]Full-time equivalent.

Gender and Age Profile, Part-time Staff

At the end of 2020, 32 percent of the Company's workforce were women, roughly at the prior-year level (33 percent).

Proportion of Female Employees

Percentages	2020	2019
Energy Networks	22	22
Customer Solutions	44	44
Corporate Functions/Other	49	49
Core business	**33**	**33**
Non-Core Business	14	13
E.ON Group	**32**	**33**

At year-end 2020 the average member of the E.ON Group workforce was about 42 years old and had worked for the Company for 14 years.

Employees by Age

Percentages at year-end	2020	2019
30 and younger	20	20
31 to 50	50	50
51 and older	30	30

A total of 9,530 employees, or 12 percent of the E.ON Group workforce, were on a part-time schedule. Of these, 6,439, or 68 percent, were women.

The turnover rate resulting from voluntary terminations averaged 3.5 percent across the organization, slightly lower than in the prior year (4.6 percent).

Apprenticeships

E.ON continues to place great emphasis on vocational training for young people. The E.ON Group had 2,395 apprentices and work-study students in Germany at year-end 2020. As in the prior year, this represented 6 percent of E.ON's total workforce in Germany.

Apprentices in Germany

	Headcount		Percentage of workforce	
At year-end	2020	2019	2020	2019
Energy Networks	2,098	2,149	7.6	8.0
Customer Solutions	59	61	0.8	0.8
Corporate Functions/Other	199	206	5.4	4.4
Core business	**2,356**	**2,416**	**6.2**	**6.2**
Non-Core Business	39	40	2.0	2.1
E.ON Group	**2,395**	**2,456**	**6.0**	**6.0**

E.ON provides vocational training in 28 careers and also offers training and practically oriented work-study programs in 35 degree areas in order to meet its own needs for skilled workers and to take targeted action to address the consequences of demographic change. In addition, E.ON offers young people the opportunity to receive training to qualify for an apprenticeship.

Forecast Report

Business Environment

Macroeconomic Situation

Despite the availability of vaccines and countries' various vaccination strategies, the Covid-19 pandemic seems unlikely to end in the near future. For the time being, therefore, the current phase of economic weakness can be expected to continue. This applies to the energy industry as well. For example, electricity consumption declined in 2020. Compared with other industries, however, the economic repercussions in the energy sector were marginal.

The pandemic's barely predictable course makes precise economic forecasts almost impossible. In addition, forecasts must be assessed in temporal relation to the pandemic's course. For example, in September 2020 (when infection rates were relatively low) the ifo institute predicted that Germany would achieve GDP growth of 5.1 percent in 2021. In December, amid a renewed lockdown, it revised its growth forecast for 2021 to 4.2 percent.

The German Council of Economic Experts' annual report, published in December 2020, forecasts tepid economic growth of around 0.5 percent in the first months of 2021. For the remainder of the year, it expects Germany's economy to grow by 3.7 percent. Germany's GDP for 2021 would thus be just below the pre-crisis level of 2019 (GDP 2019: €3.44 trillion).

The European Commission's autumn economic forecast published in November 2020 predicted that the EU's GDP will shrink by 7.4 percent in 2020. In February 2021 the Commission forecast euro zone GDP growth of 3.8 percent for both 2021 and 2022. Furthermore, the EU as a whole is expected to grow by 3.7 percent in 2021 and 3.9 percent in 2022. The EU economy is expected to reach its pre-crisis level from 2019 (EU28 GDP: €13.94 trillion) by mid-2022, resulting mainly from increased growth in the second half of 2021 and in 2022. The International Monetary Fund expects global GDP growth of 5.5 percent in 2021.

General Statement of E.ON's Future Development

The integration of innogy successfully completed the E.ON Group's restructuring. Nevertheless, the next few years will reflect the new E.ON's ongoing efforts to build on this foundation to propel Europe's energy transition in the digital age. From April 2021 onward, Leonhard Birnbaum will become E.ON's new CEO and oversee the continuation of its strategy. The smooth transition at the top of the Company sets the stage for a seamless implementation of operating tasks. The focus will be on expanding E.ON's business segments in order to generate additional growth. Europe's economic stimulus packages give E.ON additional support. Around €60 billion of funding is earmarked for climate projects across E.ON's markets. These projects will promote decarbonization and thus the achievement of the EU's climate targets.

Another focus following the innogy takeover will be on continuing to leverage synergies of around €740 million annually from the end of 2022 onward. E.ON will also further articulate its sustainability strategy. Combining all of E.ON's U.K. sales businesses in a new company, E.ON$_{\text{Next}}$, will continue in 2021 as well. The new company will have state-of-the-art processes and an agile IT platform. The transfer of energy customers in Germany to a new digital platform will continue throughout 2021. This segment remains committed to its IT and digital agenda. This agenda's special significance was underscored by the appointment of Victoria Ossadnik to the E.ON Management Board effective April 1, 2021. She will be responsible for the Group's digitalization. The focus will be on developing advanced, powerful support systems and continually safeguarding of E.ON's IT systems against cyberattacks. Energy Networks will make significant IT investments in 2021 to meet customers' different demands and to continually make E.ON's networks—the backbone of the energy transition across Europe—more advanced and smarter.

E.ON needs to achieve these objectives and implement these measures in a challenging economic environment. Low interest rates and keen competition for networks and customers are part of E.ON's daily business. Uncertainty remains regarding the future course of the Covid-19 pandemic and its economic impact. Although the energy industry and E.ON have proven resilient, there may be additional financial consequences depending on how the pandemic progresses. For example, the demand for electricity and gas could affect sales volume and prices, while there could be implications from customers and enterprise partners' reduced ability to pay.

Anticipated Earnings Situation

Forecast Earnings Performance

Despite the ongoing pandemic, E.ON expects the Group's 2021 adjusted EBIT to be between €3.8 and €4 billion and its 2021 adjusted net income to be between €1.7 and €1.9 billion, or €0.65 to €0.73 per share (based on 2,607 million shares outstanding). In addition, the plan calls for the E.ON Group to achieve a cash-conversion rate of roughly 100 percent on average for the 2021 to 2023 financial years (without factoring in the expenditures for the decommissioning of nuclear power stations). This metric will benefit significantly over the planning period from the Company's initiative to further optimize working capital.

Forecast by segment:

Adjusted EBIT[1]

€ in billions	2021 (forecast)
Energy Networks	2.9 to 3.1
Customer Solutions	0.8 to 1.0
Corporate Functions/Other	about -0.3
Non-Core Business	0.2 to 0.4
E.ON Group	**3.8 to 4.0**

[1]Adjusted for non-operating effects.

E.ON expects Energy Networks' earnings to be temporarily lower in 2021, mainly because of temporarily higher expenditures at the networks in Germany. Declining earnings in Hungary due to planned business disposals will continue to have an adverse impact. Also, new regulatory periods start in the Czech Republic, Hungary, and Turkey. The low interest-rate environment affects regulatory rates of return, but this will largely be offset by changes in the respective regulatory schemes and good operating results. The business in Slovakia acquired from RWE at year-end 2020 will make a positive, full-year contribution. In addition, the network business will continue to benefit from additional investments in its regulated asset base.

Customer Solutions' earnings will be significantly above the prior-year level. The Company expects a positive performance in all of this segment's markets, especially through the leveraging of synergies. In particular, the ongoing restructuring in the United Kingdom will serve to increase earnings. In addition, E.ON assumes that the earnings decline in 2020 as a result of the Covid-19 pandemic—in particular due to resales and lower sales volumes, especially to industrial customers—will largely disappear in the 2021 financial year. The underlying operating business will perform according to plan as well. The anticipated improvement in customer numbers and margins in the customer solutions business in Germany is particularly noteworthy.

The plan calls for earnings at Corporate Functions/Other to be above the prior-year figure. The implementation of planned synergies will have a positive impact.

Non-Core Business's earnings will be below the prior-year level. Higher costs to procure for residual power output rights and slightly lower sales prices will reduce earnings.

Anticipated Financial Situation

Planned Funding Measures

In addition to planned investments for 2021 and the dividend for 2020, in 2021 E.ON will make payments for bonds that have matured. Over the course of the year, these payments will be funded with available liquid funds and the issuance of debt.

Dividend

The E.ON SE Management Board decided to continue the current dividend policy, which foresees annual growth in the dividend per share of up to 5 percent through the dividend for the 2023 financial year. E.ON will aim for an annual increase in dividend per share after this as well.

Planned Investments

E.ON plans to make cash-effective investments of about €4.9 billion in 2021. E.ON will continue its strategy aimed at delivering sustainable growth. Capital allocation will of course continue to be selective and disciplined.

Cash-Effective Investments: 2021 Plan

	€ in billions	Percentages
Energy Networks	3.3	67
Customer Solutions	1.0	21
Corporate Functions/Other	0.2	4
Non-Core Business	0.4	8
Total	**4.9**	**100**

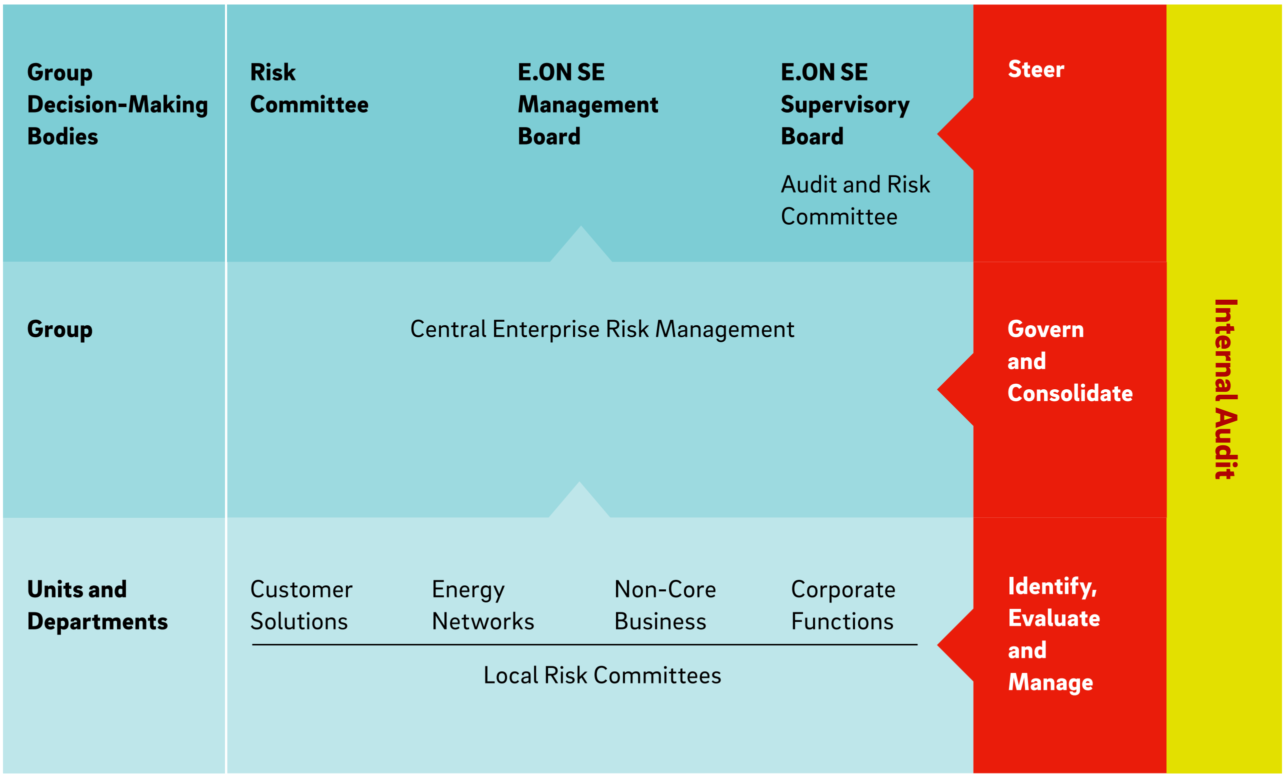
Energy Networks' investments will consist in particular of numerous individual investments to maintain and, above all, to expand networks, switching equipment, and metering and control technology in order to continue to ensure the reliable and uninterrupted transmission and distribution of electricity.

Customer Solutions' investments will mainly go toward the heat business and solutions for industrial and commercial customers in Sweden, Germany, and the United Kingdom. E.ON will also invest in IT, metering and upgrade projects, and integrated energy solutions.

Non-Core Business's investments will include investments to acquire residual power output rights. Those at Corporate Functions/Other will encompass investments in Group-wide IT infrastructure and a planned payment from the innogy acquisition.

Risks and Chances Report

Enterprise Risk Management System in the Narrow Sense



Objective

E.ON's Enterprise Risk Management ("ERM") provides the management of all units as well as the E.ON Group with a fair and realistic view of the risks and chances resulting from their planned business activities. It provides:

- meaningful information about risks and chances to the business, thereby enabling the business to derive individual risks/chances as well as aggregate risk profiles within the time horizon of the medium-term plan (three years)
- transparency on risk exposures in compliance with legal requirements including KonTraG, BilMoG, and BilReG.

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

All risks and chances have an accountable member of the Management Board, have a designated risk owner who remains operationally responsible for managing that risk/chance, and are identified in a dedicated bottom-up process.

The innogy business operations acquired by E.ON are now fully integrated into E.ON's adequate, effective, and audited comprehensive framework for managing chances and risks.

Scope

E.ON's risk management system in the broader sense has a total of four components:

- an internal monitoring system
- a management information system
- preventive measures
- the ERM, which is a risk management system in the narrow sense.

The purpose of the internal monitoring system is to ensure the proper functioning of business processes. It consists of organizational preventive measures (such as policies and work instructions) and internal controls and audits (particularly by Internal Audit).

The E.ON internal management information system identifies risks early so that steps can be taken to actively address them. Reporting by the Controlling, Finance, and Accounting departments as well as Internal Audit reports are of particular importance in early risk detection.

General Measures to Limit Risks

E.ON takes the following general preventive measures to limit risks.

Managing Legal and Regulatory Risks

E.ON engages in intensive and constructive dialog with government agencies and policymakers in order to manage the risks resulting from the E.ON Group's policy, legal, and regulatory environment. Furthermore, the Company strives to conduct proper project management so as to identify early and minimize the risks attending new-build projects.

E.ON attempts to minimize the operational risks of legal proceedings and ongoing planning processes by managing them appropriately and by designing appropriate contracts beforehand.

Managing Operational and IT Risks

To limit operational and IT risks, E.ON continually improves its network management and the optimal asset dispatch of its assets. At the same time, E.ON implements operational and infrastructure improvements that will enhance the reliability of its generation assets and distribution networks, even under extraordinarily adverse conditions. In addition, E.ON has factored the operational and financial effects of environmental risks into its emergency plan. They are part of a catalog of crisis and system-failure scenarios prepared for the Group by the Incident and Crisis Management team.

E.ON IT systems are maintained and optimized by qualified E.ON Group experts, outside experts, and a wide range of technological security measures. In addition, the E.ON Group has in place a range of technological and organizational measures to counter the risk of unauthorized access to data, the misuse of data, and data loss.

Managing Health, Safety, and Environmental ("HSE"), Human Resources ("HR"), and Other Risks

The following are among the comprehensive measures E.ON takes to address such risks (also in conjunction with operational and IT risks):

- systematic employee training, advanced training, and qualification programs for employees
- further refinement of production procedures, processes, and technologies
- regular facility and network maintenance and inspection
- company guidelines as well as work and process instructions
- quality management, control, and assurance
- project, environmental, and deterioration management
- crisis-prevention measures and emergency planning.

Should an accident occur despite the measures taken, E.ON has a reasonable level of insurance coverage.

Managing Market Risks

E.ON uses a comprehensive sales-management system and intensive customer management to manage margin risks.

In order to limit exposure to commodity price risks, E.ON conducts systematic risk management. The key elements of the Company's risk management are, in addition to binding Group-wide policies and a Group-wide reporting system, the use of quantitative key figures, the limitation of risks, and the strict separation of functions between departments. Furthermore, E.ON utilizes derivative financial instruments that are commonly used in the marketplace. These instruments are transacted with financial institutions, brokers, power exchanges, and third parties whose creditworthiness is monitored on an ongoing basis. E.ON local sales units and the remaining generation operations have set up local risk management under central governance standards to monitor these underlying commodity risks and to minimize them through hedging.

Managing Strategic Risks

E.ON has comprehensive preventive measures in place to manage potential risks relating to acquisitions and investments. These measures include, in addition to the relevant company guidelines and manuals, comprehensive due diligence, legally binding contracts, a multi-stage approvals process, and shareholding and project controlling. Comprehensive post-acquisition projects also contribute to successful integration.

Managing Finance and Treasury Risks

This category encompasses credit, interest-rate, currency, tax, and asset-management risks and chances. E.ON uses systematic risk management to monitor and control its interest-rate and currency risks and manage these risks using derivative and non-derivative financial instruments. Here, E.ON SE plays a central role by aggregating risk positions through intragroup transactions and hedging these risks in the market. Due to E.ON SE's intermediary role, its risk position is largely closed.

In the context of Group-wide credit risk management E.ON systematically assesses and monitors the creditworthiness of its business partners on the basis of Group-wide minimum standards. E.ON manages credit risk by taking appropriate measures, which include obtaining collateral and setting limits. The E.ON Group's Risk Committee is regularly informed about credit risks. A further component of E.ON's risk management is a conservative investment strategy for financial funds and a broadly diversified portfolio.

Note 31 to the Consolidated Financial Statements contains detailed information about the use of derivative financial instruments and hedging transactions. Note 32 describes the general principles of E.ON's risk management and applicable risk metrics for quantifying risks relating to commodities, credit, liquidity, interest rates, and currency translation.

Enterprise Risk Management ("ERM")

E.ON's ERM, which is the basis for the risks and chances described in the next section, encompasses:

- systematic risk and chance identification
- risk and chance analysis and evaluation
- management and monitoring of risks and chances by analyzing and evaluating countermeasures and preventive systems
- documentation and reporting.

As required by law, E.ON's ERM's effectiveness is reviewed regularly by Corporate Audit. In compliance with the provisions of Section 91, Paragraph 2, of the German Stock Corporation Act relating to the establishment of a risk-monitoring and early warning system, E.ON has a Risk Committee for the E.ON Group and for each of its business units. The Risk Committee's mission is to achieve a comprehensive view of E.ON's risk exposure at the Group and unit level and to actively manage risk exposure in line with E.ON's risk strategy.

The ERM applies to all fully consolidated E.ON Group companies and all companies valued at equity whose book value is greater than €50 million. E.ON takes an inventory of its risks and chances at each quarterly balance-sheet date.

To promote uniform financial reporting Group-wide, E.ON has in place a central, standardized system that enables effective and automated risk reporting. Company data are systematically collected, transparently processed, and made available for analysis both centrally and decentrally at the units.

Risks and Chances

Methodology

E.ON's IT-based system for reporting risks and chances has the following risk categories:

Risk Category

Risk Category	Examples
Legal and regulatory risks	Policy and legal risks and chances, regulatory risks, risks from public consent processes
Operational and IT risks	IT and process risks and chances, risks and chances relating to the operation of generation assets, networks, and other facilities, new-build risks
HSE, HR, and other	Health, safety, and environmental risks and chances
Market risks	Risks and chances from the development of commodity prices and margins and from changes in market liquidity
Strategic risks	Risks and chances from investments and disposals
Finance and treasury risks	Credit, interest-rate, foreign-currency, tax, and asset-management risks and chances

E.ON uses a multistep process to identify, evaluate, simulate, and classify risks and chances. Risks and chances are generally reported on the basis of objective evaluations. If this is not possible, estimates by in-house experts are used. The evaluation measures a risk/chance's financial impact on the current earnings plan while factoring in risk-reducing countermeasures. The evaluation therefore reflects the net risk.

For quantifiable risks and chances, E.ON then evaluates the likelihood of occurrence and the potential loss or damage. In the commodity business, for example, commodity prices can rise or fall. This type of risk is modeled with a normal distribution. Modeling is supported by a Group-wide IT-based system. Extremely unlikely events—those whose likelihood of occurrence is 5 percent or less—are classified as tail events. Tail events are not included in the simulation described below.

This statistical distribution makes it possible for E.ON's internal risk management system to conduct a Monte Carlo simulation of these risks. This yields an aggregated risk distribution that is quantified as the deviation from the Company's current earnings plan for adjusted EBIT.

E.ON uses the 5th and 95th percentiles of this aggregated risk distribution as the worst case and best case, respectively. Statistically, this means that with this risk distribution there is a 90-percent likelihood that the deviation from the Company's current earnings plan for adjusted EBIT will remain within these extremes.

The last step is to assign, in accordance with the 5th and 95th percentiles, the aggregated risk distribution to impact classes—low, moderate, medium, major, and high—according to their quantitative impact on planned adjusted EBIT. The impact classes are shown in the table below.

Impact Classes

Low	x < €10 million
Moderate	€10 million ≤ x < €50 million
Medium	€50 million ≤ x < €200 million
Major	€200 million ≤ x < €1 billion
High	x ≥ €1 billion

General Risk Situation

The table below shows the average annual aggregated risk position (aggregated risk distribution) across the time horizon of the medium-term plan for all quantifiable risks and chances (excluding tail events) for each risk category based on E.ON's most important financial key performance indicator, adjusted EBIT.

Risk Category

Risk category	Worst case (5th percentile)	Best case (95th percentile)
Legal and regulatory risks	Major	Major
Operational and IT risks	Medium	Low
HSE, HR, and other	Low	Low
Market risks	Major	Medium
Strategic risks	Medium	Moderate
Finance and treasury risks	Medium	Medium

The E.ON Group has major risk positions in the following categories: legal and regulatory risks as well as market risks. As a result, the aggregate risk position of E.ON SE as a Group is major. In other words, the E.ON Group's average annual adjusted EBIT risk ought not to exceed -€200 million to -€1 billion in 95 percent of all cases.

The E.ON Group's overall risk situation at the end of 2020 was influenced primarily by the ongoing Covid-19 pandemic. The main Covid-19 risk factors in the sales business are volume and price effects as well as credit losses. In addition, the customer solutions business could encounter delays in planned projects, while residential and business customers' demand for various products is declining amid economic uncertainty.

The network business could also experience a decline in sales volume and credit losses which result in lower earnings. The difference with the network business is that volume-driven declines in sales will largely be recovered in subsequent years. In addition, PreussenElektra's business could be adversely affected by the introduction of a ban or a limitation of work contracts due to Covid-19.

Risks and Chances by Segment

PreussenElektra

PreussenElektra's business is substantially influenced by regulation. In general, regulation can result in risks for its remaining operating and dismantling activities. One example is the Fukushima nuclear accident. Policy measures taken in response to such events could have a direct impact on the further operation of a nuclear power plant ("NPP") or trigger liabilities and significant payment obligations stemming from the solidarity obligation agreed on among German NPP operators. Furthermore, new regulatory requirements, such as additional mandatory safety measures or delays in dismantling, could lead to production outages and higher costs. In addition, there may be lawsuits that fundamentally challenge the operation of NPPs. Regulation can also require an increase in provisions for dismantling. These factors could pose major risks for E.ON.

On December 6, 2016, Germany's Federal Constitutional Court in Karlsruhe ruled that the thirteenth amended version of the Atomic Energy Act ("the Act") is fundamentally constitutional. The Act's only unconstitutional elements are that certain NPP operators will be unable to produce their electricity allotment from 2002 and that it contains no mechanism for compensating operators for investments to extend NPP operating lifetimes. Lawmakers established a compensation mechanism in the sixteenth amended version of the Act. This version did not become law owing to a ruling by the Federal Constitutional Court on September 29, 2020. Lawmakers thus remain obliged to introduce a new mechanism. In addition, NPPs need to acquire residual power output rights in order to operate until their closure dates prescribed by law. In accordance with the agreement published at the beginning of March 2021 between the responsible federal ministries and the four NPP operators, it is also provided in particular that the residual power output rights corresponding to the ownership stake in the joint power plants with Vattenfall are to be transferred free of charge to PreussenElektra and can be used for generation in the Group's own power plants. The effectiveness of this agreement is still subject to legal implementation. The additional quantities required to operate the NPPs until the final date stipulated by the Act have to be purchased. These matters could yield major chances and major risks.

Customer Solutions

The E.ON Group's operations subject it to certain risks relating to legal proceedings, ongoing planning processes, and regulatory changes. But these risks also relate, in particular, to legal actions and proceedings concerning contract and price adjustments to reflect market dislocations or (including as a consequence of the energy transition) an altered business climate in the power and gas business, alleged price-rigging, and anticompetitive practices. This could pose a major risk.

Energy Networks

The operation of energy networks is subject to a large degree of government regulation. New laws and regulatory periods cause uncertainty for this business. In addition, matters related to Germany's Renewable Energy Sources Act, such as issues regarding solar energy, can cause temporary fluctuations in cash flow and adjusted EBIT. This could create major chances as well as pose a major risk. The rapid growth of renewables is also creating new risks for the network business. For example, insolvencies among renewables operators or feed-in tariffs unduly paid by grid operators lead to court or regulatory proceedings.

Risks and Chances by Category

E.ON's major risks and chances by risk category are described below. Also described are major risks and chances stemming from tail events as well as qualitative risks that would impact adjusted EBIT by more than €200 million. Risks and chances that would affect planned net income and/or cash flow by more than €200 million are included as well.

Legal and Regulatory Risks

The political, legal, and regulatory environment in which the E.ON Group does business is a source of risks, such as the continued uncertainty that Brexit poses for the collaboration between certain E.ON business units. This could confront E.ON with direct and indirect consequences that could lead to possible financial disadvantages. New risks—but also opportunities—arise from energy-policy decisions at the European and national level. Foremost among them are the European Commission's Green Deal, which was presented in 2019 and revised and expanded in late 2020, and the German federal government's decision to phase out conventional, hard-coal- and lignite-fired power generation (the Coal Phaseout Law of August 2020). The achievement of these objectives will require legal and regulatory implementation measures that themselves would pose new risks for certain E.ON Group business operations.

In the wake of the economic and financial crisis in many EU member states, interventionist policies and regulations have been adopted in recent years, such as additional taxes and additional reporting requirements (for example, EMIR, MAR, REMIT, MiFID2). The relevant agencies monitor compliance with these regulations closely. This leads to attendant risks for E.ON's operations. The same applies to price moratoriums, regulated price reductions, and changes to support schemes for renewables, which could pose risks to, as well as create opportunities for, E.ON's operations in the respective countries.

There may also be final risks from obligations arising from regulatory requirements following the Uniper split. This risk category also includes major risks arising from possible litigation, fines, and claims, governance and compliance issues, as well as risks and chances related to contracts and permits. Changes to this environment can lead to considerable uncertainty with regard to planning and, under certain circumstances, to impairment charges but can also create chances. This results in a major risk and chance position.

Operational and IT Risks
The operational and strategic management of the E.ON Group relies heavily on complex information technology and complex operation technology ("OT"). This includes risks and chances in conjunction with information security and the security of operating processes in E.ON's business segments.

Cybersecurity and the continuous protection of IT and OT systems against cyberattacks is a focus area of E.ON's risk management. Examples include the analysis of attacks on the systems of the network business (which could affect the operation of E.ON's critical infrastructure), on the sales business (which could result in the loss of customer data), and on internal systems (which E.ON uses to control commercial processes in all its business segments). It is important that the operating units and the Cybersecurity and Enterprise Risk Management divisions jointly and proactively evaluate and manage risks for E.ON.

Technologically complex production facilities are used in the production and distribution of energy, resulting in major risks from procurement and logistics, construction, operations and maintenance of assets as well as general project risks. In the case of PreussenElektra, this also includes dismantling activities. E.ON's operations in and outside Germany face major risks of a power failure, power-plant shutdown, and higher costs and additional investments resulting from unanticipated operational disruption or other problems. Operational failures or extended production stoppages of facilities or components of facilities as well as environmental damage could negatively impact earnings, affect the cost situation, and/or result in the imposition of fines. In unlikely cases, this could lead to a high risk. Overall, it results in a medium risk position and a low chance position in this category. General project risks can include a delay in projects and increased capital requirements.

E.ON could also be subject to environmental liabilities associated with its power generation operations that could materially and adversely affect its business. In addition, new or amended environmental laws and regulations may result in cost increases for E.ON.

HSE, HR, and Other Risks
Health and occupational safety are important aspects of E.ON's day-to-day business. The Company's operating activities can therefore pose risks in these areas and create social and environmental risks and chances. In addition, E.ON's operating business potentially faces risks resulting from human error and employee turnover. It is important that E.ON act responsibly along its entire value chain and that we communicate consistently, enhance the dialog, and maintain good relationships with key stakeholders. E.ON actively considers environmental, social, and corporate-governance issues. These efforts support the Company's business decisions and public relations. E.ON's objective is to minimize reputational risks and garner public support so that the Company can continue to operate its business successfully. These matters do not result in a major risk or chance position.

In the past, predecessor entities of E.ON SE conducted mining operations, resulting in obligations in North Rhine-Westphalia and Bavaria. E.ON SE can be held responsible for damage. This could lead to major individual risks that E.ON currently only evaluates qualitatively.

Market Risks
E.ON's units operate in an international market environment that is characterized by general risks relating to the business cycle. In addition, the entry of new suppliers into the marketplace along with more aggressive tactics by existing market participants and reputational risks have created a keener competitive environment for the Company's sales business in and outside Germany, which could reduce margins. However, market developments could also have a positive impact on E.ON's business. Such factors include wholesale and retail price developments, customer churn rates, and temporary volume effects in the network business. This results in a major risk position and a medium chance position in this category.

The demand for electric power and natural gas is seasonal, with E.ON's operations generally experiencing higher demand during the cold-weather months of October through March and lower demand during the warm-weather months of April through September. As a result of these seasonal patterns, E.ON's sales and results of operations are higher in the first and fourth quarters and lower in the second and third quarters. Sales and results of operations for all of E.ON's energy operations can be negatively affected by periods of unseasonably warm weather during the autumn and winter months. E.ON expects seasonal and weather-related fluctuations in sales and results of operations to continue. Periods of exceptionally cold weather—very low average temperatures or extreme daily lows—in the fall and winter months can have a positive impact owing to higher demand for electricity and natural gas.

E.ON's portfolio of physical assets, long-term contracts, and end-customer sales is exposed to uncertainty resulting from fluctuations in commodity prices. After the Uniper spinoff, E.ON established its own procurement organization for its sales business and ensured market access for the output of its remaining energy production in order to manage the remaining commodity risks accordingly.

Strategic Risks
E.ON's business strategy involves acquisitions and investments in its core business as well as disposals. This strategy depends in part on the ability to successfully identify, acquire, and integrate companies that enhance, on acceptable terms, the Company's energy business. In order to obtain the necessary approvals for acquisitions, E.ON may be required to divest other parts of its business or to make concessions or undertakings that affect its business. In addition, there can be no assurance that E.ON will be able to achieve the returns expected from any acquisition or investment. It is also possible that E.ON will not be able to realize its strategic ambition of enlarging its investment pipeline and that significant amounts of capital could be used for other opportunities. Furthermore, investments and acquisitions in new geographic areas or lines of business require E.ON to become familiar with new sales markets and competitors and to address the attending business risks.

In the case of planned disposals, E.ON faces the risk of disposals not taking place or being delayed and the risk that E.ON receives lower-than-anticipated disposal proceeds. In addition, after transactions close E.ON could face major liability risks resulting from contractual obligations.

The overall risk and chance position in this category was not major at the balance-sheet date.

Finance and Treasury Risks
E.ON is exposed to credit risk in its operating activities and through the use of financial instruments. Credit risk results from non-delivery or partial delivery by a counterparty of the agreed consideration for services rendered, from total or partial failure to make payments owed on existing accounts receivable, and from replacement risks in open transactions. For example, E.ON's historical connection with Uniper and RWE continues to pose a major, albeit unlikely, risk. In addition, in unlikely cases joint and several liability for jointly operated power plants could lead to a major risk.

E.ON's international business operations expose it to risks from currency fluctuation. One form of this risk is transaction risk, which arises when payments are made in a currency other than E.ON's functional currency. Another form of risk is translation risk, which arises when currency fluctuations lead to accounting effects when assets/liabilities and income/expenses of E.ON companies outside the euro zone are translated into euros and entered into E.ON's Consolidated Financial Statements. Positive developments in foreign-currency rates can also create chances for E.ON's operating business.

E.ON faces earnings risks from financial liabilities and interest-rate derivatives that are based on variable interest rates and from asset-retirement obligations.

Refinancing terms on debt capital markets depend in part on rating agencies' credit ratings. Rating agencies Moody's and S&P have given E.ON a strong investment-grade rating. E.ON has contracts that would trigger additional collateral requirements if certain rating levels were not met. Consequently, significant rating downgrades could lead to additional liquidity requirements. On the other hand, positive business performance or further debt reduction could have a positive impact on E.ON's rating.

In addition, the price changes and other uncertainty relating to the current and non-current investments E.ON makes to cover its non-current obligations (particularly pension and asset-retirement obligations) could, in individual cases, be major.

Declining or rising discount rates could lead to increased or reduced provisions for pensions and asset-retirement obligations, including non-current liabilities. This can create a high balance-sheet risk for E.ON.

In principle, E.ON could also encounter tax risks and chances.

This category's overall risk and chance position is not major.

Management Board's Evaluation of the Risk and Chances Situation

The overall risk and chances situation of the E.ON Group's operating business at year-end 2020 improved relative to year-end 2019 owing to legal and regulatory risks and opportunities from a possible agreement on the transfer of residual power output rights. Although the average annual risk for the E.ON Group's adjusted EBIT is classified as major and despite the expansion of its risk and chance position through the innogy transaction, from today's perspective E.ON does not perceive any risk profile that could threaten the existence of E.ON SE, the E.ON Group or individual segments.

Disclosures Pursuant to Section 289, Paragraph 4, and Section 315, Paragraph 4 of the German Commercial Code on the Internal Control System for the Accounting Process

General Principles

E.ON applies Section 315e, Paragraph 1, of the German Commercial Code and prepares its Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") and the interpretations of the IFRS Interpretations Committee that were adopted by the European Commission for use in the EU as of the end of the fiscal year and whose application was mandatory as of the balance-sheet date (see Note 1 to the Consolidated Financial Statements). Energy Networks (Germany, Sweden, and East-Central Europe/Turkey), Customer Solutions (Germany, United Kingdom, Netherlands/Belgium, Other), Non-Core Business, and Corporate Functions/Other are the Company's IFRS-reportable segments.

E.ON SE prepares its Financial Statements in accordance with the German Commercial Code, the SE Ordinance (in conjunction with the German Stock Corporation Act), and the German Energy Act.

E.ON prepares a Combined Group Management Report which applies to both the E.ON Group and E.ON SE.

Accounting Process

All companies included in the Consolidated Financial Statements must comply with E.ON's uniform Accounting and Reporting Guidelines for the Annual Consolidated Financial Statements and the Interim Consolidated Financial Statements. These guidelines describe applicable IFRS accounting and valuation principles. They also explain accounting principles typical in the E.ON Group, such as those for provisions for nuclear-waste management, the treatment of financial instruments, and the treatment of regulatory obligations. E.ON continually analyzes amendments to laws, new or amended accounting standards, and other important pronouncements for their relevance to, and consequences for, the Consolidated Financial Statements and, if necessary, update its guidelines and systems accordingly.

Corporate Functions defines and oversees the roles and responsibilities of various Group entities in the preparation of E.ON SE's Financial Statements and the Consolidated Financial Statements. These roles and responsibilities are described in a Group Policy document.

E.ON Group companies are responsible for preparing their financial statements in a proper and timely manner. They receive substantial support from Business Service Centers in Regensburg, Germany; Cluj, Romania; and Kraków, Poland. E.ON SE combines the financial statements of subsidiaries belonging to its scope of consolidation into its Consolidated Financial Statements using standard consolidation software. Group Accounting is responsible for conducting the consolidation and for monitoring adherence to the guidelines for scheduling, processes, and contents. Monitoring by means of system-based automated controls is supplemented by manual checks.

In conjunction with the year-end closing process, additional qualitative and quantitative information relevant for accounting is compiled. Furthermore, dedicated quality-control processes are in place for all relevant departments to discuss and ensure the completeness of important information on a regular basis.

E.ON SE's Financial Statements are prepared with SAP software. The accounting and preparation processes are divided into discrete functional steps. Bookkeeping processes have largely been outsourced to E.ON's Business Service Centers. Cluj has the primary responsibility for processes relating to subsidiary ledgers and several bank activities. Regensburg has the principal responsibility for processes relating to the general ledgers. Automated or manual controls are integrated into each step. Defined procedures ensure that all transactions and the preparation of E.ON SE's Financial Statements are recorded, processed, assigned on an accrual basis, and documented in a complete, timely, and accurate manner. Relevant data from E.ON SE's Financial Statements are, if necessary, adjusted to conform with IFRS and then transferred to the consolidation software system using SAP-supported transfer technology.

The following explanations about E.ON's internal control system ("ICS") and its general IT controls apply equally to the Consolidated Financial Statements and to E.ON SE's Financial Statements. Page 67 contains information about the innogy Group's internal control system, which has not yet been adapted to E.ON's internal control system.

Internal Control System

The management of each unit in the E.ON Group is legally responsible for establishing and maintaining an adequate and effective internal control system ("ICS"). The ICS department at Corporate Audit is responsible for the oversight and coordination of the overall ICS process in order to ensure an effective ICS in the E.ON Group. For this purpose, the ICS department at Corporate Audit provides the ICS framework and the necessary tools. An ICS Business Partner ("ICS BP") is assigned to each unit which is of particular importance to the E.ON Group and therefore in the ICS documentation scope. The ICS BP is responsible for coordinating and monitoring the unit's ICS activities and advises and supports management in implementing an effective internal control system. The unit's management remains responsible for the appropriateness and effectiveness of the implemented ICS. The ICS BP concept ensures a uniform approach as well as consistent and efficient collaboration and fosters continuous improvement through extensive information-sharing in the Group.

E.ON's ICS Framework

E.ON's ICS is based on the globally recognized COSO framework from May 2013 (COSO: The Committee of Sponsoring Organizations of the Treadway Commission).

The ICS Principles, which define the minimum requirements for an effective internal control system, are a key component of E.ON's ICS. They contain overarching principles such as authorization, segregation of duties, and master data management as well as specific requirements for managing potential risks in various areas and processes, such as supplier monitoring, project management, invoice verification, and payments. All fully consolidated companies and majority-owned units are subject to the ICS Principles.

In addition to the ICS Principles, certain units of special importance to the E.ON Group must fulfill several additional ICS requirements for selected processes. These requirements relate to the documentation and assessment of the relevant processes and controls—the ICS model—as well as reporting to Corporate Audit. The ICS model, which incorporates company- and industry-specific aspects, defines potential risks for accounting (financial reporting) at the operating units, serves as a checklist, and provides guidance for the establishment of internal controls as well as their documentation and implementation, and is thus an integral part of the accounting processes.

A functionally managed digital organization and third-party service providers provide IT and digital services for the E.ON Group. IT systems used for accounting are subject to the internal control system framework, which includes IT general controls, such as access controls, segregation of duties, processing controls, measures to prevent the intentional and unintentional falsification of the programs, data, and documents as well as controls related to supplier monitoring. The documentation of the IT general controls is stored in E.ON's documentation system.

Each year, qualitative criteria and quantitative materiality aspects are used to determine which financial-reporting processes and controls must be documented and assessed by which E.ON units.

E.ON units in the ICS documentation scope use a central documentation system (SAP-GRC) for this purpose. The system contains the scope, detailed documentation requirements, the assessment requirements for process owners, and the final Sign-Off process.

Management Self-Assessment and Control Tests

After E.ON units have documented their processes and controls, the individual process owners conduct an annual assessment of the design and the operational effectiveness of the controls embedded in these processes. This is known as a management self-assessment.

In addition, the effectiveness of the internal controls is audited by Internal Audit. These audits are conducted based on a risk-oriented audit plan. Any identified deficiencies are reported to the relevant companies.

Furthermore, the general IT controls, the controls of the Business Service Centers in Regensburg and Cluj, the controls of the Human Resources Service Center in Germany (E.ON Country Hub Germany GmbH), and the controls of the Pension Service Company in Germany (Energie Pensions-Management GmbH) were audited as part of the audit of the Group's Consolidated Financial Statements.

Sign-Off Process

Based on the self-assessment result and internal and external audit findings, the respective management of the unit conducts the final Sign-Off. The final step of the internal evaluation process is the submission of a formal written declaration confirming the ICS's effectiveness (ICS Sign-Off). The Sign-Off process is conducted at all levels of the Group companies before E.ON SE, as the final step, conducts it for the Group as a whole. The Chairman of the E.ON SE Management Board and the Chief Financial Officer perform the final Sign-Off for the E.ON Group.

The purpose of the ICS framework and the annual ICS process is to provide sufficient assurance to prevent error or fraud from resulting in material misrepresentations in the Financial Statements, the Combined Group Management Report, the Half-Year Financial Report, and the Quarterly Statements.

Corporate Audit regularly informs the E.ON SE Supervisory Board's Audit & Risk Committee about the ICS over financial reporting and about any significant deficiencies identified in the E.ON Group's various processes.

innogy's Internal Control System and its Integration into E.ON's ICS Framework

innogy's ICS Framework

A dedicated unit within the Accounting & Reporting division, Corporate Internal Controls ("CIC"), was responsible for designing and monitoring the ICS of the previous innogy Group. CIC was supported in the implementation, design, and monitoring by ICS coordinators and the employees responsible for ICS at the respective units.

In 2020, the testing of the effectiveness of the implemented controls for accounting was performed as part of the annual ICS process, which is part of innogy companies' established ICS. In addition to the ICS Coordinators, ICS testers were appointed and/or responsible for testing the appropriateness and effectiveness of the internal control system of the respective units in the ICS scope. Essentially, ICS testers are employees from Accounting, Internal Audit, and/or are requested from external auditing firms. Once the centrally performed risk assessment was done taking the external audit scope in account, an overview about the controls in scope of the testing is provided to the respective ICS tester. The testing process and assessment of the controls is conducted technically in SAP-GRC.

Unlike for the accounting process, for Finance, HR, procurement, IT, Tax, Retail Billing, and Grid Billing only the ICS quality standards were reviewed by the persons responsible for the ICS as part of the management self-assessment. Likewise, analogous to the above-described EON ICS principles, innogy's ICS quality standards generally reflect the minimum ICS standards.

The results of the management self-assessment are included in the ICS year-end report concerning the effectiveness of the entire E.ON Group's internal control system and are reported to E.ON's Management Board.

Integration of innogy Companies into the E.ON ICS Framework

As part of innogy's integration into the E.ON Group, CIC started to report to E.ON Corporate Audit from July 1, 2020, onward. Effective November 1, 2020, CIC's tasks relating to the design and monitoring of innogy companies' ICS were taken over by E.ON Corporate Audit's ICS department.

For the 2020 financial year, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the former innogy affiliates who directly reported to innogy SE or E.ON SE were, in the context of the 2020 Consolidated Financial Statements, for the first time responsible for formally acknowledging their responsibility as well as the effectiveness of the ICS for their respective units. This formal Sign-Off process was performed in the same way as the E.ON Sign-Off ICS process was performed and included only innogy companies in the ICS scope. However, the innogy ICS framework including the design and monitoring function was still applicable in 2020. Furthermore, a comprehensive ICS integration program was initiated to integrate innogy companies in the ICS documentation scope into E. ON's risk catalog (ICS model). From the beginning of 2021, E.ON's ICS framework is applicable to all innogy companies in the ICS scope without exception.

Disclosures Pursuant to Section 289a, Paragraph 1, and Section 315a, Paragraph 1, of the German Commercial Code and Explanatory Report

Composition of Share Capital

The share capital totals €2,641,318,800 and consists of 2,641,318,800 registered shares without nominal value. Each share of stock grants the same rights and one vote at a Shareholders Meeting.

Restrictions on Voting Rights or the Transfer of Shares

Shares acquired by an employee under the Company-sponsored employee stock purchase program are subject to a blackout period that begins the day ownership of such shares is transferred to the employee and that ends on December 31 of the next calendar year plus one. As a rule, an employee may not sell such shares until the blackout period has expired. The employee stock purchase program was not offered in 2020.

Pursuant to Section 71b of the German Stock Corporation Act (known by its German abbreviation, "AktG"), the Company's treasury shares give it no rights, including no voting rights.

Legal Provisions and Rules of the Company's Articles of Association Regarding the Appointment and Dismissal of Management Board Members and Amendments to the Articles of Association

Pursuant to the Company's Articles of Association, the Management Board consists of at least two members. The Supervisory Board decides on the number of members as well as on their appointment and dismissal.

The Supervisory Board appoints members to the Management Board for a term not exceeding five years; reappointment is permissible. If several persons are appointed as members of the Management Board, the Supervisory Board may appoint one of the members as Chairperson of the Management Board. If there is a vacancy on the Management Board for a required member, the court makes the necessary appointment upon petition by a concerned party in the event of an urgent matter. The Supervisory Board may revoke the appointment of a member of the Management Board and of the Chairperson of the Management Board for serious cause (for further details, see Sections 84 and 85 of the AktG).

Resolutions of the Shareholders Meeting require a majority of the valid votes cast unless mandatory law or the Articles of Association explicitly prescribe otherwise. An amendment to the Articles of Association requires a two-thirds majority of the votes cast or, in cases where at least half of the share capital is represented, a simple majority of the votes cast unless mandatory law explicitly prescribes another type of majority.

The Supervisory Board is authorized to decide by resolution on amendments to the Articles of Association that affect only their wording (Section 10, Paragraph 7, of the Articles of Association). Furthermore, the Supervisory Board is authorized to revise the wording of Section 3 of the Articles of Association upon utilization of authorized or conditional capital.

Management Board's Power to Issue or Buy Back Shares

Pursuant to a resolution of the Shareholders Meeting of May 28, 2020, the Management Board is authorized, until May 27, 2025, to have the Company acquire treasury shares. The shares acquired and other treasury shares that are in possession of or to be attributed to the Company pursuant to Sections 71a et seq. of the AktG must altogether at no point account for more than 10 percent of the Company's share capital.

At the Management Board's discretion, the acquisition may be conducted:

- through a stock exchange
- by means of a public offer directed at all shareholders or a public solicitation to submit offers
- by means of a public offer or a public solicitation to submit offers for the exchange of liquid shares that are admitted to trading on an organized market, within the meaning of the German Securities Purchase and Takeover Law, for Company shares
- by the use of derivatives (put or call options or a combination of both).

These authorizations may be utilized on one or several occasions, in whole or in partial amounts, in pursuit of one or more objectives by the Company and also by its affiliated companies or by third parties for the Company's account or one of its affiliates' account.

With regard to treasury shares that will be, or have been, acquired based on the aforementioned authorization and/or prior authorizations by the Shareholders Meeting, the Management Board is authorized, subject to the Supervisory Board's consent and excluding shareholder subscription rights, to use these shares —in addition to a disposal through a stock exchange or an offer granting a subscription right to all shareholders—as follows:

- to be sold and transferred against cash consideration
- to be sold and transferred against contributions in kind
- to be used in order to satisfy the rights of creditors of bonds with conversion or option rights or, respectively, conversion obligations issued by the Company or its Group companies
- to be offered, with or without consideration, for purchase and transferred to individuals who are or were employed by the Company or one of its affiliates as well as to board members of affiliates of the Company
- to be used for the purpose of a scrip dividend where shareholders may choose to contribute their dividend entitlement to the Company in the form of a contribution in kind in exchange for new shares.

In addition, the Management Board is authorized to cancel treasury shares, without such cancellation or its implementation requiring an additional resolution by the Shareholders Meeting.

These authorizations may be utilized on one or several occasions, in whole or in partial amounts, separately or collectively, including with respect to treasury shares acquired by affiliated companies or companies majority-owned by the Company or by third parties for their account or the Company's account.

In each case, the Management Board will inform the Shareholders Meeting about the utilization of the aforementioned authorization, in particular about the reasons for and the purpose of the acquisition of treasury shares, the number of treasury shares acquired, the amount of the registered share capital attributable to them, the portion of the registered share capital represented by them, and their equivalent value.

By shareholder resolution adopted at the Annual Shareholders Meeting of May 28, 2020, the Management Board was authorized, subject to the Supervisory Board's approval, to increase, until May 27, 2025, the Company's share capital by a total of up to €528 million through one or more issuances of new registered no-par-value shares against contributions in cash and/or in kind (authorized capital pursuant to Sections 202 et seq. of the AktG; "Authorized Capital 2020"). Subject to the Supervisory Board's approval, the Management Board is authorized to exclude shareholders' subscription rights.

At the Annual Shareholders Meeting of May 28, 2020, shareholders approved a conditional increase of the Company's share capital (with the option to exclude shareholders' subscription rights) up to the amount of €264 million ("Conditional Capital 2020"). Note 20 to the Consolidated Financial Statements contains more information about Conditional Capital 2020.

Significant Agreements to Which the Company Is a Party That Take Effect on a Change of Control of the Company Following a Takeover Bid

The underlying contracts of debt issued since 2007 contain change-of-control clauses that give the creditor the right of cancellation. This applies, inter alia, to bonds issued by E.ON SE and E.ON International Finance B.V. and guaranteed by E.ON SE, promissory notes issued by E.ON SE, and other instruments such as credit contracts. Granting change-of-control rights to creditors is considered good corporate governance and has become standard market practice. More information about financial liabilities is contained in the section of the Combined Group Management Report entitled Financial Situation and in Note 27 to the Consolidated Financial Statements.

Settlement Agreements between the Company and Management Board Members or Employees in the Case of a Change-of-Control Event

In the event of a premature loss of a Management Board position due to a change-of-control event, the service agreements of Management Board members entitle them to severance and settlement payments (see the detailed presentation in the Compensation Report).

To the extent that the Company has agreed to settlement payments for Management Board members in the case of a change of control, the purpose of such agreements is to preserve the independence of Management Board members.

A change-of-control event would also result in the early payout of virtual shares under the E.ON Share Matching Plan and the E.ON Performance Plan. The vesting period of the last tranche of the E.ON Share Matching Plan ends in March 2021. Afterward, therefore there can only be early payouts under the E.ON Performance Plan, but no longer under the E.ON Share Matching Plan.

Other Disclosure Relevant to Takeovers

The Company has been notified about the following direct or indirect interests in its share capital that exceed 10 percent of the voting rights:

- notification on December 10, 2020, by RWE Aktiengesellschaft for 15 percent of the voting rights

Stock with special rights granting power of control has not been issued. In the case of stock given by the Company to employees, employees exercise their rights of control directly and in accordance with legal provisions and the provisions of the Articles of Association, just like other shareholders.

Corporate Governance Declaration in Accordance with Section 289f and Section 315d of the German Commercial Code

Declaration Made in Accordance with Section 161 of the German Stock Corporation Act by the Management Board and the Supervisory Board of E.ON SE

The Board of Management and Supervisory Board declare that the recommendations of the "Government Commission on the German Corporate Governance Code" (version of February 7, 2017) published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on April 24, 2017, have been fully complied with since the last declaration was issued in December 2019.

The Board of Management and Supervisory Board further declare that the recommendations of the "Government Commission on the German Corporate Governance Code" (version dated December 16, 2019) published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on March 20, 2020, are complied with in full.

Essen, December 15, 2020

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

For the Board of Management of E.ON SE:
Dr. Johannes Teyssen
(Chairman of the Board of Management of E.ON SE)

This declaration and those of the previous five years are continuously available to the public on the Company's Internet page at www.eon.com.

Relevant Information about Management Practices

Corporate Governance

E.ON views good corporate governance as a central foundation of responsible and value-oriented management, efficient collaboration between the Management Board and the Supervisory Board, transparent disclosures, and appropriate risk management.

In the past financial year, the Management Board and Supervisory Board paid close attention to E.ON's compliance with the former and new German Corporate Governance Code's recommendations and suggestions. They determined that E.ON SE fully complies, or will comply, with all of the Code's recommendations and also with nearly all of its suggestions.

Transparent Management

Transparent management is a high priority of the Management Board and Supervisory Board. E.ON's shareholders, all capital market participants, financial analysts, shareholder associations, and the media regularly receive up-to-date information about the situation of, and any material changes to, the Company. E.ON primarily uses the Internet to provide equal access to comprehensive and timely information.

E.ON SE issues reports about its and the E.ON Group's situation and earnings by the following means:

- Annual Report and Annual Finance Statements
- Half-Year Financial Report and Quarterly Statements
- Annual press conferences
- Press releases
- Telephone conferences held on release of the quarterly and annual results
- Numerous discussions with financial analysts in and outside Germany
- Periodic events for investors.

A financial calendar lists the dates on which the Company's periodic financial reports are released.

The Company issues ad hoc statements about information that could have a significant impact on the price of E.ON stock.

The financial calendar and ad hoc statements are available on the Internet at www.eon.com.

Managers' Transactions

Persons with executive responsibilities, in particular members of E.ON SE's Management Board and Supervisory Board, and persons closely related to them, must disclose certain dealings in E.ON stock or bonds, related derivates, or other related financial instruments pursuant to Article 19 of the EU Market Abuse Regulation in conjunction with Section 26, Paragraph 2, of the German Securities Trading Act. There were no such dealings in the 2020 financial year.

Compliance

The goal of compliance at E.ON is to prevent or at least detect and put a stop to corporate misconduct. It is E.ON's responsibility never to deceive, lie to, or otherwise deliberately harm its customers, business partners, or other stakeholders. Strict compliance with laws and company policies is therefore the foundation of good corporate governance.

E.ON has in place a compliance management system ("CMS") to mitigate the risk of compliance violations. The CMS is based on a number of widely recognized practices, including the promotion of a compliance culture. This encompasses an active commitment to compliance targets, the identification and analysis of compliance risks, and the design of a risk-adequate compliance program and a compliance organization.

E.ON's Supplier Code and its Code of Conduct (both of which are available in the languages of all countries in which the Company operates) focus on the guiding principle, "Doing the right thing." They provide easy-to-understand guidance, in particular human rights, anti-corruption, fair competition, and compliant relationships with business partners. The Code of Conduct also contains an integrity test that employees can use to check whether their assessment of a situation is in compliance with E.ON principles and values. Every employee in the E.ON Group is obliged to act in accordance with the Code of Conduct's rules. The Code is therefore part of E.ON employees' duties under their employment contract. Employees and third parties can report violations of the Code of Conduct—anonymously, if they wish—by means of a whistle-blower hotline. The Code of Conduct and the Supplier Code are published on www.eon.com. They are supplemented by ten Group-wide People Guidelines which explain in greater detail how employees can be sure that they are doing things right.

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

Management Board

The E.ON SE Management Board manages the Company's businesses, with all its members bearing joint responsibility for its decisions. It determines the Group's objectives, corporate policy, organizational setup, and, in consultation with the Supervisory Board, its fundamental strategic direction.

In 2020 the Management Board consisted of five members. It had one Chairman. No Management Board member has more than two supervisory board memberships in listed non-Group companies or on the supervisory bodies of non-Group companies that require a similar commitment. No member of the Management Board has reached the general retirement age. The Management Board has in place policies and procedures for the business it conducts and, in consultation with the Supervisory Board, has assigned areas of responsibility to its members.

The Management Board reports to the Supervisory Board on a regular, timely, and comprehensive basis on all relevant issues, particularly those relating to strategy, planning, business development, risk situation, risk management, and compliance. It also submits the Group's investment, finance, and personnel plan for the next financial year as well as the medium-term plan to the Supervisory Board, generally at the last meeting of each financial year.

The Chairman of the Management Board informs, without undue delay, the Chairman of the Supervisory Board of important events that are of fundamental significance in assessing the Company's situation, development, and management and of any defects that have arisen in the Company's monitoring systems. Transactions and measures requiring the Supervisory Board's approval are also submitted to the Supervisory Board in a timely manner.

Members of the Management Board are required to promptly report conflicts of interest to the Chairman of the Supervisory Board and the Chairman of the Management Board and to inform the other members of the Management Board. Members of the Management Board may only assume other corporate positions, particularly appointments to the supervisory boards of non-Group companies, with the consent of the Executive Committee of the Supervisory Board. There were no conflicts of interest involving members of the E.ON SE Management Board in the year under review. Dr.-Ing. Leonhard Birnbaum was also a member of the Management Board of the previously publicly listed innogy SE until it was merged into the entity formerly known as E.ON Verwaltungs SE (which now does business as innogy SE) on June 2, 2020. During this time, Dr.-Ing. Birnbaum did not participated in the adoption of resolutions or the other governance matters on the E.ON SE Management Board that posed a potential conflict of interest between E.ON SE and innogy SE.

Any material transactions between the Company and members of the Management Board, their relatives, or entities with which they have close personal ties require the consent of the Executive Committee of the Supervisory Board. No such transactions took place in the reporting period.

The Management Board has no board committees but has established a number of committees that support it in the fulfillment of its tasks. The members of these committees are senior representatives of various departments of E.ON SE whose experience, responsibilities, and expertise make them particularly suited for their committee's tasks. Among these committees are the following:

The Management Board has established a Disclosure Committee and an Ad Hoc Committee for issues relating to financial disclosures. These committees ensure that all information is disclosed in a correct and timely fashion.

A Risk Committee ensures the correct application and implementation of the legal requirements of Section 91 of the German Stock Corporation Act (known by its German abbreviation, "AktG"). This committee monitors the E.ON Group's risk situation and its risk-bearing capacity and devotes particular attention to the early identification of developments that could potentially threaten the Company's continued existence. In this context, the Risk Committee also deals with risk-mitigation strategies (including hedging strategies). In collaboration with relevant departments, the committee ensures and refines the implementation of, and compliance with, company policies regarding commodity risks, credit risks, and enterprise risk management.

Supervisory Board

To ensure that, after the acquisition of the majority of the shares of innogy SE, innogy's employees are represented without delay on the Supervisory Board of E.ON SE as the Group's parent company, the Supervisory Board was enlarged to 20 members for a limited period of time. Effective the conclusion of the 2023 Annual Shareholders Meeting, the size of the Supervisory Board will again be set at 12 members. Pursuant to E.ON SE's Articles of Association, the Supervisory Board is composed of an equal number of shareholder and employee representatives. The shareholder representatives are elected by the shareholders at the Annual Shareholders Meeting; the Supervisory Board nominates candidates for this purpose. The Annual Shareholders Meeting decides on the elections by individual vote. Pursuant to the agreement regarding employees' involvement in E.ON SE, the other currently ten members of the Supervisory Board are appointed by the SE Works Council, with the provision that at least three different countries are represented and one member is selected by a trade union that is represented at E.ON SE or one of its subsidiaries in Germany. Persons are not eligible as Supervisory Board members if they:

- (as stipulated by the AktG) are already supervisory board members in ten commercial companies that are required by law to form a supervisory board,
- are legal representatives of an enterprise controlled by the Company,
- are legal representatives of another corporation whose supervisory board includes a member of the Company's Management Board, or
- were a member of the Company's Management Board in the past two years, unless the person concerned is nominated by shareholders who hold more than 25 percent of the Company's voting rights.

The members of the E.ON SE Supervisory Board fulfill these requirements. Pursuant to the AktG, at least one member of the Supervisory Board must have special knowledge and experience in the application of accounting principles and internal control processes and be familiar with the auditing of financial statements. The Supervisory Board believes that, in particular, Andreas Schmitz meets this requirement. It also believes that its members in their entirety are familiar with the sector in which the Company operates.

The Supervisory Board oversees the Company's management and advises the Management Board on an ongoing basis. The Management Board requires the Supervisory Board's prior approval for significant transactions and measures, such as the Group's investment, finance, and personnel plans; the acquisition or sale of companies, equity interests, parts of companies (with the exception of equity investments), or asset investments whose fair value or, in the absence of a fair value, whose book value exceeds €300 million; financing measures that exceed €1 billion and have not been covered by Supervisory Board resolutions regarding finance plans; and the conclusion, amendment, or termination of affiliation agreements. The Supervisory Board examines the Financial Statements of E.ON SE, the Management Report, and the proposal for profit appropriation and, on the basis of the Audit and Risk Committee's preliminary review, the Consolidated Financial Statements and the Separate Combined Non-financial Report. The Supervisory Board provides to the Annual Shareholders Meeting a written report on the results of this examination.

The Supervisory Board has established rules and procedures for itself, which are available on the Company's Internet page. It holds at least four regular meetings in each financial year. Its rules and procedures include mechanisms by which, if necessary, a meeting of the Supervisory Board or one of its committees can be called at any time at the request of a Management Board member. Shareholder representatives and employee representatives can prepare for Supervisory Board meetings separately. In the event of a tie vote on the Supervisory Board, the Chairman has the tie-breaking vote.

Furthermore, in September 2020 it was stipulated in the Supervisory Board's rules and procedures that the Supervisory Board will hold executive sessions on a regular basis; that is, to meet without the Management Board.

In view of recommendation C.1 of the German Corporate Governance Code, dated December 16, 2019, and Section 289f, Paragraph 2, Item 6, of the German Commercial Code, the Supervisory Board defined specific targets for its composition, including a diversity concept and a competency profile for the entire Supervisory Board, that go beyond the applicable legal requirements. They are as follows:

"*The composition of the Supervisory Board of E.ON SE shall comply with the specific SE requirements and Germany's Stock Corporation Act, and with the recommendations of the German Corporate Governance Code.*

a) In this context, the following general objectives shall be observed:

- *Given a total number of 20 Supervisory Board members, the shareholder representatives believe that at least six of them should be independent of the Company and the Management Board. Members shall be deemed to be independent if they have no personal or business relationship with the Company or its Management Board, where such relationship may give rise to a material and not merely temporary conflict of interests. In assessing the independence of its members from the Company and its Management Board, the shareholder representatives shall consider in particular whether a Supervisory Board member or a close family member was a member of the Company's Management Board in the two years prior to appointment, currently has (or until the year of appointment had) a significant business relationship with the Company or one of its affiliates, either directly or as a shareholder or corporate officer of a company outside the Group, is a close family member of a Management Board member, or has been a member of the Supervisory Board for more than 12 years.*

- *The Chairman of the Supervisory Board, the Chairman of the Audit and Risk Committee and the Chairman of the Executive Committee shall be independent of the Company and the Management Board.*

- *The Supervisory Board shall not include more than two former members of the Board of Management.*

- *Members of the Supervisory Board must not have seats on the boards of, or act as consultants for, any of the Company's major competitors or have a personal relationship with one of its competitors.*

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

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

b) In addition, the Supervisory Board has adopted the following diversity concept so as to ensure a balanced structure of the Supervisory Board in terms of age, gender, personality, educational background and professional experience.

- *In the search for qualified Supervisory Board members, due consideration shall be given to diversity. When preparing nominations for the election of Supervisory Board members, due consideration shall be given in each case to the question as to whether complementary academic profiles, professional and life experience, a balanced age mix, various personalities and a reasonable gender balance benefit the Supervisory Board's work. In this context, care shall be taken to ensure that a gender quota of 30 percent will be achieved; this shall apply to the Supervisory Board as a whole and to the shareholders' and employees' representatives separately.*

- *As a rule, members of the Supervisory Board shall not hold office beyond the age of 75; they should not be older than 72 years when they are elected.*

- *Four Supervisory Board members shall have international experience, i.e. they shall have spent, for instance, many years of their professional career outside Germany.*

c) In addition, the following skills profile shall apply; especially the Nominations Committee will strive to apply the skills profile when preparing nominations of candidates for the shareholders' representatives to be proposed to the Annual General Meeting.

- *The shareholders' representatives should have leadership experience in companies or other large organizations by the majority. At least four members shall have experience, as management or supervisory board members, in the strategic management or supervision of listed organizations and shall be familiar with the functioning of capital and financial markets.*

- *At least two members shall be familiar, in particular, with innovation, disruption and digitization and the associated new business models and cultural change.*

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

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

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

Current Composition of the Supervisory Board

a) The Supervisory Board believes that all of its members—thus in particular the Chairmen of the Supervisory Board and the Chairpersons of all its committees—are independent. No former Management Board member or a close family member of a Management Board members sits on the Supervisory Board. Furthermore, no Supervisory Board member currently has or had in the year up to his or her appointment, either directly or as a shareholder or in a responsible role in a company outside the Group, a significant business relationship with the Company or one of its affiliates. No Supervisory Board members exercises any executive or advisory functions for major competitors, has a personal relationship with a major competitor, or has been a Supervisory Board member of more than 15 years. The Supervisory Board's assessment considered the fact that Karen de Segundo has been a Supervisory Board member since 2008 and is thus the only member to have been a member for more than 12 years. In view of the changes in the composition of the Management Board and Supervisory Board in recent years, Ms. de Segundo continues to maintain the objective detachment from the Company and its Management Board necessary to perform her monitoring role. Furthermore, she does not and has not at any time in the past had a significant business or personal relationship with the Company, one of its affiliates, or the Management Board, either directly or as a shareholder or in a responsible capacity in a company outside the Group. She is therefore independent within the meaning of the German Corporate Governance Code.

The Supervisory Board believes that in the case of no Supervisory Board member there are specific indications of relevant situations or relationships that could give rise to a conflict of interests. During the year at most three, and since July 2020 only two, management board members of a listed company sit on the Supervisory Board: Klaus Fröhlich, who was a member of the Board of Management of Bayerische Motoren Werke Aktiengesellschaft until June 2020, Rolf Martin Schmitz, Chairman of the Board of Management of RWE Aktiengesellschaft, and Carolina Dybeck Happe, who has been CFO of General Electric Company since March 2020. In addition, these Supervisory Board members had no more than two seats on the supervisory boards of non-Group listed companies or exercised comparable functions. None of the other Supervisory Board members had seats on more than five supervisory boards of non-Group listed companies or exercised comparable functions.

b) In its current composition the Supervisory Board meets the objectives of its diversity concept. The Supervisory Board's composition of women and men complies with the legal requirements for minimum percentages; separate compliance with the statutory gender quota occurred from the 2018 Annual Shareholders Meeting. The age range of the Supervisory Board is currently 45 to 74 years. At least four members have international experience.

c) In their entirety, the members bring a wide range of specific knowledge to committee work and have special expertise in one or more businesses and markets relevant to the Company. In view of continually changing business requirements, the Supervisory Board will continue to identify necessary competencies early to ensure that it has them. The Supervisory Board believes that the requirements of the Supervisory Board's competency profile are met by the current members of the Supervisory Board.

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

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

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

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

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

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

In particular, the Audit and Risk Committee deals with the auditing of financial statements, the monitoring of the accounting process, the effectiveness of risk management as well as the independent audit and compliance. The committee's monitoring of risk management encompasses reviewing the effectiveness of the internal control system, the internal risk management system, and the internal audit system. The Audit and Risk Committee deals in particular with the audit of the financial statements, the monitoring of the financial reporting process, the effectiveness of risk management, and the audit of the financial statements and compliance. Part of the risk management review is the review of the effectiveness of the internal control system, the internal risk management system and the internal audit system. The Audit and Risk Committee deals with Internal Audit's activities and the definition of the audit priorities on a regular basis.

The committee also prepares the Supervisory Board's decision on the approval of the Financial Statements of E.ON SE and the Consolidated Financial Statements. It is responsible for the preliminary review of the Financial Statements of E.ON SE, the Management Report, the Consolidated Financial Statements, the Combined Group Management Report and the proposal for profit appropriation as well as—if these are not already part of the (Combined Group) Management Report—the Separate Non-financial Report and the Separate Combined Non-financial Report. It discusses the half-yearly reports and quarterly statements or financial reports with the Management Board prior to their publication. The effectiveness of the internal controls (including for the financial disclosures) at E.ON SE and the Group's units is tested by Internal Audit as part of a risk-oriented audit plan. The audit of the internal controls is also part of the audit of the Consolidated Financial Statements. The Audit and Risk Committee may commission an external review of the contents of the Non-financial Statement or the Separate Non-financial Report or the Combined Non-financial Statement or the Separate Combined Non-financial Report.

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

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

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

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

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

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

The Audit and Risk Committee and Executive Committee meet at regular intervals and when specific circumstances require it under their rules and procedures. The Nomination Committee and the Innovation and Sustainability Committee meet as needed. The Report of the Supervisory Board (on pages 8 to 10) contains information about the activities of the Supervisory Board and its committees in the year under review.

The Supervisory Board's committees have the following composition:

Executive Committee
Dr. Karl-Ludwig Kley, Chairman
Christoph Schmitz, Deputy Chairman
(since May 28, 2020)
Andreas Scheidt, Deputy Chairman
(until May 28, 2020)
Erich Clementi
Ulrich Grillo
Fred Schulz
Albert Zettl

Audit and Risk Committee
Andreas Schmitz, Chairman
Fred Schulz, Deputy Chairman
Carolina Dybeck Happe (until December 31, 2020)
Ulrich Grillo (since January 1, 2021)
René Pöhls
Elisabeth Wallbaum
Deborah Wilkens

Innovations and Sustainability Committee
Dr. Karen de Segundo, Chairwoman
Stefan May, Deputy Chairman
Clive Broutta (until January 31, 2020)
Klaus Fröhlich
Monika Krebber (since February 5, 2020)
Eugen-Gheorghe Luha
Ewald Woste

Nomination Committee
Dr. Karl-Ludwig Kley, Chairman
Erich Clementi, Deputy Chairman
Dr. Karen de Segundo

Report on the Supervisory Board's Self-evaluation
In the year under review, the Supervisory Board conducted a regularly scheduled self-assessment (efficiency review) of the Supervisory Board's work. An online questionnaire provided the Supervisory Board members with the opportunity to evaluate the efficiency of the Supervisory Board's work and to make suggestions for improving it. The findings were used to design specific measures to improve the Supervisory Board's work, which are being implemented on an ongoing basis. They relate primarily to the Supervisory Board devoting more attention to the assessment and ex post analysis of investment decisions and the analysis of industry-specific technology trends.

Shareholders and Annual Shareholders Meeting

E.ON SE shareholders exercise their rights and vote their shares at the Annual Shareholders Meeting. The convening of the Annual Shareholders Meeting and the reports and documents required by law for the Annual Shareholders Meeting, including the Annual Report, are published on the Company's Internet page together with the agenda and the explanation of the conditions of participation, shareholders' rights, and any countermotions and election proposals submitted by shareholders. The Company's financial calendar, which is published in the Annual Report, in the quarterly statements or financial reports, and on the Internet at www.eon.com, regularly informs shareholders about important Company dates.

At the Annual Shareholders Meeting, shareholders may vote their shares themselves, through a proxy of their choice, or through a Company proxy who is required to follow the shareholder's voting instructions.

Due to the Covid-19 pandemic, the 2020 E.ON SE Annual Shareholders Meeting was not held as an in-person event in order to protect the Company's shareholders and employees. Instead, pursuant to the rules of the AktG it was held as a virtual Annual Shareholders Meeting without the physical participation of shareholders or their proxies.

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

The EU Regulation on Statutory Audit introduced an obligation for the statutory auditor and/or firm to be rotated periodically. Such a rotation will be carried out for the 2021 financial year. After the conclusion of the legally mandated multistage review process and on the basis of the Audit and Risk Committee's recommendation, the Supervisory Board recommended to the 2020 Annual Shareholders Meeting to appoint PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, to be independent auditor and Group independent auditor for the 2020 financial year and to audit the Condensed Consolidated Interim Financial Statements and Interim Group Management Reports for the 2020 financial year and to appoint KPMG AG Wirtschaftsprüfungsgesellschaft to be independent auditor and to audit the Condensed Consolidated Interim Financial Statements and Interim Group Management Report for the first quarter of 2021. The Supervisory Board intends to recommend to the 2021 Annual Shareholders Meeting to appoint KPMG AG Wirtschaftsprüfungsgesellschaft to be independent auditor and Group independent auditor and to audit the Condensed Consolidated Interim Financial Statements and Interim Group Management Reports for the 2021 financial year and the first quarter of the 2022 financial year.

At the Annual Shareholders Meeting on May 28, 2020, PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, was selected to be E.ON SE's independent auditor for the 2020 financial year and to audit the Condensed Consolidated Interim Financial Statements and Interim Group Management Reports for the 2020 financial year. The independent auditors with signing authority for the Annual Financial Statements of E.ON SE and the Consolidated Financial Statements are Markus Dittmann (since the 2014 financial year) and Aissata Touré (since the 2015 financial year). In accordance with the recommendation, KPMG AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, was selected to audit the Condensed Consolidated Interim Financial Statements for the first quarter of the 2021 financial year.

Women and Men in Leadership Positions Pursuant to Section 76, Paragraph 4, and Section 111, Paragraph 5, of the German Stock Corporation Act

In the year under review, the Management Board consisted of five men. In December 2016 the Supervisory Board set a new target of 20 percent for the proportion of women on the Management Board and a deadline of December 31, 2021, for implementation. This target will be met from April 1, 2021, onward. Due to Dr. Teyssen's departure from the Management Board, the Supervisory Board adopted a resolution to appoint, conditionally, Dr. Victoria Ossadnik as a new Management Board member effective the conclusion of April 1, 2021. From April 2021 onward, the Board of Management will therefore consist of four men and one woman.

In May 2017 the Management Board set a new target of 30 percent for the proportion of women in the first level of management below the Management Board and a target of 35 percent for the second level of management below the Management Board. The deadline for achieving both targets is June 30, 2022. At year-end 2020, the proportion of women in first and second levels of management below the Management Board was 34.6 percent and 26.7 percent, respectively.

For all other E.ON Group companies concerned, targets and deadlines pursuant to the Law for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector were set for the proportion of women on these companies' supervisory board and management board or team of managing directors as well as in the next two levels of management. As a rule, the deadline for achieving these targets is June 30, 2022.

Diversity Concept and Long-term Succession Plan for the Management Board

At its meeting in December 2017 the E.ON SE Supervisory Board adopted a resolution on the following succession planning/diversity concept for the Management Board:

With regard to the Management Board's composition, the Supervisory Board of E.ON SE has developed a diversity concept that considers the recommendations of the German Corporate Governance Code.

Diversity Concept

The diversity concept consists of the following items:

- When appointing members of the Management Board, the candidates' outstanding professional qualifications, long-term leadership experience and past performance, as well as value-driven management shall be of paramount importance. Members shall be capable of taking forward-looking strategic decisions. In particular, they shall be capable of managing businesses sustainably and of ensuring that they are consistently focused on customer needs.

- The Management Board as a whole must have expertise and experience in the energy sector as well as in the fields of finance and digitization.

- The members of the Management Board shall be leaders and as such shall act as role models for the employees through their own performance and conduct.

- Attention shall be paid to diversity when appointing members of the Management Board. For the Supervisory Board, diversity means, in particular, different complementary academic profiles, professional and personal experience, personalities, as well as internationality and a reasonable age and gender structure. The Supervisory Board has therefore adopted a target quota of 20 percent for the share of women on the Management Board; this target shall be achieved by December 31, 2021.

- The appointment period of a member of the Management Board shall end, at the latest, at the end of the month on which the Management Board member reaches the general retirement age.

Achievement of Objectives

With the exception of the target quota regarding the share of women, which is to be achieved by December 31, 2021, the composition of the Management Board already meets the appointment objectives described above. From the appointment of Dr. Victoria Ossadnik effective April 1, 2021, onward, all of the above-described appointment objectives will be met.

Long-term Succession Plan

In consultation with the Executive Committee and the Management Board, the Supervisory Board is in charge of long-term succession planning for the Management Board. Appointment decisions are made on the basis of specific requirement profiles for Management Board members.

In addition to its own experience, the Supervisory Board draws on the expertise of outside consultants to ensure that the Company's succession planning is appropriate and creates value.

The Supervisory Board is informed on a regular basis (once a year) by the Management Board on the progress in talent identification and development as well as succession planning for top executives on the basis of the qualifications required for business success and the continually evolving personnel development processes. It discusses the respective status accordingly.

Compensation Report

This compensation report describes the basic features of the compensation plans for members of the E.ON SE Management Board and Supervisory Board and provides information about the compensation granted and paid in 2020. It applies the provisions of accounting standards for capital-market-oriented companies (the German Commercial Code, German Accounting Standards, and International Financial Reporting Standards) and the recommendations of the German Corporate Governance Code dated December 16, 2019. For the purpose of transparent presentation in the interests of corporate governance, the individualized disclosure of compensation will continue to be based on the model tables of the German Corporate Governance Code dated February 7, 2017. In accordance with the transitional provision of Section 26j, Paragraph 2, of the Introductory Act to the German Stock Corporation Act ("EGAktG"), a compensation report will be prepared for the first time for the 2021 financial year in accordance with the requirements introduced in Section 162 of the German Stock Corporation Act ("AktG") as part of the Act Implementing the Second Shareholders' Rights Directive ("ARUG II").

Basic Features of the Management Board Compensation Plan

The Management Board compensation plan that took effect on January 1, 2017, is supposed to create an incentive for successful and sustainable corporate governance and to link the compensation of Management Board members with the Company's short-term and long-term performance while also factoring in their individual performance. The plan's parameters are therefore transparent, performance-based, and aligned with the Company's business success; variable compensation is based predominantly on multi-year metrics. In order to align management's and shareholders' interests and objectives, long-term variable compensation is based not only on the development of E.ON's stock price in absolute terms but also on a comparison with competitors. Share ownership guidelines further strengthen E.ON's capital-market orientation and shareholder culture.

The Supervisory Board approves the Executive Committee's proposal for the Management Board's compensation plan. It reviews the plan and the appropriateness of the Management Board's total compensation as well as the individual components on a regular basis and, if necessary, makes adjustments. It considers the provisions of the German Stock Corporation Act and follows the German Corporate Governance Code's recommendations. In its review of the compensation plan's market conformity and the appropriateness of compensation levels, the Supervisory Board was supported by an external compensation expert. For the review of appropriateness of the compensation levels of Management Board members in a market comparison (horizontal comparison), the peer group includes the companies listed in the DAX.

The compensation plan that took effect on January 1, 2017, was presented to the 2016 Annual Shareholders Meeting and approved by a majority of 91.14 percent.

In view of the regulatory changes resulting from the Act on the Implementation of the Second Shareholder Rights Directive ("ARUG II") and the new version of the German Corporate Governance Code, which took effect on March 20, 2020, the Supervisory Board reviewed and revised the Management Board's current compensation plan. The Supervisory Board will submit the revised compensation plan to the 2021 Annual Shareholders Meeting for approval. It will be explained in detail in the invitation to the 2021 Annual Shareholders Meeting and is to come into force for all Management Board members effective January 1, 2022.

Dr.-Ing. Birnbaum was appointed Chairman of the innogy SE Management Board effective October 11, 2019. This appointment ended with the entry of the transfer resolution and the merger of innogy SE into E.ON Verwaltungs SE into the Commercial Register on June 2, 2020. During his tenure at innogy SE, Dr.-Ing. Birnbaum also remained, as in the prior year, as Chief Operating Officer—Integration a member of the E.ON SE Management Board and therefore had a dual mandate within the meaning of Section 88, Paragraph 1, Sentence 2 of the German Stock Corporation Act (see pages 92 and 93 for details). The compensation modalities that apply to Dr.-Ing. Birnbaum due to his dual mandate are explained in detail in the section entitled "Total Compensation in 2020" on page 92.

The following table provides a summary overview of the individual components of the Management Board's compensation as well as their respective metrics and parameters:

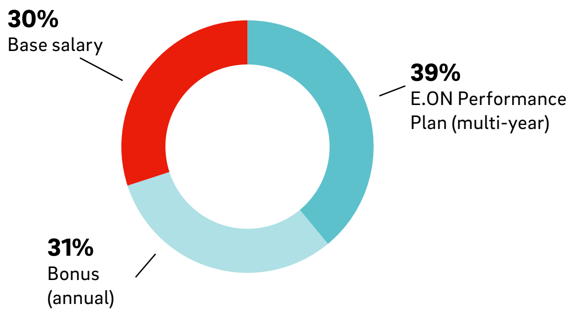
Summary Overview of Compensation Components[1]

Compensation component	Metric/Parameter
Non-performance-based compensation	
Base salary	• Management Board Chairman: €1,240,000 • Management Board members: €700,000–€800,000
Fringe benefits	Chauffeur-driven company car, telecommunications equipment, insurance premiums, medical examination
Performance-based compensation	
Annual bonus	• Target bonus (target amount of the bonus at 100 percent target attainment): – Target amount for Management Board Chairman: €1,417,500 – Target amount for Management Board members: €675,000–€825,000 • Cap: 200 percent of target bonus • Amount of bonus depends on: – Company performance: actual earnings per share ("EPS") versus budget – Individual performance factor: collective performance and individual performance (up/down or "bonus/malus adjustment") • Annual bonus corresponds to 45 percent of performance-based compensation
Possibility of special compensation	May be awarded, at the Supervisory Board's discretion, for outstanding achievements as part of the annual bonus as long as the total bonus remains under the cap
Long-term variable compensation: E.ON Share Matching Plan (granted until 2016)	• Granting of virtual shares of E.ON stock with a four-year vesting period – Target amount for Management Board Chairman: €1,260,000 (excluding LTI components from annual bonuses) – Target amount for Management Board members: €600,000–€733,333 (excluding LTI components from annual bonuses) • Cap: 200 percent of the target amount • Number of virtual shares: 1/3 from the annual bonus (LTI component) + base matching (1:1) + performance matching (1:0 to 1:2) depending on ROCE during the vesting period • Value development depends on the 60-day average price of E.ON stock price at the end of the vesting period and on the dividend payments during the four-year vesting period
Long-term variable compensation: E.ON Performance Plan (granted from 2017)	• Granting of virtual shares of E.ON stock with a four-year vesting period – Target amount for Management Board Chairman: €1,732,500 – Target amount for Management Board members: €825,000–€1,008,333 • Final number of virtual shares depends on E.ON stock's TSR relative to the TSR of companies in the STOXX® Europe 600 Utilities index; ¼ of TSR performance is locked in annually • Allocation limit; that is, the maximum number of virtual shares: 150 percent • Value development depends on the 60-day average price of E.ON stock price at the end of the vesting period and on the dividend payments during the four-year vesting period • Cap: 200 percent of the target amount • Annual target amount corresponds to 55 percent of performance-based compensation
Pension benefits	
Final-salary-based benefits[2]	• Lifelong pension payment equaling a maximum of 75 percent of fixed compensation from the age of 60 • Pension payments for widows and children equaling 60 percent and 15 percent, respectively, of pension entitlement
Contribution-based benefits	• Virtual contributions equaling a maximum of 21 percent of fixed compensation and target bonus • Virtual contributions capitalized using interest rate based on long-term German treasury notes • Payment of pension account balance from age 62 as a lifelong pension, in installments, or in a lump sum
Other compensation provisions	
Share Ownership Guidelines	• Obligation to buy and hold E.ON stock until the end of service on the Management Board • Investment in E.ON stock equaling a percentage of base compensation: – 200 percent (Management Board Chairperson) – 150 percent (other Management Board members) • Until the required investment is reached, obligation to invest net payouts from long-term compensation in E.ON stock
Settlement cap	Maximum of two years' total compensation or the total compensation for the remainder of the service agreement
Settlement for change-of-control	Settlement equal to two target salaries (base compensation, target bonus, and fringe benefits), reduced by up to 20 percent
Non-compete clause	For six months after termination of service agreement, prorated compensation equal to base compensation and target bonus, at a minimum 60 percent of most recently received compensation
Clawback rule	The Supervisory Board's right pursuant to Section 87, Paragraph 2 of the German Stock Corporation Act to reduce compensation if the Company's situation deteriorates

[1]Deviating compensation modalities apply to Dr.-Ing. Birnbaum for this time period due to his dual mandate, which existed until June 1, 2020. They are described in the section "Total Compensation in 2020."
[2]Only applies to Dr. Johannes Teyssen.

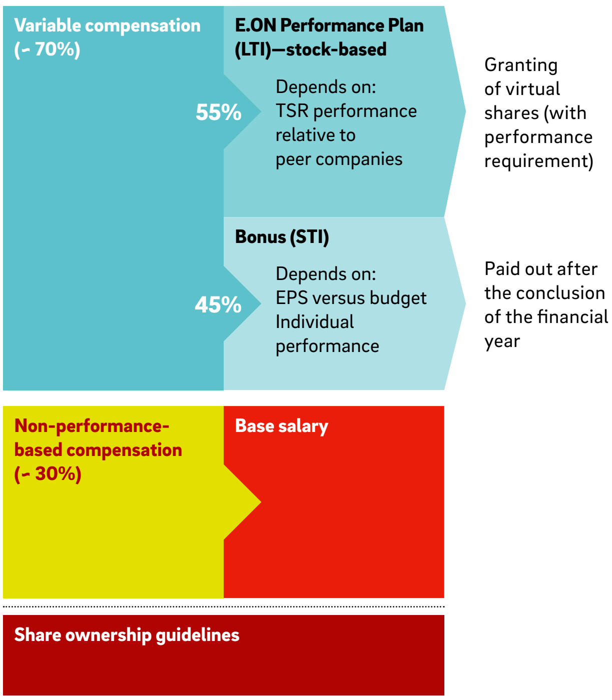
Components and Compensation Structure

The compensation of Management Board members consists of a fixed base salary, an annual bonus, and long-term variable compensation. The components account for the following percentages of target compensation (that is, compensation in the case of 100 percent target attainment):[1]



[1]Not including fringe, other, and pension benefits.

The following graphic provides an overview of the compensation plan for Management Board members:



Non-Performance-Based Compensation

No revisions were made to non-performance-based compensation relative to the previous financial year.

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

Management Board members receive a number of contractual fringe benefits, including the use of a chauffeur-driven company car. The Company also provides them with the necessary telecommunications equipment, covers costs that include those for a periodic medical examination, and pays the premium for an accident insurance policy.

Performance-Based Compensation

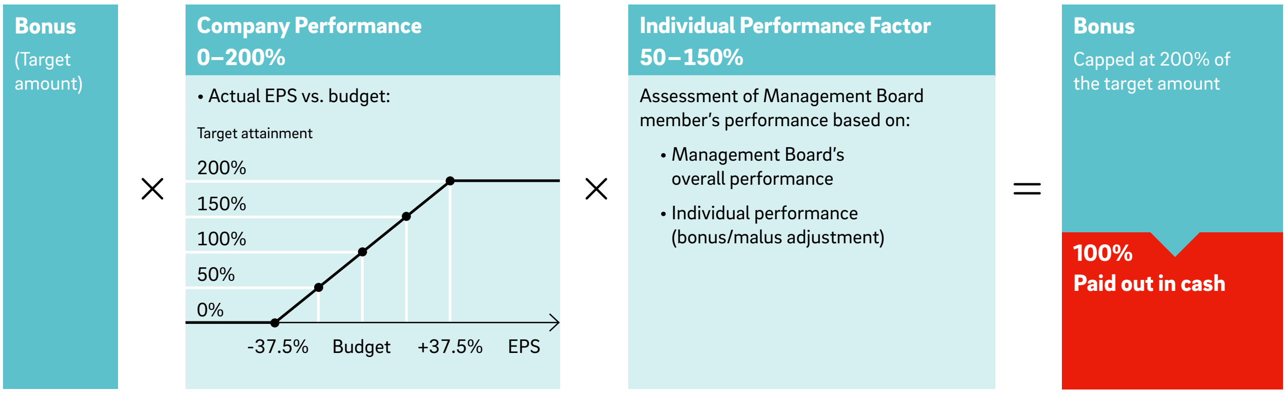
Likewise, no revisions were made to performance-based compensation relative to the previous financial year.

55 percent of performance-based compensation depends on the attainment of long-term targets, ensuring that the variable compensation is sustainable under the criteria of Section 87 of the German Stock Corporation Act.

Annual Bonus

Management Board members' annual bonus (45 percent of the performance-based compensation) consists of a cash payment made after the end of the financial year.

The amount of the annual bonus is determined by the degree to which certain performance targets are attained. The target-setting mechanism consists of company performance targets and individual performance targets.



The company performance is assessed on the basis of earnings per share ("EPS"), E.ON's key performance indicator. EPS used for this purpose is derived from adjusted net income as disclosed in the Annual Report. The EPS target for each year is set by the Supervisory Board, taking into account the approved budget. Because the budget is derived from the Company's corporate strategy, no specific target figures are disclosed ex ante for competitive reasons. The target is fully achieved if actual EPS is equal to the target. If actual EPS is 37.5 percent or more below the target, this constitutes zero percent attainment. If actual EPS is 37.5 percent or more above the target, this constitutes 200 percent attainment. Linear interpolation is used to translate intermediate EPS figures into percentages.

The Supervisory Board determines the degree to which Management Board members have attained the targets of their individual performance factors, giving adequate consideration to their individual and collective contributions. The factors range between 50 and 150 percent. The amount of the bonus can therefore be adjusted up or down depending on performance (in the sense of a "bonus/malus adjustment").

The targets for individual performance factors are set at the beginning of each financial year. No specific target figures are disclosed ex ante for competitive reasons. The Supervisory Board may also factor in, for example, strategic targets, quantitative and qualitative customer targets as well as performance indicators for the Company's core businesses or matters such as health, safety, and environment and personnel management.

In addition, the Supervisory Board may, as part of the annual bonus, grant Management Board members special compensation for outstanding attainments. In assigning Management Board members their individual performance factors and in granting special compensation, the Supervisory Board pays attention to the criteria of Section 87 of the German Stock Corporation Act and of the German Corporate Governance Code.

As before, the maximum bonus that can be attained (including any special compensation) is 200 percent of the target bonus (cap).

Long-Term Variable Compensation

In the 2020 financial year, long-term variable compensation consisted of tranches from several financial years granted under two different plans. First, tranches of the E.ON Performance Plan—Performance Plan, first tranche (2017–2020), second tranche (2018–2021), third tranche (2019–2022), and fourth tranche (2020–2023)—were granted in 2017, 2018, 2019, and 2020. The vesting period of the first tranche of the E.ON Performance Plan ended at the close of the 2020 financial year. Payment will be made in April 2021. Second, the last tranches of the E.ON Share Matching Plan—Share Matching Plan, fourth tranche (2016–2020) and the LTI components of the bonus from 2016 Share Matching Plan, fifth tranche (2017–2021)—were granted in 2016. The vesting period of the fourth tranche of the E.ON Share Matching Plan ended in March 2020. Payment was made in April 2020.

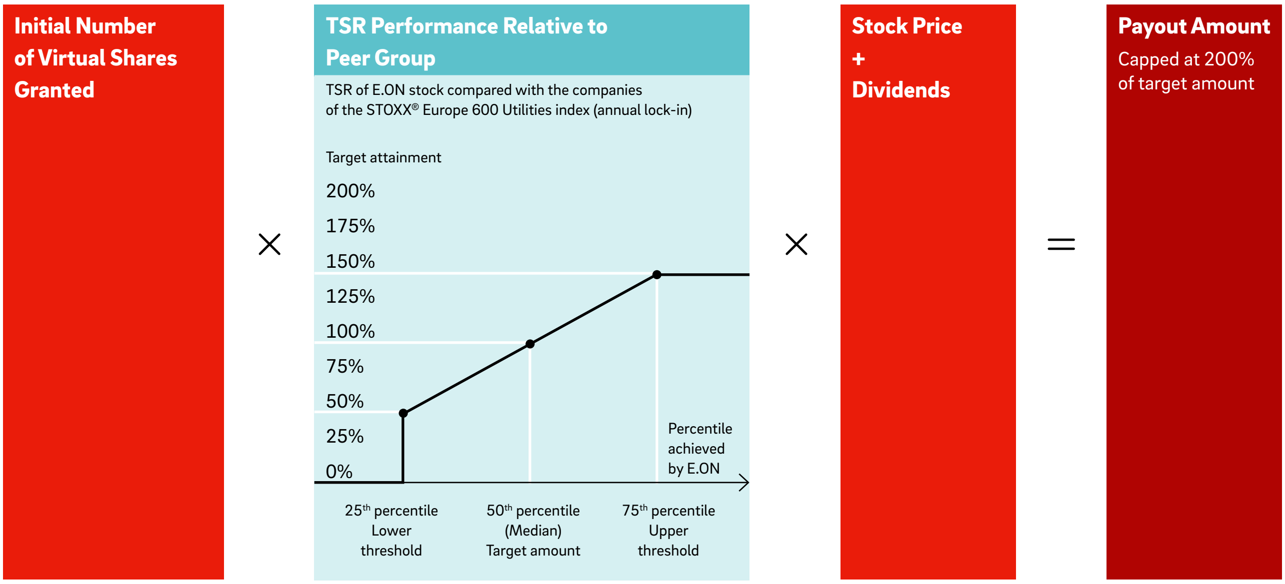
E.ON Performance Plan (Granted from 2017)

Management Board members receive stock-based, long-term variable compensation under the E.ON Performance Plan, which replaced the previous E.ON Share Matching Plan as the Company's new long-term compensation plan effective January 1, 2017. Each tranche of the E.ON Performance Plan has a vesting period of four years to serve as a long-term incentive for sustainable business performance. Vesting periods start on January 1.

The Supervisory Board grants virtual shares to each member of the Management Board in the amount of the contractually agreed-on target amount. The conversion into virtual shares is based on the fair market value on the date when the shares are granted. The fair market value is determined by applying methods accepted in financial mathematics, taking into account the expected future payout, and hence, the volatility and risk associated with the E.ON Performance Plan. The number of granted virtual shares may change in the course of the four-year vesting period depending on the total shareholder return ("TSR") of E.ON stock compared with the TSR of the companies in a peer group ("relative TSR").

TSR is the yield of E.ON stock. It takes into account the stock price, including the assumption that dividends are reinvested, and is adjusted to exclude changes in capital. The peer group used for relative TSR will be the companies in E.ON's peer index, the STOXX® Europe 600 Utilities.

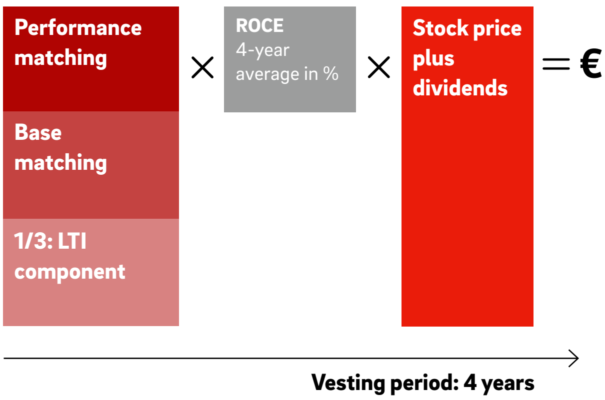
During a tranche's vesting period, E.ON's TSR performance is measured once a year in comparison with the companies in the peer group and set for that year. E.ON SE's TSR performance in a given year determines the final number of one fourth of the virtual shares granted at the beginning of the vesting period. For this purpose, the TSRs of all companies are ranked, and E.ON SE's relative position is determined based on the percentile reached. Target attainment is 100 percent if E.ON SE's TSR is equal to the median of the peer group. The lower threshold is the 25th percentile; a TSR performance below this threshold would reduce the number of virtual shares granted by one quarter. If E.ON's performance is at or above the 75th percentile (upper cap), the quarter of virtual shares granted for that particular year increases to a maximum of 150 percent. Linear interpolation is used to translate intermediate figures into percentage.



The resulting number of virtual shares at the end of the vesting period is multiplied by the average price of E.ON stock in the last 60 days prior to the end of the vesting period. This amount is increased by the dividends distributed on E.ON stock during the vesting period and then paid out. The sum of the payouts is capped at 200 percent of the contractually agreed-on target amount.

E.ON Share Matching Plan (Granted until 2016)

Until the introduction of the new compensation plan on January 1, 2017, Management Board members received stock-based compensation under the E.ON Share Matching Plan. Until the beginning of the 2016 financial year, the Supervisory Board decided, based on the Executive Committee's recommendation, on the allocation of a respective new tranche for the current financial year, including the respective targets and the number of virtual shares granted to individual members of the Management Board. To serve as a long-term incentive for sustainable business performance, each tranche had a vesting period of four years. The tranche started on April 1 of each year.



Following the Supervisory Board's decision to allocate a new tranche, Management Board members initially received vested virtual shares equivalent to the amount of the LTI component of their bonus. The determination of the LTI component took into consideration the overall target attainment of the old compensation plan's bonus for the preceding financial year. The number of virtual shares was calculated on the basis of the amount of the LTI component and E.ON's average stock price during the last 60 days prior to the four-year vesting period. Furthermore, Management Board members could receive, on the basis of annual Supervisory Board decisions, a base matching of additional non-vested virtual shares in addition to the virtual shares that resulted from their LTI component. In addition, Management Board members could, depending on the company performance during the vesting period, receive performance matching of up to two additional non-vested virtual shares per share that resulted from base matching.

The arithmetical total target amount allocated at the start of the vesting period, which began on April 1 of the year in which a tranche was allocated, was therefore the sum of the value of the LTI component, base matching, and performance matching (depending on the degree of attainment of a predefined company performance target).

For the purpose of performance matching, the company performance metric for tranches granted from 2013 to 2015 was initially E.ON's average ROACE during the four-year vesting period compared with a target rate of return set in advance by the Supervisory Board for the entire period at the time it allocated a new tranche. Pursuant to a Supervisory Board resolution, from the 2016 financial year onward these performance targets were based on ROCE. In view of the Uniper spinoff, this adjustment was necessary because the ROACE targets were based on old planning figures that did not foresee the Uniper spinoff. Furthermore, from the start of 2016, the Company no longer used ROACE as a key performance indicator and it was therefore no longer available. In addition, the anticipated reduction in E.ON's stock price resulting from the Uniper spinoff had to be factored in by means of a conversion method.

Extraordinary events are not factored into the determination of target attainment for company performance. Depending on the degree of target attainment for the company performance metric, each virtual share resulting from base matching may be matched by zero to two additional virtual shares at the end of the vesting period. If the predetermined company performance target is fully attained, Management Board members receive one additional virtual share for each virtual share resulting from base matching. Linear interpolation is used to translate intermediate figures.

At the end of the vesting period, the virtual shares held by Management Board members are assigned a cash value based on E.ON's average stock price during the last 60 days prior to the end of the vesting period. To each virtual share is then added the aggregate per-share dividend paid out during the vesting period. This total—cash value plus dividends—is then paid out. Payouts are capped at 200 percent of the arithmetical total target amount.

The last complete tranche of the E.ON Share Matching Plan (LTI components of prior-year bonus as well as base and performance matching) was granted in the 2016 financial year and ran through March 2020 (Share Matching Plan, fourth tranche [2016–2020]). Because the old compensation plan was in effect until year-end 2016, in 2017 Management Board members were granted virtual shares based on the LTI components of their bonuses for the 2016 financial year under the terms of the E.ON Share Matching Plan. This tranche runs through 2021 (Share Matching Plan, fifth tranche [2017–2021]).

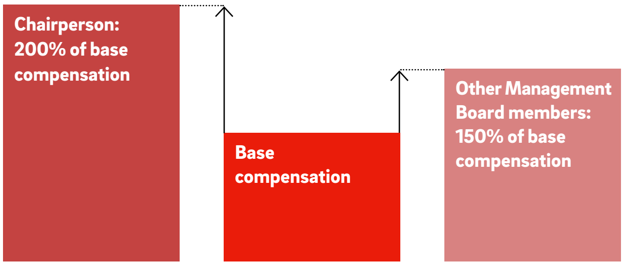
Overall Cap

Management Board members' annual compensation has an overall cap. This means that the sum of the individual compensation components in one year may not exceed 200 percent of the total agreed-on target compensation, which consists of base salary, target bonus, and the target amount of long-term variable compensation. The cap increases in accordance with the amounts of fringe benefits and company pension benefits from the respective financial year.

Share Ownership Guidelines

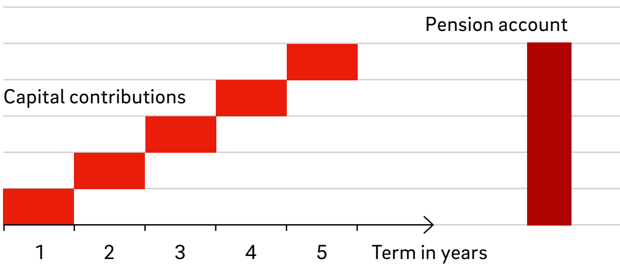
To strengthen E.ON's capital-market focus and shareholder-oriented culture, effective 2017 share ownership guidelines apply to Management Board members. The guidelines obligate Management Board members to invest in E.ON stock equaling 200 percent of base compensation (for the Management Board Chairperson) and 150 percent of base compensation (for the other Management Board members), to demonstrate that they have done so, and to hold the stock until the end of their service on the Management Board.

Until the required investment is reached, Management Board members are obligated to invest amounts equivalent to the net payouts from their long-term compensation in actual E.ON stock. At December 31, 2020, the Management Board fulfilled the share ownership guidelines at a rate of 98.22 percent.



Pension Entitlements

Members appointed to the Management Board since 2010 are enrolled in the "Contribution Plan E.ON Management Board," which is a contribution-based pension plan.



The Company makes virtual contributions to Management Board members' pension accounts in an amount equal to a percentage of their pensionable income (base salary and annual bonus). The contribution percentage is at most 21 percent. The annual contribution consists of a fixed base percentage (16 percent) and a matching contribution (5 percent). The requirement for the matching contribution to be granted is that the Management Board member contributes, at a minimum, the same amount by having it withheld from his compensation. The company-funded matching contribution is suspended if and as long as the E.ON Group's ROCE is less than its cost of capital for three years in a row. The contributions are capitalized using actuarial principles (based on a standard retirement age of 62) and placed in Management Board members' pension accounts. The interest rate used for each year is based on the return of long-term German treasury notes. At the age of 62 at the earliest, a Management Board member (or his survivors) may choose to have the pension account balance paid out as a lifelong pension, in installments, or in a lump sum. Individual Management Board members' actual resulting pension entitlement cannot be calculated precisely in advance. It depends on a number of uncertain parameters, in particular the changes in their individual salary, their total years of service, the attainment of company targets, and interest rates. For a Management Board member enrolled in the plan at the age of 50, the company-financed, contribution-based pension payment is currently estimated to be between 30 and 35 percent of his or her base salary (without factoring in pension benefits accrued prior to being appointed to the Management Board).

The Company has agreed to a pension plan based on final salary for the Management Board Chairman, Dr. Johannes Teyssen, who was appointed to the Management Board before 2010. Following the end of his service for the Company, Dr. Johannes Teyssen is entitled to receive lifelong monthly pension payments. Dr. Johannes Teyssen's pension entitlements provide for annual pension payments equal to 75 percent of his annual base salary. The full amount of any pension entitlements from earlier employment is offset against these payments. In addition, in the case of a Management Board member's death, the pension plan includes benefits for the widow and each orphan that are equal to 60 percent and 15 percent, respectively, of the deceased's pension entitlement. Together, pension payments to a widow and children may not exceed 100 percent of the deceased Management Board member's pension.

The vesting of Management Board members' pension entitlements (both contribution-based and final-salary-based pension plans) is governed by the provisions of the German Occupational Pensions Improvement Act ("BetrAVG").

The Supervisory Board reviews, on a regular basis, the benefits level of Management Board members and the resulting annual and long-term expense and, if necessary, adjusts the payments.

Settlement Payments for Termination of Management Board Duties

In line with the German Corporate Governance Code's recommendation, the service agreements of Management Board members include a settlement cap. Under the cap, settlement payments in conjunction with a termination of Management Board duties may not exceed the value of two years' total compensation. In addition, no more than the remaining term of the member's service agreement is to be compensated.

In the event of a premature loss of a Management Board position due to a change of control, Management Board members are entitled to settlement payments. The change-of-control agreements stipulate that a change in control exists in three cases: a third party acquires at least 30 percent of the Company's voting rights, thus triggering the automatic requirement to make an offer for the Company pursuant to Germany's Stock Corporation Takeover Law; the Company, as a dependent entity, concludes a corporate agreement; the Company is merged with a non-affiliated company. Management Board members are entitled to a settlement payment if, within 12 months of the change of control, their service agreement is terminated by mutual consent, expires, or is terminated by them (in the latter case, however, only if their position on the Management Board is materially affected by the change in control). Management Board members' settlement payment consists of their base salary and target bonus plus fringe benefits for two years. The settlement payments for Management Board members may not exceed 100 percent of the above-described settlement cap.

The service agreements of Management Board members include a non-compete clause. For a period of six months after the termination of their service agreement, Management Board members are contractually prohibited from working directly or indirectly for a company that competes directly or indirectly with the Company or its affiliates. Management Board members receive a compensation payment for the period of the non-compete restriction. The prorated payment is based on 100 percent of their target compensation (without long-term variable compensation) but is, at a minimum, 60 percent of their most recently received compensation.

Management Board Compensation in 2020

The Supervisory Board reviewed the Management Board's compensation plan and the components of individual members' compensation. It determined that the Management Board's compensation is appropriate from both a horizontal and vertical perspective and passed a resolution on the performance-based compensation described below. It made its determination of customariness from a horizontal perspective by comparing the compensation with that of companies of a similar size. For this purpose, the companies listed in the DAX were included in the peer group. The Supervisory Board's review of appropriateness also included a vertical comparison of the Management Board's compensation with that of the Company's top management and the rest of its workforce. In the Supervisory Board's view, in the 2020 financial year there was no reason to adjust the Management Board members' target compensation.

The 2020 Bonus

Based on the company performance and the individual performance factor, the annual bonuses of Management Board members for the 2020 financial year totaled €4.4 million (prior year: €6.0 million).

To determine the company performance for the 2020 financial year, actual EPS based on adjusted net income was compared with the target value (budget) set by the Supervisory Board before the start of the financial year. In the 2020 financial year, E.ON's earnings were affected by the following special situation: due in particular to the repercussions of the Covid-19 pandemic in conjunction with an exceptionally mild winter, electricity and gas consumption remained below the budget. This led to lower sales volumes in the sales business as well as lower transport volumes in the network.

In the 2020 financial year, actual transport volumes in E.ON's electricity and gas networks in Germany were significantly below the forecast values. The volume-weighted bandwidths of the deviations between forecast values and actual values across all of the E.ON Group's large distribution system operators in Germany in the past years lies in average between -1.4 percent and +1.4 percent. However, there are no significant deviations in the long-term volume-weighted average. The exceptionally high volume-weighted deviation of -2.7 percent in the 2020 financial year resulted in a €220 million reduction in earnings.

Nevertheless, due to the regulatory mechanisms relevant for E.ON the reductions in revenue caused by forecast shortfalls (higher forecast values than actual values) in the 2020 financial year will be almost fully offset in subsequent years. The approved revenue caps will be earned over time regardless of the transport volumes. Consequently, failure to correct these revenue shortfalls in the 2020 financial year related to the network business would result in the Management Board being unjustifiably placed in a worse position: the revenue shortfalls would lead to a lower level of attainment of the company targets for the 2020 financial year due to the negative deviation from plan, whereas the offsetting additional revenues as described above would not lead to a correspondingly higher level of target attainment in subsequent years due to its budgeting. The Supervisory Board therefore decided to take these special effects from the network business into account when calculating and determining target attainment. With this adjustment, target attainment for company performance is 85 percent. This adjustment is also taken into account when determining target attainment for employees whose company performance is determined on the basis of EPS.

In the new compensation plan submitted to the 2021 Annual Shareholders Meeting for approval, the Supervisory Board has provided that it can take into account corresponding effects that remain in the network business without economic impact for E.ON.

The revenue shortfall in the sales business will not be adjusted and will therefore affect the 2020 bonus without restriction. No correction is planned here in the future either.

In determining the individual performance factor, the Supervisory Board discussed and assessed the Management Board's overall performance as well as the individual performance of Management Board members on the basis of predetermined targets.

Taking into account the company performance and the individual performance factor set by the Supervisory Board for the 2020 financial year, total target attainment for the 2020 bonus is 102 percent.

Individual Performance Factor

2020 targets	Assessment	Target attainment
Individual and collective targets, particularly regarding the following topics: • Integration of innogy SE • Nuclear dismantling • Growth opportunities at the network business • Sustainability strategy	Supervisory Board's assessment: The Supervisory Board's assessment of the efforts and successes in connection with the full integration of innogy SE was particularly positive. The progress in nuclear dismantling at PreussenElektra and the securing of new growth opportunities in the network businesses represent additional extraordinarily positive aspects. The successful development of a comprehensive sustainability strategy was also a positive factor in the assessment of individual performance.	120%

Long-term Variable Compensation Allocated in 2020

The Supervisory Board issued the fourth tranche of the E.ON Performance Plan (2020–2023) for the 2020 financial year and granted Management Board members virtual shares of E.ON stock.

Fourth Tranche of the E.ON Performance Plan (2020–2023)

The present value assigned to the virtual shares of E.ON stock at the time of granting on January 1, 2020—€7.88 per share—is shown in the following tables entitled "Stock-based Compensation" and "Total Compensation of the Management Board."

The value performance of this tranche will be determined by the performance of E.ON stock, per-share dividends, and TSR performance relative to the companies in its peer index, the STOXX® Europe 600 Utilities, for the years 2020 through 2023. The actual payments made to Management Board members in 2024 may deviate, under certain circumstances considerably, from the calculated figures disclosed here.

The long-term variable compensation of Management Board members resulted in the following expenses in 2020:

Stock-based Compensation

	Value of virtual shares at time of granting		Number of virtual shares granted		Expense (+)/Income (-)[1]	
€	2020	2019	2020	2019	2020	2019
Dr. Johannes Teyssen	1,732,500	1,732,500	219,861	259,357	1,925,176	2,277,079
Dr.-Ing. Leonhard Birnbaum[2]	1,133,743	1,083,333	127,962	150,949	1,245,902	1,400,308
Thereof pro rata "LTI innogy" (2020–2021)[3]	*125,410*	–	*0*	–	*125,410*	–
Thereof substitute payment "LTI innogy" (2019–2021)	–	*75,000*	–	*0*	–	*75,000*
Dr. Thomas König	825,000	825,000	104,696	123,503	470,219	288,515
Dr. Marc Spieker	825,000	825,000	104,696	123,503	698,881	529,777
Dr. Karsten Wildberger	825,000	825,000	104,696	123,503	840,207	870,727
Total	**5,341,243**	**5,290,833**	**661,911**	**780,815**	**5,180,385**	**5,366,406**

[1]Expense pursuant to IFRS 2 for performance rights and virtual shares existing in 2019 and 2020, respectively.
[2]Number of shares based on the third and fourth tranches, respectively, of the E.ON Performance Plan in the amount of the target amount of €1,008,333 and an IFRS 2 expense of €1,120,492.
[3]No figure for virtual shares disclosed because no virtual shares were granted. See the explanation regarding Dr.-Ing. Birnbaum on page 92.

Long-term variable compensation granted for the 2020 financial year totaled €5.2 million. Note 12 to the Consolidated Financial Statements contains additional details about stock-based compensation.

Allocated 2020 Long-term Variable Compensation

The fourth tranche of the E.ON Share Matching Plan granted in 2016 ended on March 31, 2020. The payment was made in April 2020.

Fourth Tranche of the E.ON Share Matching Plan (2016–2020)
The fourth tranche of the E.ON Share Matching Plan was calculated on the basis of the attainment of the ROCE target and the development of the stock price during the vesting period.

The performance metric of the fourth tranche of the E.ON Share Matching Plan, Group ROCE, was considerably influenced by the closing of the innogy SE takeover and by innogy's entry into E.ON SE's scope of consolidation. The transaction's effects could not yet be reflected in the Group ROCE target set in 2016 for the fourth tranche of the Share Matching Plan. To ensure that target setting remains consistent and ambitious, the Supervisory Board decided at its due discretion to subsequently adjust the key figure used to determine target attainment. This means that the unchanged ROCE target was measured against ROCE based on E.ON's former corporate structure prior to the transaction; in other words, without innogy SE but with departing businesses like E.ON Climate & Renewables and certain PreussenElektra shareholdings. For departing businesses, the last available forecast figures were used; for the other components, actual figures at the end of the financial year.

Average ROCE determined on this basis during the four-year vesting period was 10.2 percent. The target return for the fourth tranche of the E.ON Share Matching Plan was 9.6 percent, resulting in an overall target attainment of 162 percent for company performance. In view of this target attainment, the average price of E.ON stock in the last 60 days prior to the end of the vesting period of €10.11, and the amount of dividends totaling €1.57 that resulted for E.ON stock during the vesting period, a total of €6.1 million was paid to the members of the Management Board.

Management Board Pensions in 2020

The following table provides an overview of the current pension obligations to Management Board members, the additions to provisions for pensions, and the cash value of pension obligations for the 2020 financial year. The cash value of pension obligations is calculated pursuant to IFRS and the German Commercial Code. An actuarial interest rate according to IFRS of 0.8 percent (prior year: 1.3 percent) was used for discounting; the actuarial interest rate pursuant to the German Commercial Code was 2.30 percent (prior year: 2.71 percent).

Pensions of Management Board Members Pursuant to IFRS

	Current pension entitlement at December 31				Additions to provisions for pensions				Cash value at December 31	
	As a percentage of annual base compensation		In absolute terms (€)		(€)		Thereof interest cost (€)		(€)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Dr. Johannes Teyssen	75	75	930,000	930,000	1,276,716	1,410,074	365,816	525,001	30,808,106	28,139,682
Dr.-Ing. Leonhard Birnbaum[1, 2] (E.ON SE)	–	–	–	–	357,170	245,953	24,571	29,011	2,913,120	1,890,048
Dr.-Ing. Leonhard Birnbaum[3] (innogy SE)	–	–	–	–	–	195,667	–	–	–	195,667
Dr. Thomas König[1]	–	–	–	–	287,461	213,076	35,530	44,685	3,194,925	2,733,075
Dr. Marc Spieker[1]	–	–	–	–	250,553	209,825	16,631	17,223	1,612,838	1,279,272
Dr. Karsten Wildberger[1]	–	–	–	–	314,108	277,975	15,579	14,393	1,558,531	1,198,385

[1]"Contribution Plan E.ON Management Board."
[2]The prior-year figure for Dr.-Ing. Birnbaum refers to his passive employment relationship with E.ON SE on December 31, 2019. For 2020, the entire year is presented (including the final amount) based on his reinstated employment with E.ON SE.
[3]From October 11, 2019, onward, 50 percent of the contribution to Dr.-Ing. Birnbaum's innogy SE pension entitlement was borne by E.ON SE.

Pensions of Management Board Members Pursuant to the German Commercial Code

	Current pension entitlement at December 31				Additions to provisions for pensions				Cash value at December 31	
	As a percentage of annual base compensation		In absolute terms (€)		(€)		Thereof interest cost (€)		(€)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Dr. Johannes Teyssen	75	75	930,000	930,000	2,098,992	564,476	597,806	689,983	24,158,256	22,059,264
Dr.-Ing. Leonhard Birnbaum[1, 2] (E.ON SE)	–	–	–	–	862,044	332,111	42,778	40,010	2,440,578	1,578,534
Dr.-Ing. Leonhard Birnbaum[3] (innogy SE)	–	–	–	–	–	172,476	–	–	–	172,476
Dr. Thomas König[1]	–	–	–	–	397,348	403,263	63,517	62,291	2,741,146	2,343,798
Dr. Marc Spieker[1]	–	–	–	–	239,670	292,176	26,884	22,465	1,231,703	992,033
Dr. Karsten Wildberger[1]	–	–	–	–	286,769	373,061	26,533	19,453	1,265,855	979,086

[1]"Contribution Plan E.ON Management Board."
[2]The prior-year figure for Dr.-Ing. Birnbaum refers to his passive employment relationship with E.ON SE on December 31, 2019. For 2020, the entire year is presented (including the final amount) based on his reinstated employment with E.ON SE.
[3]Voluntary supplemental disclosure. From October 11, 2019, onward, 50 percent of the contribution to Dr.-Ing. Birnbaum's innogy SE pension entitlement was borne by E.ON SE.

Pursuant to IFRS and the German Commercial Code, the cash values of Management Board pensions for which provisions are required increased as of December 31, 2020, relative to year-end 2019. This resulted in part from increases in the number of years of service. Another reason is that the actuarial interest rate for discounting was below the prior-year figure.

Total Compensation in 2020

The total compensation of the members of the Management Board in the 2020 financial year amounted to €14.1 million, about 9.6 percent below the prior-year figure of €15.6 million based on the Management Board's total compensation disclosed in the 2019 Annual Report.

At his own request, Dr. Teyssen's appointment as Chairman of the Management Board as well as his service agreement will be terminated early, by mutual consent, effective at the close of March 31, 2021, instead of the original term until December 31, 2021.

Compensation Modalities of Dr.-Ing. Birnbaum's Dual Mandate

Alongside his appointment as a member of the E.ON Management Board and his duties as Chief Operating Officer—Integration, Dr.-Ing. Birnbaum was also appointed as Chairman of the innogy SE Management Board from October 11, 2019 (dual mandate within the meaning of Section 88, Paragraph 1, Sentence 2 of the German Stock Corporation Act). During this period, Dr.-Ing. Birnbaum received compensation from innogy SE only pursuant to a newly concluded service agreement with the company. The compensation-related clauses of his service agreement with E.ON SE were suspended for the duration of his service as Chairman of the innogy SE Management Board.

Due to the merger of innogy SE into E.ON Verwaltungs SE on June 2, 2020, and the resulting expiration of his position on the innogy SE Management Board, an amical termination of his existing service agreement with innogy SE was agreed effective the close of June 1, 2020 (the day before the entry of the merger into E.ON Verwaltung SE's commercial register). As of June 2, 2020, the previously suspended parts of his service agreement with E.ON SE were reinstated, and Dr.-Ing. Birnbaum again receives his compensation exclusively from his service agreement with E.ON SE.

In the 2020 financial year, Dr.-Ing. Birnbaum's compensation until the end of his service agreement with innogy SE at the close of June 1, 2020, had the following modalities:

Dr.-Ing. Birnbaum continued to receive base compensation of €800,000 for a full financial year.

On a pro rata basis until the end of his service agreement with innogy SE at the close of June 1, 2020, Dr.-Ing. Birnbaum received an innogy SE bonus with a target bonus of €1,025,000 for a full financial year ("bonus innogy"). As a result of the reinstatement of his suspended portions of his service agreement with E.ON SE, Dr.-Ing. Birnbaum was granted, for the 2020 financial year on a pro rata basis, an E.ON SE bonus with a target amount of €825,000 for a full financial year.

In the 2020 financial year, the "bonus innogy" was based on the attainment of collective and individual targets that were set by the innogy SE Supervisory Board before the start of the financial year. Target attainment of the "bonus innogy" is determined by the Supervisory Board at its due discretion on the basis of these targets and can be between 0 percent and 180 percent. To depict the operating business performance of innogy SE, adjusted EBIT and adjusted net income were defined as collective financial performance criteria and, for example, the management of the network and sales business while achieving the economic targets was defined as individual targets for Dr.-Ing. Birnbaum. In addition, the Supervisory Board defined collective targets for ensuring business continuity as well as the successful integration of innogy SE into the E.ON Group.

Dr.-Ing. Birnbaum continues to participate in the E.ON Performance Plan, which is described on page 84. This plan was continued analogously by innogy SE—that is, based on E.ON SE's capital market performance—and granted with a target amount of €1,008,333 per year.

To reflect the increase in his responsibilities and the bigger and special challenges he faced, Dr.-Ing. Birnbaum was also granted, proportionately until the end of his service agreement with innogy SE at the close of June 1, 2020, long-term variable compensation with a target value of €300,000 (for a full financial year), which depends exclusively on innogy SE's performance ("LTI innogy"). The vesting period of the "LTI innogy" is two years. Target attainment is determined by the Supervisory Board at its due discretion on the basis of predefined targets and can be between 0 percent and 200 percent. The basis for the "innogy LTI" granted in the 2020 financial year was the management of innogy SE as an E.ON Group company, taking into account the interests of the other shareholders and, in this regard, in particular the planned integration into E.ON SE.

Dr.-Ing. Birnbaum's appointment as Chairman of the innogy SE Management Board ended on June 2, 2020. For this period, the innogy SE Supervisory Board set a target attainment of 100 percent for the "bonus innogy" and the "LTI innogy." The payments resulting from target attainment are calculated proportionately for the period of his appointment and are made in accordance with the agreed on contractual terms and conditions after the end of the respective regular vesting period. The E.ON Performance Plan granted to Dr.-Ing. Birnbaum in the 2020 financial year has been taken over and continued by E.ON SE.

In addition, Dr.-Ing. Birnbaum continued to participate in the "Contribution Plan E.ON Management Board," a contribution-based pension plan. This plan was suspended at E.ON SE until Dr.-Ing. Birnbaum's service agreement with E.ON SE took effect again and was continued and administered by innogy SE during this period. Dr.-Ing. Birnbaum retained his accrued entitlements from E.ON SE. The pension entitlement vis-à-vis innogy SE accrued by Dr.-Ing. Birnbaum during his service as Chairman of the innogy SE Management Board was transferred to E.ON SE after Dr.-Ing. Birnbaum's departure from the innogy SE Management Board pursuant to an agreement between Dr.-Ing. Birnbaum, innogy SE, and E.ON SE.

For Dr.-Ing. Birnbaum's duties as a member of the E.ON SE Management Board for the duration of the dual mandate, E.ON SE reimbursed innogy SE, for the costs of his duties that are attributable to E.ON SE. Pursuant to the service agreement between innogy SE and Dr.-Ing. Birnbaum, these reimbursed costs consisted of the following compensation components (in each case until the termination of the service agreement at the close of June 1, 2020): 50 percent of base compensation; 100 percent of the payment of the tranche of the E.ON Performance Plan granted on January 1, 2020, forward; 50 percent of the contributions made by innogy SE to the "Contribution Plan E.ON Management Board."

The cost allocation for the 2020 financial year is as follows:

Cost Allocation of Dr.-Ing. Leonhard Birnbaum's Compensation during His Dual Mandate in the 2020 Financial Year

Percentages	E.ON SE	innogy SE
Base compensation	50	50
Benefits	–	100
2020 E.ON bonus	100	–
2020 innogy bonus	–	100
E.ON Performance Plan (2020–2023)	100	–
"LTI innogy" (2020–2021)	–	100
Company pension entitlements	50	50

Total Compensation of the Management Board

The individual members of the Management Board had the following total compensation:

Total Compensation of the Management Board

	Fixed annual compensation		Bonus		Other compensation		Value of stock-based compensation granted[1]		Total	
€	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Dr. Johannes Teyssen	1,240,000	1,240,000	1,445,850	1,984,500	34,684	40,791	1,732,500	1,732,500	4,453,034	4,997,791
Dr.-Ing. Leonhard Birnbaum[2]	800,000	800,000	918,209	1,137,309	23,101	27,116	1,133,743	1,083,333	2,875,053	3,047,758
Thereof innogy SE	*335,556*	*88,406*	*428,484*	*241,788*	*11,698*	*4,519*	*125,410*[4]	*75,000*[3]	*901,148*	*409,713*
Dr. Thomas König	700,000	700,000	688,500	945,000	46,233	44,264	825,000	825,000	2,259,733	2,514,264
Dr. Marc Spieker	700,000	700,000	688,500	945,000	52,699	48,607	825,000	825,000	2,266,199	2,518,607
Dr. Karsten Wildberger	700,000	700,000	688,500	945,000	51,010	61,983	825,000	825,000	2,264,510	2,531,983
Total	**4,140,000**	**4,140,000**	**4,429,559**	**5,956,809**	**207,727**	**222,761**	**5,341,243**	**5,290,833**	**14,118,529**	**15,610,403**

[1]The present value assigned to the virtual shares of E.ON stock at the time of granting for the fourth tranche of the E.ON Performance Plan was €7.88 per share.
[2]See the explanation regarding Dr.-Ing. Birnbaum on page 92.
[3]Dr.-Ing. Birnbaum received the substitute payment "LTI innogy" with long-term incentive effect (2019–2021) in the amount of €75,000.
[4]In accordance with his service agreement, Dr.-Ing. Birnbaum received "LTI innogy" with long-term incentive effect (2020–2021) in the amount of €300,000 per year. "LTI innogy" is granted on a prorated basis corresponding with the end of the service agreement between Dr.-Ing. Birnbaum and innogy SE on June 1, 2020.

For the purpose of transparent presentation in the interests of corporate governance, the individualized disclosure of compensation will, voluntarily, continue to be based on the model tables of the German Corporate Governance Code of February 7, 2017.

The following table shows the compensation granted and allocated in 2020 in the format recommended by the German Corporate Governance Code:

Table of Compensation Granted and Allocated

	Dr. Johannes Teyssen (Chairman of the Management Board and Chief Executive Officer)					
			Compensation granted		Compensation allocated	
€	2019	2020	2020 (min.)	2020 (max.)[1,2]	2019	2020
Fixed compensation	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000	1,240,000
Fringe benefits	40,791	34,684	34,684	34,684	40,791	34,684
Total	**1,280,791**	**1,274,684**	**1,274,684**	**1,274,684**	**1,280,791**	**1,274,684**
One-year variable compensation	**1,417,500**	**1,417,500**	**–**	**2,835,000**	**1,984,500**	**1,445,850**
Multi-year variable compensation	**1,732,500**	**1,732,500**	**–**	**3,465,000**	**2,254,138**	**3,295,219**
– Share Matching Plan, third tranche (2015–2019)	–	–	–	–	*2,254,138*	–
– Share Matching Plan, fourth tranche (2016–2020)	–	–	–	–	–	*3,295,219*
– Performance Plan, third tranche (2019–2022)	*1,732,500*	–	–	–	–	–
– Performance Plan, fourth tranche (2020–2023)	–	*1,732,500*	–	*3,465,000*	–	–
Total	**4,430,791**	**4,424,684**	**1,274,684**	**7,574,684**	**5,519,429**	**6,015,753**
Service cost	885,073	910,900	910,900	910,900	885,073	910,900
Total compensation	**5,315,864**	**5,335,584**	**2,185,584**	**8,485,584**	**6,404,502**	**6,926,653**

[1]The maximum amount disclosed under compensation granted represents the sum of the contractual (individual) caps for the various elements of the compensation of Management Board members.
[2]The overall cap on Management Board compensation, which was introduced in the 2013 financial year and is described on page 86, applies as well.

Table of Compensation Granted and Allocated

	Dr.-Ing. Leonhard Birnbaum (Member of the Management Board and Chief Operating Office—Integration)					
			Compensation granted		Compensation allocated	
€	2019	2020	2020 (min.)	2020 (max.)[1,2]	2019	2020
Fixed compensation	800,000	800,000	800,000	800,000	800,000	800,000
Thereof innogy SE[3]	*88,406*	*335,556*	*335,556*	*335,556*	*88,406*	*335,556*
Fringe benefits	27,116	23,101	23,101	23,101	27,116	23,101
Thereof innogy SE[3]	*4,519*	*11,698*	*11,698*	*11,698*	*4,519*	*11,698*
Total	**827,116**	**823,101**	**823,101**	**823,101**	**827,116**	**823,101**
One-year variable compensation[4]	**869,932**	**908,607**	**–**	**1,731,517**	**1,137,309**	**918,209**
Thereof innogy SE[4,5]	*230,274*	*428,484*	–	*771,271*	*241,788*	*428,484*
Multi-year variable compensation	**1,083,333**	**1,133,743**	**–**	**2,267,486**	**1,387,150**	**1,917,882**
– Share Matching Plan, third tranche (2015–2019)	–	–	–	–	*1,312,150*	–
– Share Matching Plan, fourth tranche (2016–2020)	–	–	–	–	–	*1,917,882*
– Performance Plan, third tranche (2019–2022)	*1,008,333*	–	–	–	–	–
– Substitute payment "LTI innogy" (2019–2021)[3]	*75,000*	–	–	–	*75,000*	–
– Performance Plan, fourth tranche (2020–2023)[6]	–	*1,008,333*	–	*2,016,666*	–	–
– "LTI innogy" (2020–2021)[3]	–	*125,410*	–	*250,820*	–	–
Total	**2,780,381**	**2,865,451**	**823,101**	**4,822,104**	**3,351,575**	**3,659,192**
Service cost	412,609	332,599	332,599	332,599	412,609	332,599
Thereof innogy SE[3,7]	*195,667*	–	–	–	*195,667*	–
Total compensation	**3,192,990**	**3,198,050**	**1,155,700**	**5,154,703**	**3,764,184**	**3,991,791**

[1,2]See the footnotes on page 94.
[3]See the explanation regarding Dr.-Ing. Birnbaum on page 92.
[4]The maximum innogy cap is 180 percent; the maximum E.ON cap is 200 percent.
[5]In 2019: from October 11 to December 31, 2019; in 2020: from January 1 to June 1, 2020.
[6]Granted initially by E.ON SE and transferred, with debt-discharging effect, to E.ON SE effective the end of the employee relationship with innogy SE.
[7]For October 11, 2019, to June 1, 2020, 50 percent of the contribution to Dr.-Ing. Birnbaum's innogy SE pension entitlement were borne by E.ON SE.

Table of Compensation Granted and Allocated

€	Dr. Thomas König (Member of the Management Board and Chief Operating Officer—Networks)					
			Compensation granted		Compensation allocated	
	2019	2020	2020 (min.)	2020 (max.)[1, 2]	2019	2020
Fixed compensation	700,000	700,000	700,000	700,000	700,000	700,000
Fringe benefits	44,264	46,233	46,233	46,233	44,264	46,233
Total	**744,264**	**746,233**	**746,233**	**746,233**	**744,264**	**746,233**
One-year variable compensation	**675,000**	**675,000**	**–**	**1,350,000**	**945,000**	**688,500**
Multi-year variable compensation	**825,000**	**825,000**	**–**	**1,650,000**	**–**	**–**
– *Share Matching Plan, third tranche (2015–2019)*	–	–	–	–	–	–
– *Share Matching Plan, fourth tranche (2016–2020)*	–	–	–	–	–	–
– *Performance Plan, third tranche (2019–2022)*	*825,000*	–	–	–	–	–
– *Performance Plan, fourth tranche (2020–2023)*	–	*825,000*	–	*1,650,000*	–	–
Total	**2,244,264**	**2,246,233**	**746,233**	**3,746,233**	**1,689,264**	**1,434,733**
Service cost	168,391	251,931	251,931	251,931	168,391	251,931
Total compensation	**2,412,655**	**2,498,164**	**998,164**	**3,998,164**	**1,857,655**	**1,686,664**

[1, 2] See the footnotes on page 94.

Table of Compensation Granted and Allocated

€	Dr. Marc Spieker (Member of the Management Board and Chief Financial Officer)					
			Compensation granted		Compensation allocated	
	2019	2020	2020 (min.)	2020 (max.)[1, 2]	2019	2020
Fixed compensation	700,000	700,000	700,000	700,000	700,000	700,000
Fringe benefits	48,607	52,699	52,699	52,699	48,607	52,699
Total	**748,607**	**752,699**	**752,699**	**752,699**	**748,607**	**752,699**
One-year variable compensation	**675,000**	**675,000**	**–**	**1,350,000**	**945,000**	**688,500**
Multi-year variable compensation	**825,000**	**825,000**	**–**	**1,650,000**	**–**	**–**
– *Share Matching Plan, third tranche (2015–2019)*	–	–	–	–	–	–
– *Share Matching Plan, fourth tranche (2016–2020)*	–	–	–	–	–	–
– *Performance Plan, third tranche (2019–2022)*	*825,000*	–	–	–	–	–
– *Performance Plan, fourth tranche (2020–2023)*	–	*825,000*	–	*1,650,000*	–	–
Total	**2,248,607**	**2,252,699**	**752,699**	**3,752,699**	**1,693,607**	**1,441,199**
Service cost	192,602	233,922	233,922	233,922	192,602	233,922
Total compensation	**2,441,209**	**2,486,621**	**986,621**	**3,986,621**	**1,886,209**	**1,675,121**

[1, 2] See the footnotes on page 94.

Table of Compensation Granted and Allocated

€	2019	2020	2020 (min.)	2020 (max.)[1, 2]	2019	2020
	Dr. Karsten Wildberger (Member of the Management Board and Chief Operating Officer—Commercial)					
			Compensation granted		Compensation allocated	
Fixed compensation	700,000	700,000	700,000	700,000	700,000	700,000
Fringe benefits	61,983	51,010	51,010	51,010	61,983	51,010
Total	**761,983**	**751,010**	**751,010**	**751,010**	**761,983**	**751,010**
One-year variable compensation	**675,000**	**675,000**	**–**	**1,350,000**	**945,000**	**688,500**
Multi-year variable compensation	**825,000**	**825,000**	**–**	**1,650,000**	**–**	**896,214**
– *Share Matching Plan, third tranche (2015–2019)*	–	–	–	–	–	–
– *Share Matching Plan, fourth tranche (2016–2020)*	–	–	–	–	–	*896,214*
– *Performance Plan, third tranche (2019–2022)*	*825,000*	–	–	–	–	–
– *Performance Plan, fourth tranche (2020–2023)*	–	*825,000*	–	*1,650,000*	–	–
Total	**2,261,983**	**2,251,010**	**751,010**	**3,751,010**	**1,706,983**	**2,335,724**
Service cost	263,582	298,529	298,529	298,529	263,582	298,529
Total compensation	**2,525,565**	**2,549,539**	**1,049,539**	**4,049,539**	**1,970,565**	**2,634,253**

[1, 2] See the footnotes on page 94.

As in the prior year, E.ON SE and its subsidiaries granted no loans to, made no advance payments to, nor entered into any contingencies on behalf of the members of the Management Board in the 2020 financial year. Page 250 contains additional information about the members of the Management Board.

Payments Made to Former Members of the Management Board

Total payments made to former Management Board members and to their beneficiaries amounted to €12.8 million (prior year: €10.8 million). Provisions of €166.8 million (prior year: €161.3 million)—pursuant to IFRS—have been provided for pension obligations to former Management Board members and their beneficiaries.

Compensation System for the Supervisory Board

The compensation of Supervisory Board members is determined by the Annual Shareholders Meeting and governed by Section 15 of the Company's Articles of Association. The purpose of the compensation system is to enhance the Supervisory Board's independence for its oversight role. Furthermore, there are a number of duties that Supervisory Board members must perform irrespective of the Company's financial performance. Supervisory Board members—in addition to being reimbursed for their expenses—therefore receive fixed compensation and compensation for committee duties.

The Chairman of the Supervisory Board receives fixed compensation of €440,000; the Deputy Chairmen, €320,000. The other members of the Supervisory Board receive compensation of €140,000. The Chairman of the Audit and Risk Committee receives an additional €180,000; the members of the Audit and Risk Committee, an additional €110,000. Other committee chairmen receive an additional €140,000; committee members, an additional €70,000. Members serving on more than one committee receive the highest applicable committee compensation only. In contradistinction to the compensation just described, the Chairman and the Deputy Chairmen of the Supervisory Board receive no additional compensation for their committee duties. In addition, Supervisory Board members are paid an attendance fee of €1,000 per day for meetings of the Supervisory Board or its committees. Individuals who were members of the Supervisory Board or any of its committees for less than an entire financial year receive pro rata compensation.

Supervisory Board Compensation in 2020

The total compensation of the members of the Supervisory Board in the 2020 financial year amounted to €5.3 million (prior year: €4.3 million). The main reason for the increase in total compensation relative to the 2019 financial year is that the Annual Shareholders Meeting passed a resolution on May 14, 2019, to increase, owing to the acquisition of a majority stake in innogy SE, the size of the E.ON SE Supervisory Board by six members to a total of 20 members during the course of the year. Consequently, the newly appointed Supervisory Board members served for a full year for the first time in the 2020 financial year. In addition, the work of the Supervisory Board was, on balance, once again intensified. As in the prior year, no loans or advance payments were granted to Supervisory Board members by the Company.

Supervisory Board Compensation

€	Supervisory Board compensation		Compensation for committee duties		Attendance fees		Supervisory Board compensation from affiliated companies		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Dr. Karl-Ludwig Kley	440,000	440,000	–	–	15,000	12,000	–	–	455,000	452,000
Erich Clementi	320,000	320,000	–	–	17,000	14,000	–	–	337,000	334,000
Andreas Scheidt (until May 28, 2020)	133,333	320,000	–	–	8,000	13,000	–	–	141,333	333,000
Christoph Schmitz (since February 1, 2020; Deputy Chairman since May 28, 2020)	248,333	–	–	–	10,000	–	–	–	258,333	–
Clive Broutta (until January 31, 2020)	11,667	140,000	5,833	70,000	–	8,000	–	–	17,500	218,000
Klaus Fröhlich	140,000	140,000	70,000	70,000	9,000	8,000	–	–	219,000	218,000
Ulrich Grillo (since October 1, 2019)	140,000	35,000	70,000	17,500	14,000	3,000	–	998	224,000	56,498
Carolina Dybeck Happe	140,000	140,000	110,000	110,000	9,000	9,000	–	–	259,000	259,000
Monika Krebber (since September 24, 2019)	140,000	46,667	64,167	–	9,000	2,000	60,250	32,548	273,417	81,215
Eugen-Gheorghe Luha	140,000	140,000	70,000	70,000	9,000	8,000	–	–	219,000	218,000
Szilvia Pinczésné Márton	140,000	140,000	–	–	5,000	6,000	–	–	145,000	146,000
Stefan May (since September 24, 2019)	140,000	46,667	70,000	17,500	7,000	2,000	63,583	29,962	280,583	96,129
Miroslav Pelouch (since May 28, 2020)	93,333	–	–	–	3,000	–	–	–	96,333	–
René Pöhls (since September 24, 2019)	140,000	46,667	110,000	27,500	10,000	3,000	89,927	42,448	349,927	119,615
Andreas Schmitz	140,000	140,000	180,000	180,000	14,000	14,000	–	–	334,000	334,000
Dr. Rolf Martin Schmitz (since October 1, 2019)	140,000	35,000	–	–	5,000	2,000	–	–	145,000	37,000
Fred Schulz	140,000	140,000	110,000	110,000	19,000	16,000	23,993	17,856	292,993	283,856
Dr. Karen de Segundo	140,000	140,000	140,000	140,000	8,000	8,000	–	–	288,000	288,000
Elisabeth Wallbaum	140,000	140,000	110,000	110,000	10,000	9,000	–	–	260,000	259,000
Deborah Wilkens (since October 1, 2019)	140,000	35,000	110,000	27,500	11,000	3,000	–	1,164	261,000	66,664
Ewald Woste	140,000	140,000	70,000	70,000	9,000	8,000	15,000	23,000	234,000	241,000
Albert Zettl	140,000	140,000	70,000	70,000	16,000	13,000	23,800	20,000	249,800	243,000
Total	**3,486,667**	**2,865,001**	**1,360,000**	**1,090,000**	**217,000**	**161,000**	**276,553**	**167,976**	**5,340,220**	**4,283,977**

Other

The Company has taken out D&O insurance for Management Board and Supervisory Board members. In accordance with the German Stock Corporation Act, this insurance includes a deductible of 10 percent of the respective damage claim for Management Board and Supervisory Board members. The deductible has a maximum cumulative annual cap of 150 percent of a member's annual fixed compensation.

Separate Combined Non-Financial Report

Separate Combined Non-Financial Report

Purpose and Scope

The purpose of this separate Combined Non-Financial Report is to comply with the reporting requirements of the German CSR Directive Implementation Act (Section 315c in conjunction with Sections 289c to 289e of the German Commercial Code). It applies to both the E.ON Group and E.ON SE (hereinafter: "E.ON"). In addition to general information, the report contains information on the five mandatory aspects: the environment, employees, social matter, human rights, and anti-corruption. This information is for the reporting period January 1 to December 31, 2020. The report encompasses all subsidiaries that are fully consolidated in E.ON's Consolidated Financial Statements. Any deviations from this are indicated.

The innogy takeover successfully closed in 2019. Effective January 1, 2020, innogy's operations are no longer managed and disclosed as a separate segment but rather integrated into Energy Networks, Customer Solutions, and Corporate Functions/Other. E.ON's current strategy was subjected to a verification process early in 2020. It was affirmed to be a suitable strategic framework for the energy-policy, social, and technological challenges that currently prevail. Nevertheless, E.ON intends to use the period through year-end 2021—while continuing to integrate innogy—to sharpen the company's focus in line with its current and reaffirmed strategy, analyze exogenous factors, and determine their impact on strategic development. One key area for strategic focus is sustainability.

The policies mentioned below issue instructions, set minimum standards, assign responsibilities, and define management tools for the various non-financial issues. They are reviewed on an ongoing basis. Group policies are binding for all companies in which E.ON holds a majority stake and for projects and partnerships for which E.ON has operational responsibility. Contractors and suppliers are also required to meet E.ON's minimum standards.

The innogy takeover in 2019 did not result in E.ON's guidelines and policies becoming automatically binding for innogy. innogy units met these requirements in 2020 because similar policies applied to them. After revising E.ON's guidelines in 2020, effective January 1, 2021, the new E.ON has a largely uniform set of policies. With a small number of exceptions, these guidelines and policies apply to all Group companies including the former innogy companies.

The business operations at the Renewables segment that was transferred to RWE are included in E.ON's key performance indicators ("KPIs") until late September 2019. A separate innogy segment, consisting mainly of network and sales businesses, became part of the E.ON Group on 18 September 2019. Consequently, last year's reporting included a number of innogy KPIs after this date, most of which were presented separately from E.ON KPIs. This year, the 2019 KPIs of E.ON and innogy were aggregated in order to foster comparability and transparency. As a rule, KPIs include both entities from 2019 on. Any exceptions due to time frames, availability of data, and internal collating and reporting processes are clearly indicated. 2020 figures, however, refer to the scope of the new E.ON without exception.

Business Model

E.ON's two core businesses, Energy Networks and Customer Solutions, promote the sustainable development of the energy industry. Detailed information about E.ON's business model can be found in the Combined Group Management Report.

General Information

E.ON strives to always do business responsibly and therefore monitors all material impacts of its business operations. E.ON considers not only financial aspects but also environmental, social, and governance ("ESG") issues along its value chain. The systematic consideration of non-financial issues enables E.ON to identify opportunities and risks for its business development early. In addition to investors' expectations, E.ON takes into account the expectations of other key stakeholders like customers and employees.

In 2020 E.ON's materiality assessment consisted of a three-step process to determine which non-financial issues are essential for understanding E.ON's business performance, financial results, and situation and to evaluate the impact of its business operations. The process also identified focus dimensions that form the core of the E.ON Group's new sustainability strategy. In the first step, E.ON evaluated the events and developments that affected the Company in 2020, including the innogy integration and the Covid-19 pandemic. Also, E.ON conducted an in-depth analysis of its ESG performance based on ESG ratings and an examination of competitors' best practices. Second, E.ON conducted 13 interviews with outside experts about a variety of topics, such as climate change, health and safety, and social issues. The E.ON Sustainability Council, on which there were a number of personnel changes in 2020, was involved in the third and final step. The members completed a survey in which they assessed the relevance of each of the United Nations' Sustainable Development Goals ("SDGs") for E.ON and subsequently participated in a workshop to discuss the results of the desk research, the expert interviews, and the survey. The workshop validated the research results and defined a set of focus dimensions on which E.ON's sustainability strategy is based. The materiality analysis identified good corporate governance and the following non-financial issues as material for E.ON.

E.ON's Material Issues Subsumed under the Five Mandatory Aspects

Environmental matters	• Climate protection
Employee matters	• Occupational health and safety • Working conditions and employee development • Diversity and inclusion
Social matters	• Security of supply • Customer loyalty
Human rights	• Human rights and supplier management
Anti-corruption	• Compliance and anti-corruption

E.ON's approach to each issue and its progress in 2020 are explained in the following sections. E.ON takes a comprehensive approach to occupational health and safety (Aspect 2: employee matters) and environmental management, which is explained below. The description of all approaches is guided by the Global Reporting Initiative's Sustainability Reporting Standards ("GRI SRS"), in particular GRI standard 103: Management Approach 2016.

Diversity and inclusion were identified as material issues in 2020 and became part of E.ON's new sustainability strategy. The Employees chapter from page 50 of the Combined Group Management Report contains more information.

Since 2018, E.ON's management of non-financial risks has been aligned with the five mandatory aspects. In 2020 E.ON focused in particular on human rights and environmental and climate matters in order to prepare to comply with possible new regulatory requirements in these areas. The climate risk assessment was organizationally integrated into the Group's Enterprise Risk Management ("ERM") system in October 2020 and will be a standard ERM process from 2021 onward. Based on this, the content of the climate risk assessment will be further developed. E.ON also made significant progress in further integrating non-financial risks into its broader risk management processes. The process and findings of the non-financial risk analysis for 2020 were presented to, and approved by, the E.ON Group Risk Committee on December 8, 2020. The findings indicated that, on balance, as of year-end 2020 E.ON had no reportable non-financial net risk exposure. Information about E.ON's financial risks and chances can be found in the Risk and Chances Report in the Combined Group Management Report for the 2020 financial year.

E.ON's sustainability efforts are guided by internationally recognized standards, which provide orientation and help ensure that E.ON considers all essential aspects of responsible corporate governance. E.ON has been committed to the ten principles of the United Nations Global Compact ("UNGC") since 2005. Its sustainability activities also support the achievement of the United Nations' SDGs. In particular, E.ON helps provide access to affordable, reliable, sustainable, and clean energy, supports cities and communities to become sustainable, and helps protect the earth's climate.

Annual Sustainability Report

E.ON has published a Sustainability Report annually since 2004. The report, which has been based on GRI standards since 2005, serves as E.ON's annual Communication on Progress to the UNGC. It describes the issues that are material to E.ON's stakeholders and to E.ON as a company as well as how these issues are addressed. It also reports on topics not included in this Combined Non-Financial Report for reasons of materiality and contains information about E.ON's sustainability strategy and organization.

Sustainability Ratings and Rankings

E.ON's commitment to transparency includes subjecting its sustainability performance to independent, detailed assessments by specialized agencies and capital-market analysts. The findings of these assessments provide important guidance to investors and to E.ON. They help E.ON identify its strengths and weaknesses and further improve its performance. The Sustainability Channel on E.ON's corporate website contains a list of current sustainability ratings and rankings and E.ON's performance.

Approach to Health, Safety, and the Environment ("HSE")

E.ON's HSE organization centrally manages all activities for the material issues of climate protection, environmental management, and occupational health and safety. E.ON's overarching HSE policy and the Function Policy "Sustainability and HSE" as well as binding HSE standards set minimum standards, assign responsibilities, and define management tools and reporting pathways. These policies are binding across E.ON.

The E.ON Management Board and the management of E.ON's organizational units are responsible for HSE performance. They set strategic objectives and adopt policies to promote continual improvement.They are supported and advised by the HSE division at Corporate Functions, employee representatives, and the HSE Council. The council is composed of senior executives and employee representatives from different business areas and countries where E.ON operates. It meets at least three times a year and is chaired by the E.ON Management Board member responsible for HSE. The units have HSE committees and expert teams as well. They draw up framework specifications to ensure that their unit meets its HSE standards. The units also design HSE improvement plans, which contain specific HSE targets and programs for one or more years.

E.ON expects its HSE standards to be met further up the value chain as well, for example by suppliers. New suppliers must first undergo a qualification process if there is an increased risk that their business activities could have a negative impact on HSE. Depending on their size, E.ON sometimes also requires them to be certified to international environmental and occupational health and safety standards (ISO 14001 or EMAS III; OHSAS 18001 or ISO 45001) or conducts HSE audits of them.

In 2020 E.ON developed and adopted a Group-wide standard for HSE risk management. It was approved by the HSE Council and the HSE function in 2020 and defines the minimum requirements for identifying, analyzing, evaluating, addressing, and monitoring HSE risks and opportunities. Its purpose is to ensure shared understanding and to establish an overarching framework for managing HSE risks, including sustainability risks.

HSE incidents are reported via PRISMA (Platform for Reporting on Incident and Sustainability Management and Audits), E.ON's Group-wide online incident management system, in five categories of incidents. They range from 0 (low) to 4 (major). In 2020 the Company took steps for all former innogy units to use PRISMA from 2021 onward. Pursuant to E.ON's HSE Standard on Incident Management, units must use PRISMA to report category 4 incidents to the HSE division at Corporate Functions within 24 hours. E.ON systematically investigates and analyzes incidents depending on their severity and/or potential to result in an actual incident and uses the findings to take preventive action.

HSE has always been a top priority for the E.ON Management Board. In 2020 the Management Board and the HSE Council therefore decided to set personal H&S targets for the top 100 managers and to endorse E.ON's HSE strategy ("Roadmap 2021–23"), which contains underlying targets for its operating units, including H&S. The targets for top managers and units are individual. Their purpose is to further reduce the frequency of serious incidents and fatalities ("SIF"), with the ultimate aim of reaching zero harm in the near future. The changes took effect on January 1, 2021. They make it even more explicit that E.ON's HSE performance is integral to its long-term success.

Aspect 1: Environmental Matters

Climate Protection

Climate change and the environmental damage caused by it are serious and affect nature and humans. The use of fossil fuels is accompanied by greenhouse gas ("GHG") emissions. Low-carbon power generation and the efficient use of energy therefore play key roles in reducing emissions and limiting global warming. The transition to a low-carbon economy will require the concerted efforts of everyone who makes or consumes energy. It poses challenges for E.ON's competitiveness, but also creates opportunities to grow the business. Many countries, communities, and companies have already embraced climate-friendly energy production and energy efficiency to achieve their carbon-reduction targets. E.ON's strategic focus on energy-efficient customer solutions and reliable smart grids is fully in line with these global trends.

GHG emissions can be reduced not only by low-carbon generation technologies but also by energy conservation and recovery. E.ON's energy solutions help its customers use energy more efficiently and recover energy. E.ON offers individually tailored solutions to residential, industrial, commercial, and public-sector customers. Its portfolio includes easy-to-use online energy audits and apps that help residential customers better understand their energy consumption. E.ON designs embedded cogeneration solutions and energy-efficiency plans for commercial customers. It also develops integrated solutions for cities, district developers, and real-estate companies that encompass elements like efficient heating and cooling, low-carbon generation, and smart energy management. In addition, E.ON offers E-Mobility solutions such as electric-vehicle charging systems for homes and businesses as well as public charging infrastructure for cities that help make transport less dependent on fossil fuels and thus less carbon-intensive.

The Chief Operating Officer—Commercial, who is a member of the E.ON Management Board, has overall responsibility for E.ON's customer-oriented businesses, including solutions enabling customers to generate their own climate-friendly energy. The regional units' sales teams implement and market energy and E-Mobility solutions for all classes of customers. Cross-regional teams at Corporate Functions coordinate these activities from a technical, commercial, and strategic perspective. E.ON Business Solutions is responsible for designing technical solutions for commercial customers in Western and Central Europe, the United Kingdom, and Scandinavia.

Distribution networks like E.ON's are the backbone of the energy transition. They facilitate low-carbon power generation and the deployment of innovative, efficient energy solutions. Wind farms, solar arrays, battery-storage systems, and other climate-friendly technologies are connected to E.ON's distribution grids. Going forward, smart grids will serve as the platform for the innovative technologies and business models that are essential to the energy transition's success.

The activities of E.ON's core businesses reflect the key emerging energy trends and help protect the earth's climate. But E.ON also wants to shrink its own carbon footprint. E.ON measures the annual carbon emissions from its distributed power and heat generation and from its business activities that are not directly related to power generation. It discloses these figures in its sustainability reporting. E.ON factors in upstream and downstream emissions as well. It calculates emissions using the globally recognized WRI/WBCSD Greenhouse Gas Protocol Corporate Accounting and Reporting Standard ("GHG Protocol"). The GHG Protocol defines three scopes for GHG accounting and reporting. This improves transparency and provides guidance for different types of climate policies and business goals. The table below includes innogy from 2019 onward in order to foster comparability and transparency in the following years. For this reason, the calculation methods were harmonized in 2020. innogy's GHG emissions for 2019, which were initially determined using company-specific emission factors, were recalculated using the E.ON Group's methods and emission factors and then aggregated with E.ON's figures. This yielded a consistent baseline for E.ON's climate target.

To calculate emissions when primary data are unavailable or of insufficient quality, the GHG Protocol recommends the use of secondary data, such as industry-average data or government statistics. Since spinning off its large-scale fossil-fueled power generation business in 2016 E.ON has procured its power mainly from wholesale markets where the source of generation is often not traceable or information about the source is not reliable. E.ON therefore uses the official national emission factors of the countries in which power sold to end-customers is purchased.

CO_2 Emissions

Total CO_2 equivalents in million metric tons	2020	2019	2018
Scope 1: Direct emissions from E.ON's own business operations[1]	3.56	3.88[2]	4.58
Scope 2: Indirect emissions associated with E.ON's electricity and heat consumption (location-based)[3]	4.49	4.82[2]	2.89
Scope 2: Indirect emissions associated with E.ON's electricity and heat consumption (market-based)[3, 4]	6.09	–	–
Scope 3: Indirect emissions from all other business operations[1, 5]	108.21	120.27[2]	61.31
Total (location-based)	**116.26**	**128.98[2]**	**68.78**
Total (market-based)	**117.85**	**–**	**–**

[1]From 2019 onward, emissions from power and heat generation are divided into emissions from plants owned and operated by E.ON (Scope 1) and emissions from plants leased to, and operated by, customers (Scope 3). This improves E.ON's ability to manage its emissions and makes progress toward its targets more transparent.
[2]Prior-year figures were adjusted owing to changes in methodology and the scope of recalculation, as specified in the text.
[3]Excludes E.ON's consumption of district heating due to the immateriality of the quantity compared with the other Scope 2 categories.
[4]First-time reporting of market-based Scope 2 emissions in 2020.
[5]Scope 3 emissions from purchased power and the combustion of natural gas sold to end-customers are from energy sold to residential and B2B customers only. Energy sold to sales partners and the wholesale market is not included.

E.ON's direct and indirect CO_2e emissions totaled 117.85 million metric tons in 2020, of which 3 percent were direct Scope 1 emissions, 97 percent were indirect Scope 2 and 3 emissions. Scope 1 emissions decreased by 8 percent year on year, indirect emissions by about 10 percent.

The 2019 report disclosed Scope 1 emissions for 2019 of 4.91 million metric tons of CO_2e for E.ON and 0.87 million metric tons for innogy. In 2020 E.ON recalculated innogy's 2019 emissions using E.ON's emission factors, which are based on the internationally recognized factors of the International Energy Agency ("IEA") and the U.K. Department for Environment, Food, and Rural Affairs ("DEFRA").

Scope 2 emissions previously disclosed for 2019 totaled 2.73 million metric tons of CO_2e for E.ON and 3.05 million metric tons for innogy. In 2020 innogy's 2019 power distribution losses and purchased power used in buildings and operations were recalculated using E.ON's emission factors, which are based on the IEA's factors. innogy's market-based power distribution losses in 2019 were not available for the 2019 report. They were calculated for this report using E.ON's calculation method and added to the E.ON figure for 2019.

Scope 3 emissions previously disclosed for 2019 amounted to 59.67 million metric tons of CO_2e for E.ON and 88.13 million metric tons for innogy. In 2020 innogy's 2019 emissions in this category were likewise recalculated using E.ON's emission factors, which here are based on the IEA and DEFRA's factors as well as an E.ON-specific emission factor for the recalculation of purchased goods and services. Also, innogy's figures for purchased power and combustion of natural gas sold to end-customers were checked against E.ON's materiality threshold for reporting boundaries.

In 2020 the E.ON Management Board set new climate targets that, in the future, are to serve as KPIs that are relevant for management purposes. The exact details will be determined in 2021. By reducing its GHG emissions, E.ON intends to become carbon-neutral by 2040. E.ON plans to reduce its Scope 1 and 2 emissions by 75 percent by 2030 and by 100 percent by 2040 (both relative to 2019). E.ON aims to reduce its Scope 3 emissions by 50 percent by 2030 and by 100 percent by 2050 (both relative to 2019). To meet these targets, E.ON has defined measures to reduce emissions in all three scopes of the GHG Protocol. E.ON intends to reduce its direct emissions (Scope 1) by updating and optimizing its gas networks and heat generation business and indirect emissions (Scope 2) by conserving energy itself and by reducing line losses in its power network business. E.ON's Scope 3 emissions, which occur primarily during the generation of the power the Company purchases and resells and during the use of the gas it sells, account for most of E.ON's carbon footprint. E.ON's main objective for them is to increase the proportion of renewable energy it provides to its customers. Information about the progress E.ON makes toward its climate targets is presented first to the Sustainability Council, which met three times in 2020. The Chief Sustainability Officer, who chairs the council, reports the information to the E.ON Management Board on a regular basis.

E.ON is committed to operating sustainably and has in place the necessary governance structure to do so. This includes making steady progress toward its climate targets, effectively managing its climate-related risks, seizing climate-related opportunities that fit with its corporate strategy, and reporting transparently on all these matters. The recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") provide important guidance for E.ON's reporting. Established in 2015, the TCFD aims to develop consistent, comparable, and accurate climate-related financial risk disclosures that companies can use to provide information to investors, lenders, insurers, and other stakeholders. E.ON became an official TCFD supporter in 2019, which marks the start of its TCFD reporting below. Going forward, the Company will continue to expand its TCFD reporting.

- **Governance**
  The importance of climate change for E.ON is reflected in the Company's governance. The Management Board has overall responsibility for E.ON's sustainability strategy, including its climate targets. The Supervisory Board is informed about E.ON's sustainability performance by its Audit and Risk Committee and by the Management Board. Furthermore, it established the Innovation and Sustainability Committee in December 2019.

- **Strategy**
  E.ON's business operations promote sustainability: its current climate agenda includes emission-reduction targets for 2030, 2040, and 2050. The acquisition of innogy's networks and customer business substantially strengthened E.ON's core businesses and therefore enhances its ability to promote sustainability. Since climate change could create risks as well as opportunities for E.ON's business, the Company reviews a range of climate scenarios on an ad hoc basis.

- **Risk Management**
  E.ON plans to continually monitor and assess its sustainability, climate, and other non-financial risks and opportunities and their potential impact in the short, medium, and long term. In 2018 E.ON began to integrate the assessment and management of these risks more systematically into its overall risk management. In 2020 E.ON completed the task of organizationally integrating climate risk assessment into its ERM process, which will now be the standard ERM process from 2021 onward.

- **Metrics and Targets**
  E.ON's current climate metrics consist mainly of the emission figures for its carbon footprint categories (Scope 1, 2, and 3) and the measurement of progress toward its climate targets (see above). For all GHG categories relevant for E.ON, E.ON monitors progress toward these targets on an annual basis and analyzes progress in greater depth every three years as part of a trend analysis; the next in-depth analysis will be at year-end 2022 and use 2019 figures as the baseline.

More detailed information on E.ON's TCFD reporting can be found in the "Climate protection" chapter of the 2020 Sustainability Report and in a supplementary document "On course for net-zero – Supporting paper for E.ON's decarbonization strategy and climate-related disclosures 2020", which is available on E.ON's corporate website. Furthermore, additional information is published in E.ON's CDP climate disclosure. CDP is one of the largest international associations of investors that independently assess the transparency and detail of companies' climate reporting.

Aspect 2: Employee Matters

Occupational Health and Safety

E.ON is making continuous progress towards establishing a caring culture at E.ON. This encompasses ensuring its employees' safety in the workplace, promoting their health, and also supporting their mental well-being. Some employees perform potentially risky tasks, such as working on power distribution networks. Strict safety standards are therefore of particular importance to E.ON. First and foremost, accidents endanger employees' health. But accidents may also damage property, cause work stoppages, and harm E.ON's reputation. In 2020, amid the Covid-19 pandemic, all three aspects—safety, health, and well-being—took on even greater significance. The pandemic posed challenges which E.ON met in keeping with its Caring Culture.

E.ON's approach to H&S is proactive and preventive, and the Company is committed to zero harm. Consequently, the overriding objective is to prevent accidents from ever happening. By signing the Düsseldorf Statement on the Seoul Declaration on Safety and Health at Work and the Luxembourg Declaration on Workplace Health Promotion in 2009, E.ON pledged to promote a culture of prevention.

To live up to E.ON's commitment to employees' H&S, its HSE management assigns responsibilities clearly and sets minimum standards (see HSE Management below). These apply not only to E.ON employees but also to contractor employees who do work on E.ON's behalf. With few exceptions, all E.ON units are required to have an H&S management system certified to ISO 45001 (ISO 45001 replaced OHSAS 18001), a globally recognized standard for such systems. An annual management review is an important part of this management system. The reviews are conducted by the units themselves and are a prerequisite for certification to be renewed. If necessary, Group Audit and HSE at Corporate Functions conduct HSE audits to determine whether E.ON's standards are being met. To decide whether an audit of a unit is necessary, E.ON analyzes its accidents from the previous year as well as current risk assessments. In addition to audits, performance indicators for lost time, accidents, and dangerous situations also help E.ON investigate accident causes and conduct comprehensive risk analyses. The E.ON Management Board is always informed about severe accidents, developments relating to accidents, and related measures and programs by means of monthly reports from HSE and periodic consultations with the Senior Vice President for Sustainability & HSE. In addition, the member of the E.ON Management Board responsible for HSE receives a weekly safety update and presents it at board meetings. The update contains major incidents that could have led to the death of employees, contractors, customers, or third parties. E.ON investigates all accidents carefully, learns from them, and takes steps to avoid them in the future.

E.ON's units develop their own H&S improvement plans, which set H&S targets for one or more years. Many units set annual targets for combined TRIF. But E.ON's main focus is on targets that help it reach its goal of zero accidents. In addition, in 2018 the E.ON Management Board defined a set of four personal H&S targets for the top 100 executives who report directly to them. The program was continued in 2019 and again in 2020, when innogy's top executives joined it. Its purpose is to further embed E.ON's Caring Culture in its daily operations. In 2020 top executives again participated in H&S upskilling workshops and a Group-wide zero-level measurement to assess E.ON's HSE maturity. These actions are intended to reinforce the top 100 executives' awareness of their personal targets and have already led to an increase in their activities related to their targets.

The number of at-work traffic accidents in 2020 was 70 percent lower than in 2019. The improvement may reflect, among other factors, such as a decrease in at-work traffic due to Covid-19, a positive effect from the employee-awareness training agreed on by the top 100 in 2019.

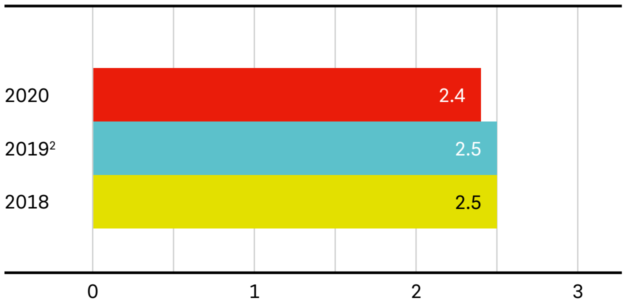
In several countries where E.ON operates, employees who have questions or concerns about their physical or mental health can contact a free, independent, and strictly confidential health advisory service (employee assistance program). In Germany, this service is a central component of the Group Works Health Agreement, which was concluded between management and the Group Works Council in 2015.

The Covid-19 pandemic was a source of uncertainty for employees. E.ON responded to this situation by providing a wide range of information and support, both centrally and at the unit level. In particular, the HSE and HR departments offered webinars, podcasts, and conversations on concerns and needs. Supervisors received an updated FAQ document on a regular basis to enable them to provide the latest information to their teams.

The findings of the incident investigations and HSE audits completed in 2020 show that E.ON's H&S management systems are largely effective. Most of the deficiencies identified were rectified without delay. However, there remains work to do to ensure that all new or revised policies and processes as well as other insights are fully documented and disseminated. This relates in particular to E.ON's internal H&S rules at its distribution system operators ("DSOs") in Germany and other countries. Isolated safety deficiencies that could put employees, contractors, and members of the public at risk were found at some E.ON units outside Germany. The deficiencies were prioritized and are gradually in the process of being rectified. The audits found that there was a general need to continually reinforce employees and contractors' awareness of their responsibility to look after themselves and each other and to speak up immediately if they perceive a potential safety risk. On balance, there has been a steady improvement in recent years. E.ON views audits—and the findings and recommendations they yield—as opportunities to foster continuous improvement.

Total recordable injury frequency ("TRIF") is E.ON's key performance indicator for safety. It measures the number of recordable work-related injuries and illnesses per million hours of work. E.ON has included contractor employees' in its safety performance since 2011 (combined TRIF). The HSE improvement plans of many of E.ON's units set annual targets for combined TRIF as the Group strives to reach the goal of zero accidents. E.ON's most direct influence is on reducing the number of accidents involving its own employees. E.ON therefore presents below its employee TRIF performance for the past three years.

Employee TRIF[1]



[1]TRIF measures the number of reported fatalities and occupational injuries and illnesses per million hours of work. It includes injuries that occur during work-related travel that result in lost time or no lost time and/or that lead to medical treatment, restricted work, or work at a substitute work station.
[2]Includes innogy from October 1 to December 31, 2019.

Employee TRIF of 2.4 in 2020 was similar to the 2019 figure (2.5). Contractor TRIF decreased from 2.5 in 2019 to 2.3 in 2020. Combined TRIF declined from 2.5 to 2.3, which E.ON views as reaffirmation of the measures being taken to prevent serious accidents. Comparability with the prior year is limited, since innogy was included for only part of 2019.

Regrettably, three contractors and two E.ON employees died in workplace accidents in 2020. After a fatal accident, E.ON immediately initiates an investigation to understand the exact course of events that led to it. In addition, within 24 hours an initial report must be submitted to the E.ON SE Management Board member responsible for the unit where the accident occurred and to the board member responsible for HSE. The aim is to identify the root causes and to take all necessary measures to prevent comparable accidents in the future. E.ON has seen the organization's awareness of occupational safety steadily increase for several years while its accident rates have declined. Nevertheless, serious and even fatal accidents still occur. E.ON cannot and will not accept this. It has therefore further intensified its efforts to prevent accidents. For example, in mid-2020 E.ON subsidiary Westnetz launched a large-scale occupational safety program. The program is supported by one of the world's most recognized consulting firms for safety and operational risk management. The program's task force established several work streams and initiated in-house and outside analyses to shed light both on cultural as well as technical/process-related issues.

E.ON employees' health rate was 96.3 percent in 2020. It reflects the number of days actually worked in relation to agreed-on work time. The 2020 figure was again high (2019: 96.0 percent).

Working Conditions and Employee Development

The mission of the Human Resources ("HR") function is to enable E.ON to maximize its competitive advantages in the energy market and to support E.ON's vision: "Improving people's lives." This is done by attracting the right people and putting them in the right roles at the right time; by identifying, developing, and retaining talented employees whom E.ON considers to be its future leaders; and by helping all people to realize their potential and be fit for a future that will be increasingly digital. In 2020 the Covid-19 pandemic posed a particular challenge to HR. Page 22 of the Annual Report contains more information.

The Group People Strategy ("GPS") provides the compass to guide the HR-related aspects of E.ON's transformation and long-term success amid a rapidly changing world. In 2020 E.ON developed a new GPS called GPS@E.ON, which was approved by the E.ON Management Board in December. It sets four People Priorities for the entire Group: Future of Work, Diversity & Inclusion, Sustainability, and Leadership. GPS@E.ON sets the direction and provides the compass for group-wide people activities, all of which need to contribute to the people priorities and their key ambitions. It will be brought to life by Group-wide and unit-level people activities, especially by means of existing strategic initiatives. This process will be flexible and modular to reflect the differences between business units.

E.ON's Group-wide competency model, Grow@E.ON, for example, continues to be a core part of the GPS and is a key enabler for professional development. Grow@E.ON is integrated into all HR and people processes. It helps to ensure that E.ON recruits, retains, places in the right roles, and develops the people who will continue to drive the Company's success. E.ON offers a range of career paths. This ensures that E.ON is an attractive employer to people who wish to pursue a specialist or a generalist career. Grow@E.ON was updated in 2020 to reflect E.ON and innogy's integration process, the updated E.ON Story, HSE topics, and the digital transformation. As part of the integration process, all new leaders and employees will be informed about, and trained in line with, Grow@E.ON. More information on the innogy integration process is on page 50 of the Annual Report.

A shared corporate culture is crucial for the success of the new E.ON and the integration process. The new E.ON will inevitably develop its own culture. The clear intention is to actively shape this process instead of simply letting it happen. The shared corporate culture is based on five new corporate values that guide employees' actions as well as their interactions with each other, customers, and business partners. More than 250 employees representing all E.ON and innogy businesses and all countries where they operate were involved in defining the values: putting customers first, better together, delivering on promises, exploring new paths, and behaving mindfully.

In 2018 E.ON decentralized most of its HR activities to bring them closer to the business. One important function of Group HR/Executive HR, which remains a part of Corporate Functions, is the HR management of E.ON's top 100 leaders. This includes executive development, placement, succession planning, and talent pipeline management. Each unit must have in place its own mechanisms to identify and develop talent and to conduct local succession planning. It is management's responsibility to ensure that all new employees receive a company orientation as well as training on essential topics like health and safety. For this purpose, the units may use standardized E.ON eLearning modules. These and other virtual learning tools as well as courses and training programs are offered by the People Development team in Group HR. eLearning is an effective, flexible, and intuitive way of delivering learning to employees.

The Senior Vice President for HR is regularly asked to report to the E.ON Management Board meetings about people matters. The Management Board discusses the current status of the talent pool on a regular basis. Twice a year the Management Board receives an overview of the entire talent pool, including lower levels of management. In addition, E.ON conducts an annual management review and regularly exchanges views on talented employees and their development needs at job-family-specific talent board meetings, which were introduced in 2020.

To ensure E.ON's people have a consistent framework within the Company's decentralized management approach, in 2017 the HR team and the E.ON Management Board developed and approved People Commitments, which establish twelve principles that articulate E.ON's values with respect to its people. These principles are binding for the entire E.ON Group and are endorsed by the Works Council of E.ON SE. Units apply these principles in a way that reflects their particular legal, cultural, and business environment. The People Commitments encompass a number of policies and guidelines. Examples include agreements on remote working and flexible work arrangements, such as home offices, sabbaticals, part-time work, and special holidays.

E.ON has in place a wide range of measures to make working at E.ON attractive and to develop its employees. For example, E.ON's international transfer policy governs the temporary foreign deployment of its employees. The average length of a foreign deployment is two to three years. E.ON also offers vocational training in numerous careers as well as work-study programs. One example is the E.ON training initiative, which helps school-leavers get a start on their careers through internships that prepare them for an apprenticeship as well as school projects and other programs. E.ON Graduate Programs ("EGP") recruit highly qualified university graduates for an 18 to 24-month program during which they receive a broad overview of E.ON's business through three to six deployments in different E.ON units and departments. E.ON offers the EGP in Sweden, the Czech Republic, Hungary, and Romania. Due to the restructuring of the U.K. business, the EGP is on hold in the United Kingdom until 2021. In Germany E.ON offers a job starter and a work-study program.

E.ON has conducted an annual employee survey since 2014 to find out how its employees feel about their job, their supervisor, the work atmosphere in their unit, and other topics. The former innogy employees have participated in the surveys since 2018. These surveys, which the Company calls Pulse Checks, include questions about E.ON's corporate values and current issues, such as, in 2020, the Covid-19 pandemic. Employees' feedback on E.ON's handling of the pandemic was very positive. Employee Net Promoter Score ("eNPS") has been an important aspect of these surveys since 2017. It measures employees' willingness to recommend E.ON as an employer. Since then, eNPS has improved from -4 to +25. The 2020 survey also included a series of questions on what E.ON calls its Caring Culture, including where E.ON could still improve its safety culture as well as its support for employees' health and well-being in general. E.ON analyzes survey feedback carefully to identify areas where the Company may need to do better.

E.ON has a single, Group-wide process for hiring executives. It is designed to improve how E.ON fills executive positions, make hiring more transparent, and ensure equal opportunity. Its main component is a biweekly placement conference at which talent leaders from around the Company discuss vacancies and potential candidates. E.ON's mechanisms ensure that executives are engaged in ongoing professional development, that E.ON has a transparent view of its current talent situation and the needs for the future, and that leaders across the E.ON Group have development opportunities. Since feedback is essential for empowering people to perform at their best, E.ON also provides employees with periodic performance and career-development reviews.

E.ON believes that an attractive compensation package including appealing and up-to-date fringe benefits is essential for rewarding its employees. The compensation plans of nearly all employees contain an element that reflects E.ON's performance. This element is typically based on the same key performance indicators that are also used in the E.ON Management Board's compensation plan.

E.ON wants to retain people (and their expertise) and enable them to grow professionally. One of the objectives is therefore to develop E.ON's employees so that management positions can be filled in-house. Placement conferences have a shared platform to systematically track how many women participated in the application process and who ultimately got the job. The platform also allows E.ON to monitor whether selected candidates are from its development pool and reflect its diversity targets. In addition, the aforementioned talent boards focus not only on talent identification and succession but also, in recent years, on diversity issues, such as increasing the proportion of women and employees from minority groups in the Company's leadership pipeline. E.ON enhanced its commitment to these issues in 2020 by making diversity a priority in its new Group People Strategy. The talent boards will enable E.ON to evaluate the effectiveness of its talent management once enough data have been collected.

Diversity and Inclusion

Pages 51 to 53 of the Annual Report contain information on diversity and inclusion at E.ON.

Aspect 3: Social Matters

Security of Supply

One of E.ON's main goals as an energy company and distribution grid operator is to ensure that its customers have a secure supply of electricity. A reliable electricity supply is essential for industrialized countries to be able to maintain their infrastructure and meet their inhabitants' needs. For example, industrial customers that operate a high-precision production facility require a constant network frequency. If frequency fluctuates, machinery can break down, resulting in additional costs. A power outage can have serious consequences, and not just for industrial customers. At companies, government agencies, and households, most processes are no longer possible without electricity. One of the challenges in energy supply is that, increasingly, electricity comes from distributed sources. As a result, electricity is fed into the network at many different points. Moreover, renewables feed-in fluctuates because it depends on the weather and other factors beyond E.ON's control.

Part of E.ON's corporate strategy is to adapt its distribution grids to the emerging distributed energy world. They form a crucial link between electricity producers and consumers. E.ON's distribution grids must function properly and be equipped to meet the challenges of the new energy world for E.ON to continue to ensure a reliable electricity supply in the future. For this purpose, E.ON continually upgrades its existing infrastructure with smart-grid technology. This enables E.ON to better manage energy generation, distribution, and storage.

E.ON's distribution system operators ("DSOs") are responsible for the safe and reliable operation of its distribution networks. Their network control centers oversee network operations. E.ON's

DSOs are also responsible for resolving unforeseen outages in their network territory. In case of widespread outages, E.ON's crisis management system stipulates responsibilities and processes in accordance with the instructions contained in the Incident and Crisis Management Policy. A member of the E.ON Management Board oversees the Energy Networks segment. Under his leadership, three departments at Corporate Functions actively manage Energy Networks' regional units. This includes strategic development, capital allocation, asset management, and so forth.

E.ON has in place investment and maintenance plans to maintain and expand its grids to ensure that all of its network customers are connected and have a reliable energy supply. E.ON's DSOs are responsible for implementing these plans, which encompass one or more years. Their investment budgets are approved centrally. Final approval comes from the E.ON Management Board at the end of the annual medium-term planning and budgeting process. A portion of the investment budgets goes toward making E.ON's grids smarter by equipping them with sensors and command-and-control technology and by augmenting them with a digital layer. The increasing use of smart-grid technologies makes it possible to avoid or delay costly investments in conventional networks by, for example, using this technology to maximize the capacity of existing overhead lines. Investment decisions always focus on efficiency as well as security of supply. E.ON chooses the solutions that make the most technical and economic sense. This is because grid investments affect the grid fees included in the electricity price paid by customers.

E.ON's DSOs record all planned and unplanned outages at their distribution networks. They use these data to calculate the system average interruption duration index ("SAIDI"), which measures the average outage duration per customer per year. E.ON discloses the SAIDI of its fully consolidated DSOs by country. The figure for Germany, for example, is the average of E.ON's DSOs there. E.ON's SAIDI in Germany is calculated according to the method prescribed by the German Federal Network Agency (known by its German acronym, BNetzA). This calculation is based on outages that are also verified by the BNetzA. This figure can therefore be deemed official. All the countries in which E.ON operates grids now have quality regulations. The respective regulatory agency reviews and validates grid operators' outage reports. The SAIDI figures for a particular country therefore reflect the methodology stipulated by its regulatory agency.

By the end of the data-collection period, no regulatory agency had completed the process of validating 2020 outages. Because this report is supposed to contain final, service-quality figures that have been officially audited (by the BNetzA in Germany and the relevant regulatory agencies elsewhere), it publishes figures for the previous year below.

Although the SAIDI is not used for management control purposes, it provides important information on the reliability of E.ON's networks. At regular intervals, the DSOs inform the E.ON Management Board member responsible for network operations about their security of supply. All E.ON DSOs include their SAIDI in their quarterly performance report to the E.ON Management Board.

SAIDI Power[1]

	2020			2019			2018		
Minutes per year	Scheduled	Unscheduled	Total	Scheduled	Unscheduled	Total	Scheduled	Unscheduled	Total
Germany	7	16	22	8	17	25	9	15	24
Sweden	25	121	146	22	100	122	28	70	98
Hungary	117	61	178	128	59	187	126	65	191
Czech Republic	145	47	192	154	50	205	157	78	235
Romania	288	358	646	339	465	804	262	522	783
Slovakia[2]	143	65	208	176	79	255	178	87	266
Poland	9	44	53	11	56	68	9	70	79

[1]Figures are for the respective previous year: 2020 for 2019, 2019 for 2018, and so forth. Prior-year figures were adjusted to reflect a new calculation methodology. Totals may deviate due to rounding.
[2]DSO in which E.ON has a 49-percent stake.

E.ON improved its SAIDI figures for 2020 (based on data from 2019) in all countries except Sweden. In Sweden the customers were on average more affected by power outages than in the prior years owing to a hurricane and severe thunderstorms in the summer. As in previous years, E.ON's grids in Germany were the most reliable.

Customer Loyalty

E.ON's ability to acquire new customers and retain existing ones is crucial for its business success. Global trends like climate protection and digitization are not only altering the energy landscape. They are also creating new customer needs. E.ON wants to help meet these needs and accompany its customers on their sustainability journey. E.ON will only remain successful in the marketplace by adapting its products and services to these journeys and by continually improving its performance.

E.ON puts customers at the center of everything it does. This pledge is a corporate value and is embedded in E.ON's customer experience principles, brand model, and Grow@E.ON, its Group-wide competency framework. E.ON's objective is to continually enhance customer loyalty and to become a customer-led business and the energy-solutions leader in its markets.

E.ON measures customer loyalty by means of Net Promoter Score (NPS), which was introduced in 2009 and became a Group-wide program in 2013. NPS indicates customers' willingness to recommend E.ON and its services. It also helps E.ON identify which issues are currently of particular importance to its customers and thus adapt its activities to current customer needs. There are three types of NPS. Strategic NPS or top-down NPS compares E.ON's performance with competitors' and is based on the feedback of customers regardless of whether they have had an interaction with E.ON. Journey NPS measures the loyalty of customers who have completed a journey with E.ON, such as transferring their energy service to their new residence when they move. Touchpoint or bottom-up NPS is based on the feedback of customers who have had a specific interaction with E.ON, like talking to a call center agent. NPS is used by the units in all E.ON's markets and since September 2020 by the Netherlands and Poland as part of the innogy integration. Improvement targets from 2021 onward will be set for the new markets, but these market are not included in E.ON's 2020 NPS figures. A methodology adopted in 2017 enables E.ON to measure strategic NPS consistently across all its markets. This, in turn, makes it possible for E.ON to identify and resolve cross-market customer issues and also to target areas where it could provide useful innovations for its customers. The methodology's automated reporting eliminates the errors of manual data entry, thereby improving data quality and auditability.

E.ON defines Group-wide targets for strategic NPS and journey NPS annually and uses both at the segment and unit level for management purposes. Strategic NPS is highly significant for management purposes because of the information collected about competitors. Beginning in September 2020, the E.ON Management Board receives a monthly report on NPS performance. In addition, the Chief Operating Officer—Commercial and the regional units' CEOs discuss NPS and customer issues at market reviews, which are conducted on a regular basis. The variable compensation of senior managers has two components: a company factor and a factor reflecting a manager's individual performance. Since 2020, strategic NPS and journey NPS account for 20 percent of the company factor. In 2020 NPS target achievement was again not factored into the E.ON Management Board's compensation; however, E.ON began the process of working out how to do so appropriately. Beyond the NPS program, each unit has a set of game-changing initiatives in place to systematically improve its customer experience. They are sponsored by the respective unit's CEO and board, whose members are personally responsible for improving their unit's NPS. The initiatives, which are defined annually, may span multiple years depending on the level of transformation required. E.ON introduced these initiatives in 2017 and initially called them CEO-led signature actions.

The Chief Operating Office—Commercial ("COO-C") at Corporate Functions coordinates the Company's brand and marketing strategy with the aim of further developing and strengthening the E.ON brand. COO-C supports the energy sales and solutions businesses for all customer categories, in all markets. The members of E.ON's Customer Experience teams serve as ambassadors for customer loyalty in their respective unit. They take the lead on related projects and activities in their sales territory and share information about successful programs and service improvements on a monthly basis. E.ON has Customer Experience teams in Germany, the United Kingdom, Italy, Romania, Sweden, the Czech Republic, and Hungary. Businesses in the Netherlands and Poland joined the organization over the course of 2020.

In 2020 E.ON also established a Global Customer Leadership team consisting of senior customer experience leaders from across the business as well as representatives of the Customer and Market Insights team. Its purpose is to strengthen the customer's voice and propel customer centricity in all E.ON markets. The team, which had its first meeting in September 2020, meets every two months to review performance, identify areas for cross-regional collaboration, and define a common customer narrative for the whole business.

The coronavirus pandemic made 2020 a very challenging year. The regional units responded swiftly. The uninterrupted supply of energy was ensured at all times. In addition, E.ON arranged for debt management processes to be adapted to the changed requirements. E.ON also launched new digital services to improve customer access and assistance, despite the closing of customer centers necessitated by government lockdown policies. A video chat, for instance, enabled customers to accomplish tasks without have to go to a company shop.

The Customer Immersion program enables senior managers and employees to interact directly with residential and business customers. Its purpose is to bring the customer's voice into the organization and enhance employees' customer orientation.

Our average strategic NPS for residential customers increaed steadily over the course of 2020 and was at its highest level in October and December. It was above the competitor average throughout the year.

Due to the challenges of collecting feedback from small and medium-sized enterprises ("SME") customers during the first pandemic-related lockdown, the Management Board decided to exclude SME NPS from the overall company factor for 2020. It's planned to be included in 2021.

Aspect 4: Human Rights

Human Rights and Supplier Management

E.ON is committed to respecting human rights in all its business processes. Failure to respect people's fundamental rights and needs has serious consequences for those affected and may damage the Company's reputation. Compliance with social standards also plays an important role in the business relationships with enterprise partners. In addition, there are increasing regulatory requirements for corporate transparency and control. For example, the U.K. Modern Slavery Act obliges E.ON to report on the steps it takes to prevent international human trafficking. E.ON's CEO Johannes Teyssen is also its Chief Sustainability Officer and Chief Human Rights Officer.

To prevent human rights violations, E.ON adheres to external standards and defines its own principles and policies. The E.ON Code of Conduct (see "Aspect 5: Anti-corruption"), a revised version of which took effect in 2018, obliges all employees to contribute to a non-discriminatory and safe working environment and to respect human rights. E.ON's Human Rights Policy Statement acknowledges the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization ("ILO") and its fundamental conventions and makes reference to E.ON's own policies, such as the Supplier Code of Conduct. The standards E.ON is guided by include the Universal Declaration of Human Rights of the United Nations, the principles of the UN Global Compact ("UNGC"), and the European Convention for the Protection of Human Rights. In 2020 the Company incorporated a section on human rights into a new online training module on compliance, human rights, and cyber and data security. This module is mandatory for all employees and conducted annually. At year-end, 87.3 percent had completed this training.

The standards for human rights and ethical business practices E.ON requires its suppliers to meet are defined in the Supplier Code of Conduct, which was updated in 2020 and adopted by the former innogy's units. The updated version contains a more detailed description of corporate social responsibility ("CSR") requirements and information about how to contact E.ON's whistle-blower hotline. The supplier prequalification process consists of self-registration, formal agreement to adhere to E.ON's Supplier Code of Conduct, and a compliance check. Non-fuel suppliers that are not subject to supplier onboarding must agree to the Company's General Terms and Conditions for Purchase Contracts, which are legally binding. These oblige non-fuel suppliers, among other things, to comply with the Supplier Code of Conduct and to endorse the UNGC's principles. In addition, the Supply Chain Function Policy and Supply Chain Handbook define Group-wide principles, processes, and responsibilities for non-fuel procurement, excluding the exceptional cases covered under the exception list (such as commodity, financial and real estate transactions, insurance, taxes).

Onboarding assessments help E.ON do business exclusively with suppliers committed to its standards. At the end of 2018 E.ON put in place a revised and fully digital supplier onboarding solution that is integrated into the Company's enterprise resource planning system. In 2019 E.ON focused on monitoring existing and new suppliers to ensure that they comply with its minimum requirements. In October 2020 units of the former innogy adopted this supplier onboarding process. Every non-fuel supplier whose individual transaction volume exceeds €25,000 or whose health, safety, and environment risk is medium or high must complete an online onboarding process. In some cases, E.ON may take additional steps during the supplier onboarding process, such as conducting a supplier audit to assess, among other issues, whether the supplier complies with E.ON's standards for human rights. As of year-end 2020, 99.3 percent of the E.ON Group's purchase order and contract call-offs had completed the onboarding process (former E.ON units). In addition, E.ON periodically conducts supplier performance reviews ("SPR") of its key non-fuel suppliers using five key performance indicators ("KPIs"): quality, commercial, delivery, processes and innovation, and CSR; the latter includes the protection of human rights. The respective results are discussed with each supplier during a performance review meeting. The outcome of the meeting may trigger specific actions for the supplier to improve its performance in one or more of the KPIs if it wants to continue doing business with E.ON. At the end of 2019 E.ON and innogy drew on their respective best practices to harmonize the SPR process. The harmonized process has been in place since January 1, 2020. Since then, innogy's key suppliers were assessed for their ESG performance as well, an aspect that had not been part of the former innogy's SPR. In 2020 E.ON increased the proportion of new suppliers that participated in their first SPR. The total number of reviews increased by 88 percent. Furthermore, E.ON again scrutinized its non-fuel suppliers to identify those with a large carbon footprint and explored ways to encourage their decarbonization. In 2021 E.ON plans to conduct a more in-depth analysis of non-fuel suppliers' climate performance and to recommend amelioration measures.

The Company is committed to procuring fuels responsibly and sustainably. Suppliers of solid biomass must, like non-fuel suppliers, contractually agree to comply with the E.ON Supplier Code of Conduct. In addition, the E.ON Biomass Purchasing Amendment defines the Company's policies and procedures, which include risk assessments, supplier audits, and provisions for joint ventures. The amendment is part of all contracts with biomass suppliers. They must pledge to respect human rights, safeguard the general living conditions of persons affected by biomass production, and protect biodiversity and the environment.

Similar to the procuring of solid biomass, E.ON's Supplier Code of Conduct is integrated into contracts for procuring uranium and nuclear fuel assemblies and supplemented by the Nuclear Fuel Purchasing Amendment and the E.ON Nuclear Fuel Policy which define further standards. E.ON purchases uranium exclusively from established suppliers with proven experience. Additionally, further performance evaluations of fuel-suppliers are conducted which can include reviews or on-site audits.

E.ON's goal is to prevent human rights abuses, environmental damage, and corporate malfeasance by identifying associated risks along its value chain from a holistic point of view. Periodic risk assessments enable E.ON to identify violations or suspected violations. Suppliers with identified violations or suspected violations are listed in a new KPI ("Suppliers under investigation/observation") that was added to Supply Chain's quarterly reporting in 2020. In such cases, the Supply Chain Compliance Officer and the respective Supply Chain Director are notified, and a process is set in motion to ensure that the situation is rectified without delay. If it is not, E.ON terminates its business dealings with the supplier. In 2020 no business dealings were terminated because no compliance violations were detected.

E.ON's employees can report potential violations of human rights through internal reporting channels or a Group-wide external whistle-blower hotline. In December 2019 E.ON extended the hotline service and published the hotline number online. Not only E.ON employees, but also business partners, their employees and other third parties can contact this hotline confidentially. The hotline can process calls in the languages of all countries in which E.ON operates. Group Compliance forwards the information to the relevant department or unit. Depending on the nature and severity of the potential violation, Group Compliance may report it immediately to the E.ON Management Board, notify law enforcement, initiate its own investigation, or take other appropriate action. In 2020 no violation of human rights was reported through these channels.

Begun in 2017, the German National Action Plan on Business and Human Rights ("NAP") serves as a forum for companies, trade associations, policymakers, non-governmental organizations, and academia to promote respect for human rights along the value chain. The NAP defines guiding principles for embedding human rights due diligence ("HRDD") into corporate strategy and business processes and encourages companies to conduct voluntary HRDD. In April 2020 E.ON again participated in voluntary NAP monitoring, which was organized by the German government. E.ON first participated in 2019, when it conducted a rigorous benchmarking and a human rights risk assessment encompassing 80 percent of its current and anticipated expenditures and in all purchasing categories. In 2020 Supply Chain designed a systematic process for rolling out a risk matrix developed in 2019. The purpose of the matrix, which breaks down risks by country and purchasing category, is to mitigate any potential risk of human rights violations. In 2021 the Company plans to review the matrix with regard to the new E.ON's suppliers (including the former innogy's suppliers, which were not included in 2020) and to update it on a regular basis. All of the above-mentioned activities are embedded into the Group Supply Chain function's overall Supplier Relationship Management ("SRM") system.

Aspect 5: Anti-Corruption

Compliance and Anti-Corruption

E.ON is committed to combating corruption in all its manifestations and supports national and international efforts directed against it. E.ON rejects it as a member of the UN Global Compact as well. Corruption leads to decisions being made for the wrong reasons. It can thus impede progress and innovation, distort competition, and do long-term damage to companies. Employees, managers, and board members guilty of corruption may be subject to fines and criminal prosecution. To earn stakeholders' lasting trust, E.ON closely monitors compliance with laws and its own policies. If violations occur, E.ON deals with them transparently and, if necessary, takes disciplinary action.

The E.ON Management Board has the ultimate responsibility for ensuring compliance with applicable laws and for monitoring compliance risks. The E.ON Group has an effective compliance management system ("CMS"). The CMS sets uniform Group-wide minimum standards for certain compliance issues, such as anti-corruption. Pursuant to a Group-wide policy, the Chief Compliance Officer ("CCO"), the Group Compliance division, and the business units' Compliance Officers are responsible for refining and optimizing the CMS on a continual basis.

The CCO reports on a quarterly basis to the E.ON Management Board and to the Supervisory Board's Audit and Risk Committee on the status of the CMS's effectiveness and current developments and incidents. In the event of serious incidents, the Management Board and the Audit and Risk Committee are informed immediately. The same applies to important new laws. Potential violations are investigated centrally by Group Audit and Group Compliance.

E.ON's Code of Conduct focuses on the guiding principle, "Doing the right thing." It is supplemented by several People Guidelines that lay down specific rules ("Doing things right").

As a compulsory reference, the Code helps employees make the right decisions in various professional situations and remain true to the Company's values. In the preface, the E.ON Management Board calls on all employees to act in a correct manner in order to protect themselves and the Company. The introduction explains why a Code of Conduct is needed. The main body of the Code contains comprehensible guidance on all issues that are of particular concern to E.ON. These include human rights, anti-corruption, fair competition, and compliant relationships with business partners. The Code also contains an integrity check. By answering just a few questions, employees can find out whether their assessments are in compliance with E.ON principles and values. The Code clearly states E.ON's prohibition against company donations to political parties, political candidates, managers of political offices, and representatives of public agencies.

Managers and employees of business partners may—within predefined limits—be invited to events and restaurants, or receive gifts. The Anti-Corruption People Guideline contains a decision-making scheme that uses the familiar green, amber, and red of traffic lights to indicate when accepting or granting such offers or gifts is permissible, potentially problematic, or forbidden. Gratuities above a certain threshold, which varies by country and national regulations, must receive Compliance Officer approval. Particularly strict requirements apply to invitations and gifts from public, elected, and government officials and their representatives.

To determine in which functions the risk for some compliance violations is particularly high, E.ON conducts compliance risk assessments on a regular basis. Based on their findings, preventive measures are taken.

If employees suspect misconduct or a violation of laws or company policies, they are instructed to report it immediately. If they wish, they may do so anonymously through internal reporting channels or a Group-wide external whistle-blower hotline, which E.ON operates with a law firm in all E.ON languages. Not only E.ON employees, but also business partners, their employees and other third parties can contact the hotline confidentially. Group Compliance forwards the information to the relevant department or unit.

E.ONs wants to ensure compliance standards in its supply chain as well. All non-fuel suppliers and all suppliers of uranium and solid biomass must therefore sign the Supplier Code of Conduct, which contains binding standards for ethical business practices. It was updated in 2020 and adopted by the former innogy units. In addition, E.ON conducts compliance checks to determine whether potential suppliers act in accordance with the company's values and principles. Also, E.ON subjects potential suppliers to a prequalification, which involves checking their identity and integrity to ensure that they meet E.ON's compliance standards. It includes searching media reports for references to a supplier in connection with compliance issues such as corruption and checking official sanction and terrorism lists. In some cases, potential suppliers must also complete a questionnaire, which E.ON evaluates carefully. Prequalification is mandatory for all new suppliers.

The effectiveness of E.ON's CMS is the main indicator of the Company's compliance performance for purposes of management control. All compliance measures, policies, processes, controls, and so forth are assessed and guided by this criterion. The CMS's effectiveness is also monitored by the E.ON Management Board, the Supervisory Board's Audit and Risk Committee, and Group Audit. The latter, an independent entity, is E.ON's third line of defense for monitoring the CMS. The criteria E.ON uses for monitoring effectiveness include assessing whether and how prescribed measures are implemented across E.ON. The Management Board and the Audit and Risk Committee are convinced that the CMS was again effective in 2020. Their assessment was based in part on audits as well as surveys and interviews of employees and stakeholders.

Consolidated Financial Statements

E.ON SE and Subsidiaries Consolidated Statements of Income

€ in millions	Note	2020[1]	2019
Sales including electricity and energy taxes		63,605	42,192
Electricity and energy taxes		-2,661	-1,389
Sales[2]	(6)	**60,944**	**40,803**
Changes in inventories (finished goods and work in progress)		42	-125
Own work capitalized	(7)	680	487
Other operating incomes[2]	(8)	8,907	5,367
Cost of materials[2]	(9)	-47,147	-31,434
Personnel costs	(12)	-5,866	-4,101
Depreciation, amortization and impairment charges	(15)	-4,166	-2,489
Other operating expenses[2]	(8)	-10,919	-7,570
Thereof: Impairments of Financial Assets		-317	-290
Income from companies accounted for under the equity method		408	421
Income from continuing operations before financial results and income taxes		**2,883**	**1,359**
Financial results	(10)	-702	-587
Income/Loss from equity investments		*18*	*58*
Income from other securities, interest and similar income		*670*	*1,032*
Interest and similar expenses		*-1,390*	*-1,677*
Income taxes	(11)	-871	-43
Income from continuing operations		**1,310**	**729**
Income/Loss from discontinued operations, net	(5)	-40	1,063
Net income		**1,270**	**1,792**
Attributable to shareholders of E.ON SE		*1,017*	*1,550*
Attributable to non-controlling interests		*253*	*242*
in €			
Earnings per share (attributable to shareholders of E.ON SE)—basic and diluted[3]	(14)		
from continuing operations		0.41	0.24
from discontinued operations		-0.02	0.44
from net income		**0.39**	**0.68**
Weighted-average number of shares outstanding (in millions)		2,607	2,293

[1]Including the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020; the previous year was adjusted accordingly.
[2]Adjustment of prior-year figures in the context of "failed-own-use" accounting regarding presentation of sales, cost of materials, other operating income and other operating expenses with no impact on earnings.
[3]Based on weighted-average number of shares outstanding.

E.ON SE and Subsidiaries Consolidated Statements of Recognized Income and Expenses

€ in millions	2020[1]	2019
Net income	**1,270**	**1,792**
Remeasurements of defined benefit plans	-1,093	-146
Remeasurements of defined benefit plans of companies accounted for under the equity method	-19	11
Income taxes	217	-36
Items that will not be reclassified subsequently to the income statement	**-895**	**-171**
Cash flow hedges	-358	-453
Unrealized changes—hedging reserve	*-464*	*-438*
Unrealized changes—reserve for hedging costs	*-42*	*-3*
Reclassification adjustments recognized in income	*148*	*-12*
Fair value measurement of financial instruments	50	-1
Unrealized changes	*52*	*29*
Reclassification adjustments recognized in income	*-2*	*-30*
Currency–translation adjustments	-214	-569
Unrealized changes—hedging reserve/other	*-300*	*-180*
Unrealized changes—reserve for hedging costs	*-1*	*1*
Reclassification adjustments recognized in income	*87*	*-390*
Companies accounted for under the equity method	-342	-123
Unrealized changes	*-342*	*-116*
Reclassification adjustments recognized in income	*–*	*-7*
Income taxes	19	8
Items that might be reclassified subsequently to the income statement	**-845**	**-1,138**
Total income and expenses recognized directly in equity	**-1,740**	**-1,309**
Total recognized income and expenses (total comprehensive income)	**-470**	**483**
Attributable to shareholders of E.ON SE	*-579*	*211*
Continuing operations	*-497*	*-333*
Discontinued operations	*-82*	*544*
Attributable to non-controlling interests	*109*	*272*

[1]Including the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition until September 18, 2020; the previous year was adjusted accordingly.

E.ON SE and Subsidiaries Balance Sheets—Assets

€ in millions	Note	December 31, 2020	2019[1]
Goodwill[2]	(15)	17,827	17,481
Intangible assets	(15)	3,855	4,138
Right-of-use assets	(33)	2,543	2,582
Property, plant and equipment	(15)	36,923	35,750
Companies accounted for under the equity method	(16)	4,383	5,232
Other financial assets	(16)	3,770	4,084
Equity investments		*1,883*	*1,730*
Non-current securities		*1,887*	*2,354*
Financial receivables and other financial assets	(18)	622	699
Operating receivables and other operating assets	(18)	3,244	3,592
Deferred tax assets	(11)	2,283	2,194
Income tax assets	(11)	34	34
Non-current assets		**75,484**	**75,786**
Inventories	(17)	1,131	1,252
Financial receivables and other financial assets	(18)	445	490
Trade receivables and other operating assets	(18)	11,525	14,207
Income tax assets	(11)	1,003	1,377
Liquid funds	(19)	4,795	3,602
Securities and fixed-term deposits		*1,111*	*1,197*
Restricted cash and cash equivalents		*1,016*	*511*
Cash and cash equivalents		*2,668*	*1,894*
Assets held for sale	(5)	1,002	1,366
Current assets		**19,901**	**22,294**
Total assets		**95,385**	**98,080**

[1]Certain adjustments to the preliminary accounting for the innogy acquisition, which was provisional until September 18, 2020, must be presented retrospectively to the acquisition date. The prior-year figures were adjusted accordingly.
[2]Includes the preliminary differential amount from the VSE purchase-price allocation (see Note 5).

E.ON SE and Subsidiaries Balance Sheets–Equity and Liabilities

		December 31,	
€ in millions	Note	2020	2019[1]
Capital stock	(20)	2,641	2,641
Additional paid-in capital	(21)	13,368	13,368
Retained earnings	(22)	-5,257	-1,927
Accumulated other comprehensive income[3]	(23)	-4,701	-3,857
Treasury shares	(20)	-1,126	-1,126
Equity attributable to shareholders of E.ON SE		**4,925**	**9,099**
Non-controlling interests (before reclassification)		5,696	5,632
Reclassification related to put options		-1,566	-1,483
Non-controlling interests	(24)	**4,130**	**4,149**
Equity		**9,055**	**13,248**
Financial liabilities	(27)	29,423	27,572
Operating liabilities	(27)	7,599	7,940
Income tax liabilities	(11)	362	293
Provisions for pensions and similar obligations	(25)	8,088	7,201
Miscellaneous provisions	(26)	13,296	13,468
Deferred tax liabilities	(11)	2,993	2,508
Non-current liabilities		**61,761**	**58,982**
Financial liabilities	(27)	3,418	3,841
Trade payables and other operating liabilities	(27)	16,215	16,601
Income tax liabilities	(11)	847	787
Miscellaneous provisions	(26)	3,904	4,019
Liabilities associated with assets held for sale	(5)	185	602
Current liabilities		**24,569**	**25,850**
Total equity and liabilities		**95,385**	**98,080**

[1]Certain adjustments to the preliminary accounting for the innogy acquisition, which was provisional until September 18, 2020, must be presented retrospectively to the acquisition date. The prior-year figures were adjusted accordingly.
[2]Thereof relating to discontinued operations (December 31, 2020): €17 million; (December 31, 2019): -€43 million.

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

€ in millions	2020	2019[5]
Net income	**1,270**	**1,792**
Income/Loss from discontinued operations, net	40	-1,063
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	4,166	2,489
Changes in provisions	169	486
Changes in deferred taxes	495	-251
Other non-cash income and expenses	-229	-230
Gain/Loss on disposal of intangible assets and property, plant and equipment, equity investments and securities (>3 months)	-328	-466
Intangible assets and property, plant and equipment	*6*	*-38*
Equity investments	*-353*	*-392*
Securities (>3 months)	*19*	*-36*
Changes in operating assets and liabilities and in income taxes	-296	56
Inventories	*104*	*129*
Trade receivables	*240*	*-867*
Other operating receivables and income tax assets	*423*	*686*
Trade payables	*-508*	*431*
Other operating liabilities and income taxes	*-555*	*-323*
Cash provided by (used for) operating activities of continuing operations	**5,287**	**2,813**
Cash provided by (used for) operating activities of discontinued operations	26	152
Cash provided by (used for) operating activities (operating cash flow)	**5,313**	**2,965**
Proceeds from disposal of	2,820	256
Intangible assets and property, plant and equipment	*234*	*192*
Equity investments	*2,586*	*64*
Purchases of investments in	-4,171	-4,784
Intangible assets and property, plant and equipment	*-4,362*	*-3,241*
Equity investments[1]	*191*	*-1,543*
Proceeds from disposal of securities (>3 months) and of financial receivables and fixed-term deposits	2,036	1,803
Purchases of securities (>3 months) and of financial receivables and fixed-term deposits	-2,047	-2,576
Changes in restricted cash and cash equivalents	-515	197
Cash provided by (used for) investing activities of continuing operations	**-1,877**	**-5,104**
Cash provided by (used for) investing activities of discontinued operations	13	-716
Cash provided by (used for) investing activities	**-1,864**	**-5,820**
Payments received/made from changes in capital[2]	-2,393	-342
Cash dividends paid to shareholders of E.ON SE	-1,199	-932
Cash dividends paid to non-controlling interests	-364	-188
Proceeds from financial liabilities	6,640	5,824
Repayments of financial liabilities	-5,308	-3,377
Cash provided by (used for) financing activities of continuing operations	**-2,624**	**985**
Cash provided by (used for) financing activities of discontinued operations	–	-193
Cash provided by (used for) financing activities	**-2,624**	**792**

[1]Including the settlement payment received from the transfer of business activities with RWE. These payments reduce the investments.
[2]The decrease is primarily due to the merger-related squeeze-out of the remaining minority shareholders of innogy. No material netting has taken place in either of the years presented here.
[5]Adjusted prior-year figures.

E.ON SE and Subsidiaries Consolidated Statements of Cash Flows

€ in millions	2020	2019[5]
Net increase/decrease in cash and cash equivalents	**825**	**-2,063**
Effect of foreign exchange rates on cash and cash equivalents	-74	-11
Cash and cash equivalents at the beginning of the year[3]	1,902	3,924
Cash and cash equivalents of discontinued operations at the beginning of the period	14	66
Cash and cash equivalents at the end of the period	**2,667**	**1,916**
Less: Cash and cash equivalents of discontinued operations at the end of the period	**0**	**-14**
Cash and cash equivalents of continuing operations at the end of the period[4]	**2,667**	**1,902**
Supplementary information on cash flows from operating activities		
Income taxes paid (less refunds)	46	-754
Interest paid	-1,168	-1,219
Interest received	463	568
Dividends received	488	448

[3]Cash and cash equivalents of continuing operations at the beginning of the period also include €4 million attributable to the sales operations in Hungary that were reclassified as a disposal group in the third quarter of 2019 and €4 million attributable to the sales operations of the heating electricity business in Germany, also reclassified as a disposal group, that were sold in the second quarter of 2020.
[4]Cash and cash equivalents of continuing operations at the end of the period of the prior year also include €4 million attributable to the sales operations in Hungary that were reclassified as a disposal group in the third quarter of 2019 and €4 million attributable to the sales operations of the heating electricity business in Germany, also reclassified as a disposal group.
[5]Adjusted prior-year figures.

Statement of Changes in Equity[1]

				Changes in accumulated other comprehensive income				
				Currency translation adjustments		Fair value measure-ment of financial instruments	Cash flow hedges	
€ in millions	Capital stock	Additional paid-in capital	Retained earnings	Hedging reserve/ other	Reserve for hedging costs		Hedging reserve	Reserve for hedging costs
Balance as of December 31, 2018	**2,201**	**9,862**	**-2,461**	**-1,775**	**10**	**39**	**-978**	**-15**
IFRS 16 adjustment			1					
Balance as of January 1, 2019	**2,201**	**9,862**	**-2,460**	**-1,775**	**10**	**39**	**-978**	**-15**
Change in scope of consolidation			-16	-1				
Capital increase	440	3,506						
Dividends			-932					
Share additions/reductions			133					
Net additions/disposals from reclassification related to put options								
Total comprehensive income			1,348	-689	1	-6	-440	-3
Net income/loss			*1,550*					
Other comprehensive income			*-202*	*-689*	*1*	*-6*	*-440*	*-3*
Remeasurements of defined benefit plans			*-202*					
Changes in accumulated other comprehensive income				*-689*	*1*	*-6*	*-440*	*-3*
Balance as of December 31, 2019	**2,641**	**13,368**	**-1,927**	**-2,465**	**11**	**33**	**-1,418**	**-18**
Balance as of January 1, 2020	**2,641**	**13,368**	**-1,927**	**-2,465**	**11**	**33**	**-1,418**	**-18**
Change in scope of consolidation			7	1			1	
Capital increase								
Dividends			-1,199					
Share additions/reductions			-2,405					
Net additions/disposals from reclassification related to put options								
Total comprehensive income			267	-505	-1	34	-332	-42
Net income/loss			*1,017*					
Other comprehensive income			*-750*	*-505*	*-1*	*34*	*-332*	*-42*
Remeasurements of defined benefit plans			*-750*					
Changes in accumulated other comprehensive income				*-505*	*-1*	*34*	*-332*	*-42*
Balance as of December 31, 2020	**2,641**	**13,368**	**-5,257**	**-2,969**	**10**	**67**	**-1,749**	**-60**

[1]Adjusted prior-year figures.

Treasury shares	Equity attributable to shareholders of E.ON SE	Non-controlling interests (before reclassification)	Reclassification related to put options	Non-controlling interests	Total
-1,126	**5,757**	**3,191**	**-430**	**2,761**	**8,518**
–	1	1	–	1	2
-1,126	**5,758**	**3,192**	**-430**	**2,762**	**8,520**
	-17	2,756		2,756	2,739
	3,946	16		16	3,962
	-932	-240		-240	-1,172
	133	-364		-364	-231
			-1,053	-1,053	-1,053
	211	272		272	483
	1,550	*242*		*242*	*1,792*
	-1,339	*30*		*30*	*-1,309*
	-202	*31*		*31*	*-171*
	-1,137	*-1*		*-1*	*-1,138*
-1,126	**9,099**	**5,632**	**-1,483**	**4,149**	**13,248**
-1,126	**9,099**	**5,632**	**-1,483**	**4,149**	**13,248**
	9	238		238	247
	-1,199	-380		-380	-1,579
	-2,405	97		97	-2,308
			-83	-83	-83
	-579	109		109	-470
	1,017	*253*		*253*	*1,270*
	-1,596	*-144*		*-144*	*-1,740*
	-750	*-145*		*-145*	*-895*
	-846	*1*		*1*	*-845*
-1,126	**4,925**	**5,696**	**-1,566**	**4,130**	**9,055**

(1) Summary of Significant Accounting Policies

Basis of Presentation

The Consolidated Financial Statements of E.ON SE, Essen, registered in the Commercial Register of Essen District Court under number HRB 28196, have been prepared in accordance with Section 315e (1) of the German Commercial Code ("HGB") and with those International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee interpretations ("IFRIC") that were adopted by the European Commission for use in the EU as of the end of the fiscal year, and whose application was mandatory as of December 31, 2020.

Principles

The Consolidated Financial Statements of the E.ON Group ("E.ON" or the "Group") are generally prepared at cost, with the exception of financial assets that are measured at fair value through OCI (FVOCI) and of financial assets and liabilities (including derivative financial instruments) that are recognized in income and measured at fair value through profit or loss (FVPL).

Scope of Consolidation

The Consolidated Financial Statements incorporate the financial statements of E.ON SE and entities controlled by E.ON ("subsidiaries"). Control exists when E.ON as the investor can direct the activities relevant to the business performance of the entity, participate in this business performance in the form of variable returns and influence the performance and the related variable returns through its involvement. Control is normally deemed established if E.ON directly or indirectly holds a majority of the voting rights in the investee. In structured entities, control can be established by means of contractual arrangements if control is not demonstrated through possession of a majority of the voting rights.

The results of the subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Income from the date of acquisition or until the date of their disposal, respectively.

If a subsidiary or associate sells shares to a third party, leading to a reduction in E.ON's ownership interest in these investees ("dilution"), and consequently to a loss of control, joint control or significant influence, gains and losses from these dilutive transactions are included in the income statement under other operating income or expenses.

Where necessary, adjustments are made to the subsidiaries' financial statements to bring their accounting policies into line with those of the Group. Intercompany receivables, liabilities and results are eliminated in the consolidation process.

Associated Companies

An associate is an investee over whose financial and operating policy decisions E.ON has significant influence and that is not controlled by E.ON or jointly controlled with E.ON. Significant influence is presumed if E.ON directly or indirectly holds at least 20 percent, but not more than 50 percent, of an entity's voting rights.

Interests in associated companies are accounted for using the equity method.

Interests in associated companies accounted for using the equity method are reported on the balance sheet at cost, adjusted for changes in the Group's share of the net assets after the date of acquisition and for any impairment charges. Losses that might potentially exceed the Group's interest in an associated company when attributable long-term loans are taken into consideration are generally not recognized. Any difference between the cost of the investment and the pro rata remeasured value of its net assets is recognized in the Consolidated Financial Statements as part of the carrying amount.

Unrealized gains and losses arising from transactions with associated companies accounted for using the equity method are eliminated within the consolidation process on a pro rata basis if they are material.

Companies accounted for using the equity method are tested for impairment by comparing the carrying amount with its recoverable amount. If the carrying amount exceeds the recoverable amount, the carrying amount is adjusted for this difference. If the reasons for previously recognized impairment losses no longer exist, such impairment losses are reversed accordingly.

The financial statements of equity interests accounted for using the equity method are generally prepared using accounting that is uniform within the Group.

Joint Ventures

Joint ventures are also accounted for using the equity method. Unrealized gains and losses arising from transactions with joint-venture companies are eliminated within the consolidation process on a pro rata basis if they are material.

Joint Operations

A joint operation exists when E.ON and other investors directly control an operation, but unlike a joint venture, they do not have a claim to the changes in net assets from the operation. Instead, they have direct rights to individual assets or direct obligations with respect to individual liabilities in connection with the operation. E.ON recognizes assets and liabilities as well as revenues and expenses in a joint operation pro rata according to the rights and obligations attributable to E.ON.

Business Combinations

Business combinations are accounted for using the purchase method, under which the purchase price is offset against the proportional share in the acquired company's net assets. The values at the acquisition date that corresponds to the date at which control of the acquired company was attained are used as a basis. The acquiree's identifiable assets, liabilities and contingent liabilities are generally recognized at their fair values irrespective of the extent attributable to non-controlling interests. The fair values are determined using published exchange or market prices at the time of acquisition in the case of marketable securities or commodities, for example, and in the case of land, buildings and major technical equipment, generally using independent expert reports that have been prepared by third parties. If exchange or market prices are unavailable for consideration, fair values are derived from market prices for comparable assets or comparable transactions. If these values are not directly observable, fair value is determined using appropriate valuation methods. In such cases, E.ON determines fair value using the discounted cash flow method by discounting estimated future cash flows by a weighted-average cost of capital. Estimated cash flows are consistent with the internal mid-term planning data for the next three years, followed by two additional years of cash flow projections, which are extrapolated through the end of an asset's useful life using a growth rate based on industry and internal projections. In certain justified exceptional cases, a longer detailed planning period is used as the calculation basis. The discount rate reflects the specific risks inherent in the acquired activities. In the network area, fair values are generally determined by means of fair values in kind. The valuation of customer groups also deviates from the general procedure described above.

Non-controlling interests can be measured either at cost (partial goodwill method) or at fair value (full goodwill method). The choice of method can be made on a case-by-case basis. The partial goodwill method is generally used within the E.ON Group.

Transactions with holders of non-controlling interests are treated in the same way as transactions with investors. Should the acquisition of additional shares in a subsidiary result in a difference between the cost of purchasing the shares and the carrying amounts of the non-controlling interests acquired, that difference must be fully recognized in equity.

Gains and losses from disposals of shares to subsidiaries are also recognized in equity, provided that such disposals do not coincide with a loss of control.

Intangible assets must be recognized separately if they are clearly separable or if their recognition arises from a contractual or other legal right. Provisions for restructuring measures may not be recorded in a purchase price allocation. If the purchase price paid exceeds the proportional share in the net assets at the time of acquisition, the positive difference is recognized as goodwill. No goodwill is recognized for positive differences attributable to non-controlling interests. A negative difference is recognized in net income.

Foreign Currency Translation

The Company's transactions denominated in foreign currency are translated at the current exchange rate at the date of the transaction. At each balance sheet date monetary foreign currency items are adjusted to the exchange rate on the reporting date; any gains and losses resulting from fluctuations in the relevant currencies are recognized in net income and reported as other operating income and other operating expenses, respectively. Gains and losses from the translation of non-derivative financial instruments used in hedges of net investments in foreign operations are recognized in equity as a component of other comprehensive income. The ineffective portion of the hedging instrument is immediately recognized in net income.

The functional currency as well as the reporting currency of E.ON SE is the euro. The assets and liabilities of the Company's foreign subsidiaries with a functional currency other than the euro are translated using the exchange rates applicable on the balance sheet date, while items of the statements of income are translated using annual average exchange rates. Material transactions of foreign subsidiaries occurring during the fiscal year are translated in the financial statements using the exchange rate at the date of the transaction. Differences arising from the translation of assets and liabilities compared with the corresponding translation of the prior year, as well as exchange rate differences between the income statement and the balance sheet, are reported separately in equity as a component of other comprehensive income.

Foreign currency translation effects that are attributable to the cost of monetary financial instruments classified as at fair value through OCI are recognized in income. In the case of fair-value adjustments of monetary financial instruments, the foreign currency translation effects are recognized in equity as a component of other comprehensive income.

The following table depicts the movements in exchange rates for the periods indicated for major currencies of countries outside the European Monetary Union:

Currencies

	ISO-code	€1, rate at year-end		€1, annual average rate	
		2020	2019	2020	2019
British pound	GBP	0.90	0.85	0.89	0.88
Danish krone	DKK	7.44	7.47	7.45	7.47
Polish złoty	PLN	4.56	4.26	4.44	4.3
Romanian leu	RON	4.87	4.78	4.84	4.75
Swedish krona	SEK	10.03	10.45	10.48	10.59
Czech crown	CZK	26.24	25.41	26.46	25.67
Turkish lira	TRY	9.11	6.68	8.05	6.36
Hungarian forint	HUF	363.89	330.53	351.25	325.3
U.S. dollar	USD	1.23	1.12	1.14	1.12

Recognition of Income

a) Revenues

Revenues are generated primarily from the sale of electricity and gas to retail customers, industrial and commercial customers and wholesale markets. Revenues earned from the distribution of electricity and gas and from deliveries of steam and heat are also primarily recognized under revenues.

Since the introduction of IFRS 15 with effect from January 1, 2018, revenues no longer include the fees for the promotion of Renewables because these revenues are netted with the corresponding cost of materials (net disclosure).

Revenues are generally recognized when E.ON fulfills its performance obligation by transferring a promised good or service to a customer. An asset is deemed to be transferred when the customer obtains control of the asset. The majority of the E.ON Group's performance obligations are fulfilled over time. The relatively subordinate point-in-time revenue recognition occurs primarily in the "Build & Sell" segment and for so-called linear products, where a fixed amount of energy is provided to commercial customers at a specific point in time. Revenue is recognized when control is transferred to the customer, which means that no significant discretionary decisions are required. For all such revenues, progress is measured using output-based methods. The methods used appropriately reflect the pattern of transfer of goods to customers or provision of services for customers. Revenues from the sale of goods and services are measured using the transaction prices allocated to these goods and services. They reflect the value of the volume supplied, including an estimated value of the volume supplied to customers between the date of the last invoice and the end of the period. Monthly advance payments for B2C customers are generally determined on the basis of historical consumption data and peak payments are settled at the end of the year. In B2B, a bottom-up approach is used to calculate individual rates. E.ON's sales transactions generally are not based on any material finance components. The average target payment period is between 14 and 45 days. In individual cases, the payment period can also be below the specified range. This may be the case, for example, if an agreement provides for payment on the fifth calendar day of the following month. Refunds to customers are an exception and are granted if the customer is disconnected from the power supply for an extended period of time. Cash bonuses or bonus payments to customers are recognized as refund liabilities and presented as a decrease in revenues uniformly over the term of the contract. As a rule, no warranties are granted in the Core Business. Warranties are only granted in the “Build & Sell” activities.

b) Interest Income
Interest income is recognized pro rata using the effective interest method.

c) Dividend Income
Dividend income is recognized when the right to receive the distribution payment arises.

Electricity and Energy Taxes

Electricity and energy taxes are levied on electricity and natural gas delivered to retail customers and are calculated on the basis of a fixed tax rate per kilowatt-hour (“kWh”). This rate varies between different classes of customers. Electricity and energy taxes payable are deducted from sales revenues on the face of the income statement if those taxes are levied upon delivery of energy to the retail customer.

Earnings per Share

Basic (undiluted) earnings per share is computed by dividing the consolidated net income attributable to the shareholders of the parent company by the weighted-average number of ordinary shares outstanding during the relevant period. At E.ON, the computation of diluted earnings per share is identical to that of basic earnings per share because E.ON SE has issued no potentially dilutive ordinary shares.

Goodwill and Intangible Assets

Goodwill

Goodwill is not amortized, but rather tested for impairment at the cash-generating unit level on at least an annual basis. The term cash-generating unit also always includes groups of cash-generating units and is referred to in simplified form as a cash-generating unit. Impairment tests must also be performed between these annual tests if events or changes in circumstances indicate that the carrying amount of the respective cash-generating unit might not be recoverable.

Newly created goodwill is allocated to those cash-generating units expected to benefit from the respective business combination. The cash-generating units to which goodwill is allocated are generally equivalent to the operating segments, since goodwill is reported, and considered in performance metrics for controlling, only at that level. If goodwill cannot be allocated arbitrarily to individual cash-generating units but instead can only be allocated to groups of cash-generating units, the lowest level within the unit at which the goodwill is monitored for internal management purposes then includes several cash-generating units to which the goodwill relates but to which it cannot be allocated individually. Goodwill impairment testing is performed in euro, while the underlying goodwill is always carried in the functional currency.

In a goodwill impairment test, the recoverable amount of a cash-generating unit is compared with its carrying amount, including goodwill. The recoverable amount is the higher of the cash-generating unit’s fair value less costs to sell and its value in use. In a first step, E.ON determines the recoverable amount of a cash-generating unit on the basis of the fair value (less costs to sell) using generally accepted valuation procedures. Valuation is performed using the discounted cash flow method unless market transactions or valuations prepared by third parties for comparable assets which are higher-level in the fair value hierarchy according to IFRS 13 are available. If needed, a calculation of value in use is also performed. Unlike fair value, the value in use is calculated from the viewpoint of management. In accordance with IAS 36, “Impairment of Assets,” (“IAS 36”) it is further ensured that restructuring expenses, as well as initial and subsequent capital investments (where those have not yet commenced), in particular, are not included in the valuation.

If the carrying amount exceeds the recoverable amount, the goodwill allocated to that cash-generating unit is adjusted in the amount of this difference.

If the impairment thus identified exceeds the goodwill allocated to the affected cash-generating unit, the remaining assets of the unit must be written down in proportion to their carrying amounts. Individual assets may be written down only if their respective carrying amounts do not fall below the highest of the following values as a result:

- Fair value less costs to sell
- Value in use, or
- Zero.

Any additional impairment loss that would otherwise have been allocated to the asset concerned must instead be allocated pro rata to the remaining assets of the unit.

E.ON performs the annual testing of goodwill for impairment at the cash-generating unit level in the fourth quarter of each fiscal year.

Impairment charges on the goodwill of a cash-generating unit and reported in the income statement under "Depreciation, amortization and impairment charges" may not be reversed in subsequent reporting periods.

Intangible Assets
IAS 38, "Intangible Assets," ("IAS 38") requires that intangible assets be amortized over their expected useful lives unless their lives are considered to be indefinite. Factors such as typical product life cycles and legal or similar limits on use are taken into account in the classification.

Acquired intangible assets subject to amortization are classified as customer relationships and similar assets as well as concessions, industrial property rights, licenses and similar rights (this category also includes contractual claims). Internally generated intangible assets subject to amortization are related to software and are recognized as development costs. Intangible assets subject to amortization are measured at cost and are generally amortized using the straight-line method over their expected useful lives. The useful lives of customer relationships and similar assets range between 2 and 50 years, and between 3 and 50 years for concessions, industrial property rights, licenses and similar rights, unless depreciation based on use reflects an appropriate level of depletion. This latter category includes software in particular. Useful lives and amortization methods are subject to annual verification. Intangible assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that such assets may be impaired.

Intangible assets not subject to amortization or intangible assets whose use has not yet started are measured at cost and tested for impairment annually or more frequently if events or changes in circumstances indicate that such assets may be impaired. Moreover, such assets are reviewed annually to determine whether an assessment of indefinite useful life remains applicable.

In accordance with IAS 36, the carrying amount of an intangible asset, whether subject to amortization or not, is tested for impairment by comparing the carrying value with the asset's recoverable amount, which is the higher of its value in use and its fair value less costs to sell. Should the carrying amount exceed the corresponding recoverable amount, an impairment charge equal to the difference between the carrying amount and the recoverable amount is recognized and reported in income under "Depreciation, amortization and impairment charges."

If the reasons for previously recognized impairment losses no longer exist, such impairment losses are reversed. A reversal shall not cause the carrying amount of an intangible asset subject to amortization to exceed the amount that would have been determined, net of amortization, had no impairment loss been recognized during the period.

If a recoverable amount cannot be determined for an individual intangible asset, the recoverable amount for the smallest identifiable group of assets (cash-generating unit) that the intangible asset may be assigned to is determined. See Note 15 for additional information about goodwill and intangible assets.

Research and Development Costs
Under IFRS, expenditure on research is expensed as incurred, while costs incurred during the development phase of new products, services and technologies are to be recognized as assets when the general criteria for recognition specified in IAS 38 are present. In the 2019 and 2020 fiscal years, E.ON capitalized costs for internally generated software and other technologies in this context.

Property, Plant and Equipment
Property, plant and equipment are initially measured at acquisition or production cost, including decommissioning or restoration cost that must be capitalized, and are depreciated over the expected useful lives of the components, generally using the straight-line method, unless a different method of depreciation is deemed more suitable in certain exceptional cases. The useful lives of the most significant asset classes of material property, plant and equipment are presented below:

Useful Lives of Property, Plant and Equipment

Buildings	5 to 60 years
Technical equipment, plant and machinery	2 to 80 years
Other equipment, fixtures, furniture and office equipment	2 to 30 years

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that an asset may be impaired. In such a case, property, plant and equipment are tested for impairment according to the principles prescribed for intangible assets in IAS 36. If the reasons for previously recognized impairment losses no longer exist, such impairment losses are reversed and recognized in income. Such reversal shall not cause the carrying amount to exceed the amount that would have resulted had no impairment taken place during the preceding periods.

Subsequent costs arising, for example, from additional or replacement capital expenditure are only recognized as part of the acquisition or production cost of the asset, or else—if relevant—recognized as a separate asset if it is probable that the Group will receive a future economic benefit and the cost can be determined reliably.

Repair and maintenance costs that do not constitute significant replacement capital expenditure are expensed as incurred.

Borrowing Costs
Borrowing costs that arise in connection with the acquisition, construction or production of a qualifying asset from the time of acquisition or from the beginning of construction or production until its entry into service are capitalized and subsequently amortized alongside the related asset. In the case of a specific financing arrangement, the respective borrowing costs incurred for that particular arrangement during the period are used. For non-specific financing arrangements, a financing rate uniform within the Group of 3.11 percent was applied for 2020 (2019: 3.86 percent). Other borrowing costs are expensed.

Government Grants
Government investment subsidies do not reduce the acquisition and production costs of the respective assets; they are instead reported on the balance sheet as deferred income. They are recognized in income on a straight-line basis over the associated asset's expected useful life.

Government grants are recognized at fair value if the Group satisfies the necessary conditions for receipt of the grant and if it is highly probable that the grant will be issued.

Government grants for costs are posted as income over the period in which the costs are incurred.

Leasing
Lease agreements are accounted for in accordance with IFRS 16, "Leases" ("IFRS 16"). A lease is an agreement that conveys the right to use an identified asset for a specified period in exchange for consideration. A right-of-use asset for an identified asset, regardless of its formal structure, can arise in many agreements, e.g., rental, lease and service agreements as well as in the framework of outsourcing transactions. The formal designation of an agreement is not relevant for the identification of a lease. E.ON is party to some agreements in which it is the lessor and to others in which it is the lessee.

Transactions in which E.ON acts as a lessee are accounted for on the basis of the right-of-use model, irrespective of the economic (ownership) relationship to the leased asset at the beginning of the lease term. The option to facilitate the application of IFRS 16.5 is used for low-value leases and for lease agreements with a term of less than twelve months (short-term leases). Accordingly, there is no recognition of the right-of-use asset and the lease ability. Instead, the payments are recognized on a straight-line basis in income. In line with internal management practice, intragroup leases are recognized as current expenses in the segment report.

A lease liability is recognized in the amount of the present value of the existing payment obligation. Where an arrangement provides for payments for lease components and non-lease components, the payments are not separated using the option under IFRS 16.15 (with the exception of real estate leases); the lease liability is measured from the total amount of the payments. Present value is determined by discounting with an incremental borrowing rate that is equivalent in terms of risk and term if the implicit interest rate cannot be determined. The liability is subsequently measured using the effective interest method. The current portion of the lease liability to be recognized separately in the balance sheet is measured on the basis of the repayment portion of the next twelve months included in the lease payments. A right-of-use asset corresponding with the lease liability is recognized in the amount of the present value of the lease liability. The initial recognition of the right-of-use asset is also increased by the amount of the initial direct costs and expected costs resulting from asset retirement obligations when they do not relate to an item from property, plant and equipment; prepayments increase the amount of the initial recognition and lease incentives decrease the amount. A right-of-use asset is subsequently recognized at amortized cost. Amortization is carried out on a straight-line basis over the shorter of the lease term or the useful life of the identified asset. An impairment test is carried out in accordance with IAS 36 if events or changed circumstances indicate an impairment.

E.ON protects its operational flexibility when concluding leasing agreements through the use of extension and termination options. In determining the lease term, E.ON considers all facts and circumstances that provide an economic incentive to exercise existing options. The assumed term therefore also includes periods covered by extension options if it is assumed with reasonable certainty that they will be exercised. A modification of the term is taken into account if there is a change with regard to whether an existing option will be exercised or not with reasonable certainty.

Lease transactions in which E.ON acts as lessor are classified as operating or finance leases depending on the distribution of risks and rewards. If a lease is classified as an operating lease, E.ON recognizes the identified asset and recognizes the lease payments as other operating income on a straight-line basis over the lease term. For finance leases, the identified asset is derecognized and a receivable is recognized in the amount of the net investment value. Payments made by the lessee are treated as a reduction of the lease receivable or interest income. The income from such arrangements is recognized over the term of the lease using the effective interest method. Subleases are classified based on the right-of-use asset under the head lease.

Financial Instruments

Non-derivative Financial Instruments

Non-derivative financial instruments are measured in accordance with IFRS 9, “Financial Instruments” (“IFRS 9”). They are recognized at fair value, including transaction costs, on the settlement date when acquired, provided they are not recognized at fair value through profit and loss.

Financial assets are classified as financial assets measured at amortized cost (AmC), financial assets measured at fair value through other comprehensive income (FVOCI) and financial assets measured at fair value through profit and loss (FVPL) based on the business model and the characteristics of the cash flows.

If a financial asset is held for the purpose of collecting contractual cash flows and the cash flows of the financial asset represent exclusively interest and principal payments, then the financial asset is measured at amortized cost (AmC).

A financial asset is measured at fair value through other comprehensive income (FVOCI) if it is used both to collect contractual cash flows and for sales purposes and the cash flows of the financial asset consist exclusively of interest and principal payments.

Unrealized gains and losses from financial assets measured at fair value through other comprehensive income (FVOCI), net of related deferred taxes, are reported as a component of equity (other comprehensive income) until realized. Realized gains and losses are determined by analyzing each transaction individually.

Debt instruments that do not exclusively serve to collect contractual cash flows or to both generate contractual cash flows and sales revenue, or whose cash flows do not exclusively consist of interest and principal payments are measured at fair value through profit and loss (FVPL). For equity instruments that are not held for trading purposes, E.ON has uniformly exercised the option of recognizing changes in fair value through profit or loss (FVPL).

Impairments of financial assets are both recognized for losses already incurred and for expected future credit defaults. The amount of the impairment loss calculated in the determination of expected credit losses is recognized on the income statement.

The expected future credit loss is calculated by multiplying the probability of default by the carrying amount of the financial asset (exposure at default) and the expected loss ratio (loss given default). For information on the treatment of impairments under IFRS 9, please see Note 32.

Non-derivative financial liabilities (including trade payables) within the scope of IFRS 9 are measured at amortized cost, using the effective interest method. Initial measurement takes place at fair value, with transaction costs included in the measurement. In the subsequent measurement, the residual carrying amount is adjusted by the amortization and accretion of any premium or discount remaining until maturity. The premium or discount is recognized in financial results over its term.

Derivative Financial Instruments and Hedging

Derivative financial instruments and separated embedded derivatives are measured at fair value as of the trading date at initial recognition. Under IFRS 9, they are classified as at fair value through profit and loss (FVPL) as long as they are not a component of a hedge accounting relationship. Gains and losses from changes in fair value are immediately recognized in net income.

The instruments primarily used are foreign currency forwards and cross-currency interest rate swaps, as well as interest rate swaps. In commodities, the instruments used primarily include physically and financially settled forwards and options related to electricity and gas.

As part of fair value measurement in accordance with IFRS 13, the counterparty risk is also taken into account for derivative financial instruments. E.ON determines this risk based on a portfolio valuation in a bilateral approach for both own credit risk (debt value adjustment) and the credit risk of the corresponding counterparty (credit value adjustment). The counterparty risks thus determined are allocated to the individual financial instruments by applying the relative fair value method on a net basis.

E.ON has designated some of these derivatives as part of a hedging relationship. IFRS 9 sets requirements for the admissibility of hedging instruments and the underlyings, the formal designation and documentation of hedging relationships, the hedging strategy, as well as fulfilling requirements of effectiveness in order to qualify for hedge accounting. The designated hedged items and hedging instruments are subject to the same risk. This economic relationship ensures that the amounts of the hedged items and hedging instruments are offset against each other and that the hedging relationships are therefore effective. The hedge ratio of the hedges is 1:1. Ineffectiveness arises only if the measurement parameters of the hedged item and the hedging instrument differ from one another or in the case of subsequent designation of the hedging instrument. All components of derivative gains and losses from the measurement of hedge ineffectiveness are taken into consideration during recognition.

For qualifying fair value hedges, the change in the fair value of the derivative and the change in the fair value of the hedged item that is due to the hedged risk(s) are recognized in income.

If a derivative instrument qualifies as a cash flow hedge under IFRS 9, the effective portion of the hedging instrument's change in fair value is recognized in equity (as a component of other comprehensive income) and reclassified into income in the period or periods during which the cash flows of the transaction being hedged affect income. In accordance with IFRS 9, the currency basis spread (hedging costs) will be separated from the hedging instrument and reported separately as an excluded component in accumulated other comprehensive income in the reserve for hedging costs as a component of equity.

The hedging result is reclassified into income during the period in which the cash flows of the hedged asset are recognized in income. The result is recognized immediately in income if it becomes probable that the hedged underlying transaction will no longer occur. For hedging instruments used to establish cash flow hedges, the change in fair value of the ineffective portion is recognized immediately in the income statement to the extent required.

To hedge the foreign currency risk arising from the Company's net investment in foreign operations, derivative as well as non-derivative financial instruments are used. Gains or losses due to changes in fair value and from foreign currency translation are recognized within equity, as a component of other comprehensive income, under currency translation adjustments.

E.ON currently uses hedges in the framework of cash flow hedges and hedges of a net investment.

Changes in fair value of derivative instruments that are recognized in income are presented as other operating income or expenses. Gains and losses from interest-rate derivatives are included in interest income.

Unrealized gains and losses resulting from the initial measurement of derivative financial instruments at the inception of the contract are not recognized in income. They are instead deferred and recognized in income systematically over the term of the derivative. An exception to the accrual principle applies if unrealized gains and losses from the initial measurement are verified by quoted market prices, observable prices of other current market transactions or other observable data supporting the valuation technique. In this case the gains and losses are recognized in income.

Contracts (in particular sales and procurement contracts for electricity and gas) that are entered into for purposes of receiving or delivering non-financial items in accordance with E.ON's anticipated procurement, sale or use requirements, and held as such, are classified as own-use contracts. They are not accounted for as derivative financial instruments at fair value through profit and loss (FVPL) in accordance with IFRS 9, but as open transactions subject to the rules of IAS 37. Contracts that provide for net settlement and resales of the quantities to be delivered at a future date generally cannot, as a rule, be classified as own-use contracts. Based on forward-looking forecasts of delivery quantities specified by customer structure and portfolio management, contracts with physical settlement upon conclusion are recognized as derivatives for which settlement cannot be ensured within the scope of ordinary delivery. This "safety buffer" is reviewed on a regular basis and adjusted if necessary.

Embedded derivatives in own-use contracts must be separated from the host contract and accounted for as derivatives in accordance with IFRS 9 if the economic characteristics and risks of these derivatives are not closely related to those of the host contract. The contract is assessed upon conclusion to determine whether a derivative is required to be separated. A reassessment must be carried out if there is a significant change in the terms of the contract or in the context of business combinations.

Agreements to buy or sell non-financial items that are classified as own-use contracts under IFRS 9 and that are required to be accounted for as derivatives (so-called "failed-own-use" contracts) must be realized or recognized in the balance sheet at the market price applicable at the time of physical settlement. In addition, any income from commodity derivatives arising from the difference between the contract price and the market price is recognized in other operating income.

IFRS 7, "Financial Instruments: Disclosures," ("IFRS 7") and IFRS 13 both require comprehensive quantitative and qualitative disclosures about the extent of risks arising from financial instruments. Additional information on financial instruments is provided in Notes 31 and 32.

Non-derivative and derivative financial instruments are netted on the balance sheet if under IAS 32 E.ON has both an unconditional right—even in the event of the counterparty's insolvency—and the intention to settle offsetting positions simultaneously and/or on a net basis.

Inventories

Inventories are measured at the lower of acquisition or production cost and net realizable value. The cost of raw materials, finished products and goods purchased for resale is determined based on the average cost method. In addition to production materials and wages, production costs include material and production overheads based on normal capacity. The costs of general administration are not capitalized. Inventory risks resulting from excess and obsolescence are provided for using appropriate valuation allowances, whereby inventories are written down to net realizable value.

Renewable Obligation Certificates (ROCs) and Emission Rights

Renewable Obligation Certificates (ROCs) as well as Emission rights held under national and international emission-rights systems for the settlement of obligations are reported as other operating assets. ROCs and emission rights are capitalized at cost at the time of acquisition.

A provision is recognized to cover the obligation to submit CO_2 emission allowances and ROCs to the respective authorities. The provision is measured at the carrying amount of the ROCs or emission rights held or, in the case of a shortfall, at the current fair value of the ROCs or emission rights needed.

Receivables, Contract Assets or Liabilities and Other Assets

A receivable is recognized under IFRS 15 when the goods or services are delivered, provided that the right to consideration is unconditional, i.e., is only related to the passage of time. However, if the right to receive the consideration is contingent upon conditions other than the passage of time, a contract asset is recognized. A contract liability under IFRS 15 is recognized when consideration has been received for an existing IFRS 15 contract and the right to receive the goods or services still exists in full or in part. The contractual liability is only reversed with an effect on revenue when E.ON has performed the corresponding service. An asset is recognized under other assets under IFRS 15 if the cost of obtaining the contract is expected to be recovered and the amortization period is longer than one year. Other assets are amortized over the estimated term of the contract depending on how the goods or services to which the costs relate are transferred to the customer. If the estimated term of the contract is less than one year, the costs are immediately recognized as an expense on the income statement. Receivables and other assets are initially measured at fair value, which generally approximates nominal value. They are subsequently measured at amortized cost, using the effective interest method. Trade receivables without a significant financial component are measured upon initial recognition at their transaction price. Valuation allowances, included in the reported net carrying amount, are provided for identifiable individual risks. If the loss of a certain part of the receivables is probable, valuation allowances are provided to cover the expected loss. Impairments must also be recognized for expected future credit losses.

Liquid Funds

Liquid funds include current securities, checks, cash on hand and bank balances. Bank balances and securities with an original maturity of more than three months are recognized under securities and fixed-term deposits. Liquid funds with an original maturity of less than three months are considered to be cash and cash equivalents, unless they are restricted.

Restricted cash with a remaining maturity in excess of twelve months is classified as financial receivables and other financial assets.

Assets Held for Sale and Liabilities Associated with Assets Held for Sale and Discontinued Operations

Non-current assets and any corresponding liabilities held for sale and any directly attributable liabilities are recognized separately from other assets and liabilities in the balance sheet in the line items "Assets held for sale" and "Liabilities associated with assets held for sale" if they can be disposed of in their current condition and if there is sufficient probability of their disposal actually taking place. The reclassification to the separate balance sheet items is shown under Changes in scope of consolidation.

Discontinued operations are components of an entity that are either held for sale or have already been sold and can be clearly distinguished from other corporate operations, both operationally and for financial reporting purposes. Additionally, the component classified as a discontinued operation must represent a major business line or a specific geographic business segment of the Group.

Non-current assets that are held for sale either individually or collectively as part of a disposal group, or that belong to a discontinued operation, are no longer depreciated. They are instead accounted for at the lower of the carrying amount and the fair value less any remaining costs to sell. If this value is less than the carrying amount, an impairment loss is recognized.

The income and losses resulting from the measurement of components held for sale as well as the gains and losses arising from the disposal of discontinued operations, are reported separately on the face of the income statement under income/loss from discontinued operations, net, as is the income from the ordinary operating activities of these divisions. Prior-year income statement figures are adjusted accordingly. The relevant assets and liabilities are reported in a separate line on the balance sheet. The cash flows of discontinued operations are reported separately in the cash flow statement, with prior-year figures adjusted accordingly. However, there is no reclassification of prior-year balance sheet line items attributable to discontinued operations.

Equity Instruments

IFRS defines equity as the residual interest in the Group's assets after deducting all liabilities. Therefore, equity is the net amount of all recognized assets and liabilities.

E.ON has entered into purchase commitments to holders of non-controlling interests in subsidiaries. By means of these agreements, the non-controlling shareholders have the right to require E.ON to purchase their shares on specified conditions. None of the contractual obligations has led to the transfer of substantially all of the risk and rewards to E.ON at the time of entering into the contract. In such a case, IAS 32, "Financial Instruments: Presentation," ("IAS 32") requires that a liability be recognized at the present value of the probable future exercise price. This amount is reclassified from a separate component within non-controlling interests and reported separately as a liability. The reclassification occurs irrespective of the probability of exercise. The accretion of the liability is recognized as interest expense. If a purchase commitment expires unexercised, the liability reverts to non-controlling interests. Any remaining difference between liabilities and non-controlling interests is recognized directly in retained earnings.

Where shareholders of entities own statutory, non-excludable rights of termination (as in the case of German partnerships, for example), such termination rights require the reclassification of non-controlling interests from equity into liabilities under IAS 32. The liability is recognized at the present value of the expected settlement amount irrespective of the probability of termination. Changes in the value of the liability are reported within other operating income. Accretion of the share of the results of the non-controlling shareholders' share in net income is recognized in Net interest income/expense.

If E.ON SE or a Group company buys treasury shares of E.ON SE, the value of the consideration paid, including directly attributable additional costs (net after income taxes), is deducted from E.ON SE's equity until the shares are retired, distributed or resold. If such treasury shares are subsequently distributed or sold, the consideration received, net of any directly attributable additional transaction costs and associated income taxes, is recognized in equity.

Share-Based Payment

Share-based payment plans issued in the E.ON Group are accounted for in accordance with IFRS 2, "Share-Based Payment" ("IFRS 2").

The members of the Management Board of E.ON SE were granted virtual shares under the E.ON Share Matching Plan for the last time in 2017.

In fiscal years 2017, 2018, 2019 and 2020, virtual shares were granted to members of the Management Board of E.ON SE and certain E.ON Group executives under the E.ON Performance Plan. The E.ON Performance Plan uses a fair value determined by an external service provider using a Monte Carlo simulation.

In all cases, these are commitments of the Company which provide for cash compensation based on the share price performance at the end of the term. The compensation expense is recognized in the income statement pro rata over the vesting period.

Provisions for Pensions and Similar Obligations

Measurement of defined benefit obligations in accordance with IAS 19, "Employee Benefits," ("IAS 19") is based on actuarial computations using the projected unit credit method, with actuarial valuations performed at year-end. The valuation encompasses both pension obligations and pension entitlements that are known on the reporting date and economic trend assumptions such as assumptions on wage and salary growth rates and pension increase rates, among others, that are made in order to reflect realistic expectations, as well as variables specific to reporting dates such as discount rates, for example.

Included in gains and losses from the remeasurements of the net defined benefit liability or asset are actuarial gains and losses that may arise especially from differences between estimated and actual variations in underlying assumptions about demographic and financial variables. Additionally included is the difference between the actual return on plan assets and the expected interest income on plan assets included in the net interest result. Remeasurements effects are recognized in full in the period in which they occur and are not reported within the Consolidated Statements of Income, but are instead recognized within the Statements of Recognized Income and Expenses as part of equity.

The employer service cost representing the additional benefits that employees earned under the benefit plan during the fiscal year is reported under personnel costs; the net interest on the net liability or asset from defined benefit pension plans determined based on the discount rate applicable at the start of the fiscal year is reported under financial results.

Past service cost, as well as gains and losses from settlements, are fully recognized in the income statement in the period in which the underlying plan amendment, curtailment or settlement takes place. They are reported under personnel costs.

The amount reported on the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. If a net asset position arises from this calculation, the amount is limited to the present value of available refunds and the reduction in future contributions and to the benefit from prepayments of minimum funding requirements. Such an asset position is recognized as an operating receivable.

Payments for defined contribution pension plans are expensed as incurred and reported under personnel costs. Contributions to state pension plans are treated like payments for defined contribution pension plans to the extent that the obligations under these pension plans generally correspond to those under defined contribution pension plans.

Provisions for Asset Retirement Obligations and Other Miscellaneous Provisions

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets," ("IAS 37") provisions are recognized when E.ON has a legal or constructive present obligation towards third parties as a result of a past event, it is probable that E.ON will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The provision is recognized at the expected settlement amount. Long-term obligations are reported as liabilities at the present value of their expected settlement amounts if the interest rate effect (the difference between present value and repayment amount) resulting from discounting is material; future cost increases that are foreseeable and likely to occur on the balance sheet date at year-end must also be included in the measurement. Long-term obligations are generally discounted at the market interest rate applicable as of the respective balance sheet date, provided that it is not negative. The accretion amounts and the effects of changes in interest rates are generally presented as part of financial results. A reimbursement related to the provision that is virtually certain to be collected is capitalized as a separate asset. No offsetting within provisions is permitted. Advance payments remitted are deducted from the provisions.

Obligations arising from the decommissioning or dismantling of property, plant and equipment are recognized during the period of their occurrence at their discounted settlement amounts, provided that the obligation can be reliably estimated. The carrying amounts of the respective property, plant and equipment are increased by the same amounts. In subsequent periods, capitalized asset retirement costs are amortized over the expected remaining useful lives of the assets, and the provision is accreted to its present value on an annual basis.

Changes in estimates arise in particular from deviations from original cost estimates, from changes to the maturity or the scope of the relevant obligation, and also as a result of the regular adjustment of the discount rate to current market interest rates. The adjustment of provisions for the decommissioning and restoration of property, plant and equipment for changes to estimates is generally recognized by way of a corresponding adjustment to these assets, with no effect on income. If the property, plant and equipment concerned have already been fully depreciated, changes to estimates are recognized within the income statement.

The estimates for nuclear decommissioning provisions are derived from studies, cost estimates, legally binding civil agreements and legal information. A material element in the estimates are the real interest rates applied (the applied discount rate, less the cost increase rate). The impact on consolidated net income depends on the level of the corresponding adjustment posted to property, plant and equipment.

No provisions are established for contingent asset retirement obligations where the type, scope, timing and associated probabilities cannot be determined reliably.

If onerous contracts exist in which the unavoidable costs of meeting a contractual obligation exceed the economic benefits expected to be received under the contract, provisions are established for losses from open transactions. Such provisions are recognized at the lower of the excess obligation upon performance under the contract and any potential penalties or compensation arising in the event of non-performance. Obligations under an open contractual relationship are determined from a customer perspective.

Contingent liabilities are possible obligations toward third parties arising from past events that are not wholly within the control of the entity, or else present obligations toward third parties arising from past events in which an outflow of resources embodying economic benefits is not probable or where the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities were not recognized on the balance sheet.

A more detailed description is not provided for certain contingent liabilities and contingent receivables, particularly in connection with pending litigation, as this information could influence further proceedings.

Where necessary, provisions for restructuring costs are recognized at the present value of the future outflows of resources. Provisions are recognized once a detailed restructuring plan has been decided on by management and publicly announced or communicated to the employees or their representatives. Only those expenses that are directly attributable to the restructuring measures are used in measuring the amount of the provision. Expenses associated with the future operation are not taken into consideration.

Income Taxes

Under IAS 12, “Income Taxes,” (“IAS 12”) deferred taxes are recognized on temporary differences arising between the carrying amounts of assets and liabilities on the balance sheet and their tax bases (balance sheet liability method). Deferred tax assets and liabilities are recognized for temporary differences that will result in taxable or deductible amounts when taxable income is calculated for future periods, unless those differences are the result of the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit/loss (initial differences). Uncertain tax positions are recognized at their most likely value. IAS 12 further requires that deferred tax assets be recognized for unused tax loss carryforwards and unused tax credits. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Each of the corporate entities is assessed individually with regard to the probability of a positive tax result in future years. The planning horizon is basically three to five years in this context. Any existing history of losses is incorporated in this assessment. For those tax assets to which these assumptions do not apply, the value of the deferred tax assets is reduced.

Deferred tax liabilities caused by temporary differences associated with investments in affiliated and associated companies are recognized unless the timing of the reversal of such temporary differences can be controlled within the Group and it is probable that, owing to this control, the differences will in fact not be reversed in the foreseeable future.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to be applicable for taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of changes in tax rates and tax law is generally recognized in net income. Equity is adjusted for deferred taxes that had previously been recognized directly in equity. The change is generally recognized in the period in which the material legislative process is completed.

Deferred taxes for the E.ON Group’s major German companies are calculated using an aggregate tax rate of 31 percent (2019: 30 percent). This tax rate includes, in addition to the 15 percent corporate income tax, the solidarity surcharge of 5.5 percent on the corporate tax and the average trade tax rate of 15 percent (2019: 14 percent). Foreign subsidiaries use applicable national tax rates.

To the extent that they are material, income taxes for transaction costs of an equity transaction are recognized directly in equity under IAS 12.

Note 11 shows the major temporary differences so recorded.

Consolidated Statements of Cash Flows

In accordance with IAS 7, "Cash Flow Statements," ("IAS 7") the Consolidated Statements of Cash Flows are classified in cash flows from operating, investing and financing activities. Cash flows from discontinued operations are reported separately in the Consolidated Statements of Cash Flows. Interest received and paid, income taxes paid and refunded, as well as dividends received are classified as operating cash flows, whereas dividends paid are classified as financing cash flows. The purchase and sale prices respectively paid (received) in acquisitions and disposals of companies are reported net of any cash and cash equivalents acquired (disposed of) under investing activities if the respective acquisition or disposal results in a gain or loss of control. In the case of acquisitions and disposals that do not, respectively, result in a gain or loss of control, the corresponding cash flows are reported under financing activities. The impact on cash and cash equivalents of valuation changes due to exchange rate fluctuations is disclosed separately.

Segment Information

In accordance with the so-called management approach required by IFRS 8, "Operating Segments," ("IFRS 8") the internal reporting organization used by management for making decisions on operating matters is used to identify the Company's reportable segments. The internal performance measure used as the segment result is EBIT adjusted to exclude certain non-operating effects (see Note 35).

Structure of the Consolidated Balance Sheets and Statements of Income

In accordance with IAS 1, "Presentation of Financial Statements," ("IAS 1") the Consolidated Balance Sheets have been prepared using a classified balance sheet structure. Assets that will be realized within twelve months of the reporting date, as well as liabilities that are due to be settled within one year of the reporting date are generally classified as current.

The Consolidated Statements of Income are classified using the nature of expense method, which is also applied for internal purposes.

Critical Accounting Estimates and Assumptions; Critical Judgments in the Application of Accounting Policies

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that may both influence the application of accounting principles within the Group and affect the measurement and presentation of reported figures. Estimates are based on past experience and on current knowledge obtained on the transactions to be reported. Actual amounts may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period, or in the period of the revision and subsequent periods if both current and future periods are affected.

Estimates are particularly necessary for the measurement of the value of property, plant and equipment and of intangible assets, especially in connection with purchase price allocations, the recognition and measurement of deferred tax assets, the accounting treatment of provisions for pensions and miscellaneous provisions, for impairment testing in accordance with IAS 36, for the determination of the fair value of certain financial instruments, and in the application of IFRS 15. Estimates also arise from the application of IFRS 16, namely in connection with the determination of the lease terms and the calculation of the discount rate.

The underlying principles used for estimates in each of the relevant topics are outlined in the respective sections.

Additional estimates and assumptions relating to the consequences of Brexit are required. If necessary, known risks have been taken into account in the balance sheet items concerned. In our assessment, there is no significant impact on the financial statements. The expected consequences of Brexit have also been taken into account in medium and long-term planning.

In addition, estimates and judgments are subject to increased uncertainty due to the currently unpredictable global impact of the Covid-19 pandemic. The actual amounts may differ from the estimates and judgments made; changes may have a material impact on the financial statements. When the estimates and judgments were updated, all available information on expected economic developments and country-specific government measures was taken into account on the reporting date. However, since the Covid-19 pandemic is continuously evolving, it is difficult to predict its duration and the extent of its impact on assets, liabilities, earnings and cash flows. A quantitative assessment of the impact of the Covid-19 pandemic in the E.ON Group based on available knowledge and best information available is presented in Note 3.

(2) New Standards and Interpretations

Standards and Interpretations Applicable in 2020

The following newly applicable standards and interpretations have no material effect on E.ON's Consolidated Financial Statements.

Amendments to IAS 1 and IAS 8, "Definition of Material"
In October 2018, the IASB published amendments to IAS 1, "Presentation of Financial Statements" and IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the definition of material. The amendments standardize and clarify the definition of material and its application to disclosures in financial statements presented in the IFRSs. Additional examples are also provided. The EU has transposed these amendments into European law. The amendments will be applied for fiscal years beginning on or after January 1, 2020. The amendments have no impact on E.ON's Consolidated Financial Statements.

Amendments to IFRS 3, "Definition of a Business"
In October 2018, the IASB published amendments to IAS 3, "Definition of a Business." The primary purpose of these amendments is to help distinguish between a business and a group of assets. A business comprises a group of activities and assets that involve at least one resource input and one substantive process that together contribute significantly to the ability to generate outputs. The IASB has introduced a concentration test that permits a simplified assessment of whether a set of activities and assets is a business. It is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, in which case IFRS 3 does not apply. The EU has transposed these amendments into European law. The amendments will be applied for fiscal years beginning on or after January 1, 2020. The amendments have no impact on E.ON's Consolidated Financial Statements.

Amendments to References to the Conceptual Framework
In March 2018, the IASB published Amendments to References to the Conceptual Framework in IFRS. The EU has transposed these amendments into European law. The amendments will be applied for fiscal years beginning on or after January 1, 2020. The amendments have no impact on E.ON's Consolidated Financial Statements.

Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform"
In September 2019, the IASB published amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform." The Phase 1 amendments of the IASB's Interest Rate Benchmark Reform project (IBOR reform) provide for temporary exemption from applying specific hedge accounting requirements to hedging relationships that are directly affected by IBOR reform. The exemptions have the effect that IBOR reform should not generally cause hedge relationships to be terminated due to uncertainty about when and how reference interest rates will be replaced. However, any hedge ineffectiveness should continue to be recorded in the income statement under both IAS 39 and IFRS 9. Furthermore, the amendments set out triggers for when the exemptions will end, which include the uncertainty arising from IBOR reform.

The EU has transposed these amendments into European law. The amendments will be applied for fiscal years beginning on or after January 1, 2020. The amendments have no impact on E.ON's Consolidated Financial Statements.

Standards and Interpretations Not Yet Applicable in 2020

The IASB and the IFRS IC have issued the following additional standards and interpretations. E.ON does not apply these rules because their application is not yet mandatory in some cases or their recognition by the EU is still pending in others. Currently, however, these adjustments are not expected to have a material impact on the consolidated financial statements of E.ON:

- Amendments to IFRS 16, "Covid-19-Related Rent Concessions–Amendment to IFRS 16," published in May 2020, transposed into European law, expected first-time application in fiscal year 2021
- IFRS 17, "Insurance Contracts," published in May 2017, not yet transposed into European law, expected first-time application in fiscal year 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, "Interest Rate Benchmark Reform—Phase 2," published in August 2020, transposed into European law, expected first-time application in fiscal year 2021
- Amendments to IFRS 4, "Insurance Contracts—Extension of the Temporary Exemption from IFRS 9," published in June 2020, transposed into European law, first-time application in fiscal year 2021
- Amendments to IFRS 3, IAS 16 and IAS 37 and Omnibus Standard to Amend Multiple International Financial Reporting Standards (2018–2020 Cycle), published in January 2020, not yet transposed into European law, expected first-time application in fiscal year 2022
- Amendments to IAS 1, "Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current—Deferral of the Effective Date," published in July 2020, not yet transposed into European law, expected first-time application in fiscal year 2023

(3) Impact of the Covid-19 Pandemic

The consequences of the Covid-19 pandemic impacted E.ON's businesses. Overall, after taking countermeasures into account, the E.ON Group's earnings were negatively impacted by the Covid-19 pandemic in the low to mid triple-digit million euro range in 2020. These effects are mainly attributable to the UK sales business and the German network business. They are mainly reflected in lower revenues and increased other operating expenses.

In addition to volume and price effects, a slightly increased risk provision for contingent losses on receivables was also observed in the sales business. The energy network sector primarily recorded volume losses, which led to a decline in earnings in 2020. However, in the energy network sector, the declines in revenue owing to changes in volume in subsequent years will be largely offset via the regulatory regime. The Covid-19 pandemic did not generate a triggering event for the E.ON Group to test goodwill and non-current assets for impairment.

(4) Scope of Consolidation

The number of consolidated companies changed as follows in 2020:

Scope of Consolidation

	Domestic	Foreign	Total
Consolidated companies as of January 1, 2019	**84**	**148**	**232**
Additions	97	131	228
Disposals/Mergers	7	76	83
Consolidated companies as of December 31, 2019	**174**	**203**	**377**
Additions	10	12	22
Disposals/Mergers	13	24	37
Consolidated companies as of December 31, 2020	**171**	**191**	**362**

In 2020, a total of 54 domestic and 13 foreign associated companies were consolidated under the equity method (2019: 78 domestic companies and 15 foreign companies). In 2020, one domestic company reported as joint operations was presented pro rata on the consolidated financial statements (2019: one domestic company).

(5) Acquisitions, Disposals and Discontinued Operations

Significant Transactions in 2020

Finalization of Accounting for the innogy Acquisition

Accounting for the innogy acquisition was finalized in the third quarter of 2020.

Changes in the measurement of assets and liabilities acquired as part of the innogy merger due to new knowledge acquired up to September 17, 2020, and thus within the one-year measurement period, were made retroactively to the acquisition date. Corresponding adjustments for the 2019 financial year or the reporting date of December 31, 2019, in the balance sheet, income statement, statement of recognized income and expenses, and statement of changes in equity also required adjustments to the disclosures affected by this in the Notes to the Consolidated Financial Statements. In addition, the innogy integration also involved a standardization of processes for collecting data relevant to the Notes to the Consolidated Financial Statements and of procedures for allocating data to the Notes to the Consolidated Financial Statements; the knowledge gained in the process was taken into account by making appropriate adjustments to the disclosures for the 2019 fiscal year. Unless otherwise noted in individual cases, the adjustments to disclosures for the 2019 fiscal year marked in the Notes to the Consolidated Financial Statements result from the matters described above in connection with the innogy integration.

In March 2018, E.ON had concluded an agreement with RWE to acquire the network and sales business of innogy. Within this framework, the 76.8-percent stake in innogy SE held by RWE was transferred from RWE to E.ON following approval by the antitrust authorities. The entire Renewables and Gas Storage business of innogy as well as the 37.9-percent stake that innogy holds in Austrian energy supplier KELAG will remain within the RWE Group. The acquisition was concluded through a comprehensive transfer of business activities following the approval of the EU Commission and the competent antitrust authorities on September 18, 2019. The approval was granted subject to the conditions of the EU Commission, including the sale of various business activities of E.ON and innogy. All conditions were fulfilled in the course of 2020 (please refer to the section below entitled “Conditions Imposed by the EU Commission Arising from the innogy Takeover Fulfilled”).

As consideration for innogy’s network and sales business, RWE was granted a 16.7-percent shareholding in E.ON SE by way of a 20-percent capital increase against contribution in kind from existing authorized capital. RWE has notified E.ON that it has since reduced its stake to 15 percent. E.ON had also transferred to RWE most of its Renewables business and the minority interests held by E.ON subsidiary PreussenElektra in the Lippe-Ems GmbH and Gundremmingen GmbH nuclear power plants operated by RWE. E.ON and RWE had also agreed on a compensatory payment of €1.5 billion from RWE to E.ON. This payment was offset against E.ON’s payment obligations and indemnification assets with respect to RWE as part of a shortened payment procedure.

On March 12, 2018, E.ON had made an offer to the remaining shareholders of innogy SE to acquire all registered no-par-value shares of innogy SE in a voluntary public takeover offer. Subsequently, a further 9.41 percent of innogy shares were tendered for a total consideration of €37.59 per share (including an agreed dividend and share price adjustment).

The purchase price allocation was finalized in the third quarter of 2020, which is within the adjustment period of up to twelve months from the completion of the first-time consolidation granted under IFRS 3.45. The final calculations of the fair values of the acquired assets and liabilities as of September 18, 2019, are as follows:

Acquired Net Assets at Fair Value

€ in millions	September 18, 2019 adjustments included until Dec. 31, 2019	Adjustments	September 18, 2019 adjustments included until Sep. 17, 2020
Concessions, commercial property rights, licenses, and similar rights	371	–	371
Customer relationships and similar items	1,987	–	1,987
Advance payments	6	–	6
Right-of-use assets	2,128	-442	1,686
Property, plant, and equipment	17,524	-94	17,430
Companies accounted for under the equity method	2,548	–	2,548
Other financial assets	1,097	–	1,097
Financial receivables and other financial assets	205	–	205
Operating receivables and other operating assets	2,068	–	2,068
Deferred tax assets	1,343	-30	1,313
Non-current assets	**29,277**	**-566**	**28,711**
Inventories	613	–	613
Receivables and other assets	713	–	713
Trade receivables and other operating assets	8,270	-66	8,204
Liquid funds	2,394	–	2,394
Current assets	**11,990**	**-66**	**11,924**
Financial liabilities	17,949	-378	17,571
Operating liabilities	3,618	1	3,619
Provisions for pensions and similar obligations	4,384	–	4,384
Miscellaneous provisions	769	–	769
Deferred tax liabilities	1,388	-30	1,358
Non-current liabilities	**28,108**	**-407**	**27,701**
Financial liabilities	1,848	-908	940
Trade payables and other operating liabilities	8,890	-3	8,887
Miscellaneous provisions	1,658	–	1,658
Current liabilities	**12,396**	**-911**	**11,485**
Total equity and liabilities	**763**	**686**	**1,449**

The largest change in terms of amount resulted from the fact that the loan receivable from RWE to innogy SE in the amount of €0.7 billion, which was acquired by E.ON, is no longer reported separately as in the 2019 Annual Report, but instead is presented as part of net assets. This is reflected in the sharp decline in current financial liabilities. The value of financial liabilities was also reduced by the fact that a larger portion than originally assumed was attributable to innogy's renewables business. The change in rights of use is the result of the retrospective adjustment to the underlying interest rate for selected leases. This is accompanied by corresponding adjustments, in particular to depreciation and amortization and interest expense. Recent information on the remaining useful lives of acquired network assets has led to adjustments in the carrying amounts of property, plant and equipment. The reduction in trade accounts receivable is mainly due to receivables in the UK and is mainly related to an increase in expected credit losses.

Goodwill

€ in millions	September 18, 2019 adjustments included until Dec. 31, 2019	Adjustments	September 18, 2019 adjustments included until Sep. 17, 2020
Consideration transferred	**13,660**	**38**	**13,698**
Fair value of shares in innogy SE that were previously acquired and held on the market	949	–	949
Amount to be allocated as part of the purchase price allocation	**14,609**	**38**	**14,647**
Fair value of the negative net assets acquired (including deferred taxes)	-763	-686	-1,449
Acquisition of RWE's intragroup receivables from innogy SE[1]	-702	702	0
Non-controlling shares	2,330	143	2,473
Goodwill	**15,474**	**197**	**15,671**

[1]Now allocated to the fair value of net assets acquired.

The difference in the consideration transferred is due to subsequent purchase price adjustments. The goodwill results primarily from the strategic reorientation of the customer business and the energy networks as well as from the expected synergies from the integration of innogy SE into the Group.

By the acquisition date, E.ON had also acquired an additional 3.79 percent of innogy shares on the market. The extraordinary general shareholders meeting of innogy SE in Essen on March 4, 2020, finally approved the exclusion of the minority shareholders of innogy SE. With the entry in the commercial register on June 2, 2020, the merger of innogy SE into E.ON Verwaltungs SE (subsequently renamed innogy SE) became effective. The fixed cash settlement was paid out shortly afterwards. A court-appointed expert auditor has confirmed in accordance with the requirements of German stock corporation law that the fixed cash compensation of €42.82 per share is appropriate.

Conditions Imposed by the EU Commission Arising from the innogy Takeover Fulfilled

As part of the acquisition of innogy, the EU Commission has, among other things, imposed conditions requiring the disposal of certain E.ON and innogy businesses in Eastern Europe. To fulfill these conditions, E.ON and the MVM Group signed an agreement on July 10, 2020, to sell innogy Česká republika a.s. and thereby the entire Czech electricity and gas business of innogy in the retail segment. E.ON had already reported these activities of innogy in the Czech Republic as discontinued operations under IFRS 5 as of September 30, 2019. No additional impairment loss was recognized from the comparison of the carrying amounts of these discontinued operations and the fair values less costs to sell as of the balance sheet date. The transaction was approved by the European Commission at the end of October and subsequently completed on October 30, 2020. The parties have agreed not to disclose the purchase price.

In fiscal year 2020, E.ON generated revenues of €57 million (2019: €19 million), no interest income (2019: €5 million), interest expenses of €7 million (2019: €8 million), and other income/expenses of €41 million (2019: -€2 million), with the fully consolidated companies to be transferred. The following table shows the main items of the income statement of the discontinued operation (after allocation of elimination entries) until the date of deconsolidation:

Income Statement—Customer Solutions—Czech Republic innogy (Summary)

€ in millions	2020	2019
Sales	824	384
Other income	34	52
Other expense	-748	-419
Income/Loss from discontinued operations before income taxes	**110**	**17**
Income taxes	-19	-2
Income/Loss from discontinued operations, net	**91**	**15**

The disposed assets and liabilities related to intangible assets (€306 million), rights of use (€9 million), property, plant and equipment (€123 million), other assets (€512 million), provisions (€1 million) and liabilities (€273 million). The deconsolidation gains also include the recognition in income of the negative currency translation effects previously reported in other comprehensive income (€-41.8 million).

An additional condition imposed by the EU Commission included the sale of the German heating electricity business of E.ON Energie Deutschland. The contract portfolio disposed of includes all special contracts with customers for the supply of heating electricity and all special contracts for the supply of household electricity if household electricity is also purchased at the same point of consumption and from the same contract partner for heating electricity with separate metering. In anticipation of the disposal, the contract portfolio was spun off into two newly founded companies, E.ON Heizstrom Nord GmbH ("EHN") and E.ON Heizstrom Süd GmbH ("EHS"). Because of the obligation to dispose of these activities, E.ON has already reported its heating electricity business as a disposal group pursuant to IFRS 5 with effect from September 30, 2019. The sale of EHN and EHS was completed on April 28, 2020.

In addition, on September 23, 2020, E.ON sold its subsidiary E.ON Energiakereskedelmi Kft. ("EKER")–which is responsible for E.ON's non-regulated commercial electricity retail business in Hungary–to Audax Renovables. The parties have agreed not to disclose the purchase price. Because of the obligation to dispose of these activities, E.ON has already reported the business of EKER as a disposal group pursuant to IFRS 5 with effect from September 30, 2019. With the completion of these transactions, E.ON has fully complied with the antitrust requirements in connection with the innogy acquisition. E.ON had previously withdrawn from operating individual charging stations for electric vehicles on German motorways.

Reorganization of the Hungary Business

At the beginning of October 2019, E.ON acquired the 27-percent shareholding held by EnBW in ELMŰ Nyrt. ("ELMŰ") and ÉMÁSZ Nyrt. ("ÉMÁSZ"). Subsequently, a framework agreement was concluded between E.ON, MVM Magyar Villamos Művek Zrt. ("MVM", a shareholder of ELMŰ and ÉMÁSZ) and Opus Global Nyrt. ("Opus"). This agreement allows E.ON to create a balanced and optimized portfolio in Hungary that enables the swift integration of innogy's Hungarian operations.

The agreement is expected to be fully implemented in 2021 following clearance by the relevant authorities. Thereafter, MVM will hold 100 percent of the ÉMÁSZ distribution network operator ÉMÁSZ, Hálózati Kft. ("ÉMÁSZ DSO") and a 25-percent stake in E.ON Hungária Zrt. (including the acquired Innogy holding companies ELMŰ Zrt. and ÉMÁSZ Zrt.). In addition, Opus will acquire E.ON's current subsidiary E.ON Tiszántúli Áramhálózati Zrt. ("E.ON ETI"). Both the ÉMÁSZ DSO distribution network provider and E.ON ETI are reported as a disposal group in accordance with IFRS 5 as of December 31, 2020. The activities of E.ON ETI had already been reported as a disposal group in accordance with IFRS 5 as of December 31, 2019. As of December 31, 2020, the assets, primarily property, plant and equipment and other assets, totaling €0.3 billion and liabilities totaling €0.1 billion, primarily liabilities and provisions were reported. At the ÉMÁSZ DSO, assets of €0.2 billion and liabilities of €0.1 billion are reported in the disposal group as of December 31, 2020.

Nord Stream

E.ON Beteiligungen GmbH held all of the shares of PEG Infrastruktur AG (PEGI) and thereby the indirect interest in Nord Stream AG (15.5 percent). Nord Stream AG, a project company founded in 2005, owns and operates two pipelines, each 1,224 kilometers long, that transport natural gas from Russia to Germany. Under an agreement dated December 18, 2019, E.ON Beteiligungen GmbH sold and transferred all of the shares of PEGI, and consequently the indirect interest in Nord Stream AG, to E.ON Pension Trust e.V. (EPT), with effect on and for account of the trust assets of MEON Pensions GmbH & Co. KG (MEON). EPT acts as trustee under the Contractual Trust Arrangement (CTA), with MEON as trustor, which has bundled the benefit obligations and the plan assets of companies of the E.ON Group and is responsible for fulfillment of the acquired benefit obligations and the investment of the plan assets transferred for this purpose. There are additional CTA trust agreements with EPT as trustee with companies of the E.ON Group as trustors. Based on the assets, as of the end of 2019 MEON, with a volume of €2.9 billion, is the largest trustor within the framework of the CTA with EPT. The shares were transferred to PEGI with effect from the close of December 31, 2019. The deconsolidation gain in fiscal 2019 amounted to €0.4 billion. The purchase price payment of €1.1 billion was made on January 15, 2020.

Acquisition of Shares in VSE Holding Successfully Completed

E.ON completed the acquisition of 49 percent of the shares in Východoslovenská energetika Holding s.a. (VSEH), based in Košice, Slovakia, from RWE on August 21, 2020. VSEH consists of various business segments, of which the electricity distribution segment accounts for the largest share. With the transaction, E.ON expands the energy network and customer solutions business portfolio in Slovakia. Extensive decision-making powers over the business activities of VSEH result in a controlling influence in accordance with IFRS 10, so that VSEH and its subsidiaries are fully consolidated in the E.ON Consolidated Financial Statements and an acquisition must be accounted for under IFRS 3.

The consideration transferred for the acquisition of the shares amounted to €739 million. The purchase price to be paid to RWE was not cash effective, but was offset against a receivable still outstanding from the completed acquisition of the innogy shares. In addition, a compensation payment for the waiver of the right of first refusal of the Slovakian state was included in the consideration transferred. The transaction therefore had no material impact on cash flows from investing activities. Acquisition costs of €2 million incurred were recognized in the income statement under other operating expenses. The costs were mainly incurred for consulting services.

The calculations of the fair values of the acquired assets and liabilities are as follows:

Acquired Net Assets at Fair Value

€ in thousands	August 31, 2020 adjustments included until Dec. 31, 2020
Concessions, commercial property rights, licenses, and similar rights	5,753
Customer relationships and similar items	109,448
Right-of-use assets	5,494
Property, plant, and equipment	778,202
Operating receivables and other operating assets	7,971
Deferred tax assets	10,235
Non-current assets	**917,103**
Inventories	5,071
Receivables and other assets	3,940
Trade receivables and other operating assets	108,003
Liquid funds	5,812
Current assets	**122,826**
Financial liabilities	223,030
Operating liabilities	10,390
Provisions for pensions and similar obligations	8,217
Miscellaneous provisions	–
Deferred tax liabilities	138,099
Non-current liabilities	**379,736**
Financial liabilities	64,695
Trade payables and other operating liabilities	136,022
Miscellaneous provisions	22,381
Current liabilities	**223,098**
Total equity and liabilities	**437,095**

The fair value of the acquired receivables and other assets amounts to €112 million. These primarily consist of trade receivables in the amount of €108 million. All receivables are considered to be fully recoverable.

The identified preliminary goodwill results primarily from the strategic reorientation of the customer business and the energy networks as well as from the expected synergies from the integration of the company into the Group. E.ON has not made the assumption that the goodwill will be deductible for tax purposes. The goodwill is determined as follows:

Provisional Goodwill

€ in thousands	August 31, 2020 adjustments included until Dec. 31, 2020
Consideration transferred	**739,809**
Fair value of net assets acquired (including deferred taxes)	437,095
Dividend entitlement acquired	32,688
Non-controlling shares	222,919
Provisional goodwill	**492,945**

The dividend right acquired results from a dividend paid by VSEH to E.ON between the signing and closing dates of the transaction. The non-controlling interest in the amount of €223 million results from the proportionate allocation of the identifiable net assets corresponding to the proportion of ownership interest.

The acquisition contributed €276 million to revenue and €12.2 million to consolidated net income from August 31, 2020, to December 31, 2020. If the acquisition had been effective from January 1, 2020, revenue would have totaled €0.8 billion and the contribution to consolidated net income would have been €0.1 billion (December 31, 2020).

The purchase price allocation to the identified assets and liabilities is still preliminary. Consequently, changes to the allocation of the purchase price to the individual assets and liabilities may still be made within the agreed adjustment period of up to twelve months from the acquisition date.

Disposal of Real Estate Assets

E.ON NA Capital, Inc. and E.ON RE Investments LLC, fully consolidated companies in the E.ON Group, transferred real estate assets totaling about US$288 million to other entities in 2020, of which US$265 million was transferred to the trust assets of E.ON Pension Trust, which is not fully consolidated. The purchase price payments were primarily made in 2020.

Significant Transactions in 2019

Renewables

In March 2018, E.ON concluded an agreement with RWE to acquire the network and sales business of innogy. As consideration, E.ON has transferred to RWE, inter alia, most of its Renewables business. These parts of the Renewables business to be transferred to RWE were accordingly presented as discontinued operations since June 30, 2018 and were deconsolidated as of September 18, 2019.

The expenses and income attributable to this were reported separately on the face of the Group's income statement under income/loss from discontinued operations, net. The prior-year figures were adjusted accordingly. The relevant assets and liabilities were reported in a separate line on the balance sheet; prior-year figures are not to be adjusted. The cash flows of the parts of the Renewables business to be transferred are also reported separately in the cash flow statement and adjusted accordingly to the prior-year values.

All intragroup receivables, payables, expenses and income between the companies of the discontinued operation and the remaining E.ON Group companies will be eliminated. For deliveries, goods and services that were previously intragroup in nature, but which after the deconsolidation will be carried forward either between the companies to be transferred or with third parties, the elimination entries required for the consolidation of income and expenses were allocated entirely to the discontinued operation.

The key figures presented in the segment reporting also include the business activities in the Renewables segment which were transferred to RWE. These figures are presented as if the transferred operation had not been reclassified in accordance with IFRS 5. Note 35 provides additional information and the corresponding reconciliations.

Pursuant to IFRS 5.18, the carrying amounts of all of the discontinued operation's assets and liabilities must be measured in accordance with applicable IFRS immediately before their reclassification. In the course of this measurement, no material impairments or need for reversals were recognized. In addition, the carrying amount of the discontinued operation as a whole must be tested for impairment by comparing it with the fair value less costs to sell. The fair value less costs to sell is determined from the transaction price agreed with RWE for the parts of the Renewables business to be transferred less the expected transaction costs. The comparison did not result in the recognition of any additional impairment as of the disposal date.

In fiscal year 2019, E.ON generated revenues of €37 million (2018: €81 million), interest income of €70 million (2018: €83 million), interest expenses of €1 million (2018: €1 million), as well as other income of €14 million (2018: €243 million) and other expenses of €441 million (2018: €1,050 million), with the fully consolidated companies to be transferred in the Renewables segment.

The following table shows the main items of the income statement of the discontinued operation in the Renewables segment (after allocation of elimination entries) until the date of deconsolidation:

Income Statement—Renewables (Summary)[1]

€ in millions	2019
Sales	481
Other income	9
Other expense	-125
Income/loss from discontinued operations before income taxes	**365**
Income taxes	-101
Income/Loss from discontinued operations, net	**264**

[1]This does not include the deconsolidation income amounting to €784 million.

The disposed assets and liabilities in the Renewables segment related to intangible assets (€0.3 billion), right-of-use assets (€0.3 billion), property, plant and equipment (€8.0 billion), other assets (€4.2 billion), provisions (€0.8 billion) and liabilities (€8.3 billion).

The deconsolidation gain results mainly from the recognition in income of currency translation effects (€0.5 billion) previously recognized in other comprehensive income.

Since the loss of control, the remaining 40-percent stake in Rampion Renewables Limited, which itself holds 50 percent of the Rampion offshore wind farm, has qualified as an associated company and been included in the consolidated financial statements using the equity method. Due to the decision to sell the stake to RWE, the investment was reclassified to assets held for sale as of December 31, 2020.

Minority Interests in Nuclear Power Plants

In addition to the transfer of the majority of the Renewables business, under the agreement RWE will acquire the minority interests held by E.ON in the nuclear power plants operated by RWE, Kernkraftwerke Lippe-Ems GmbH and Kernkraftwerk Gundremmingen GmbH. The minority interests included in the Non-Core Business segment and related liabilities were classified as a disposal group from June 30, 2018. In total, assets in the amount of €0.2 billion, provisions in the amount of €0.8 billion and liabilities in the amount of €0.2 billion were transferred to RWE in September 2019.

Coromatic

On July 11, 2019, the E.ON Group concluded the takeover of Swedish service provider Coromatic, a leading Nordic supplier of critical building infrastructure. The seller was the EQT Group. Coromatic has its registered office in Stockholm and has around 500 employees. The company has more than 5,000 customers in Scandinavia that are active in a wide variety of industries, including data centers, healthcare, the public sector, transport, industry, telecommunications, finance and retail. The parties agreed not to disclose the purchase price. Overall, the transaction is not significant for the Group.

(6) Revenues

At €60.9 billion, revenues in 2020 were roughly €20.1 billion higher than in the previous year, primarily due to the inclusion of the innogy Group for an entire year for the first time. The previous year's revenue figure was adjusted due to a change in presentation in connection with the application of failed own-use accounting (decrease of €200 million). Because of the related adjustments to the cost of materials (decrease of €692 million), other operating income (decrease of €246 million) and other operating expenses (increase of €246 million) there was no overall effect on earnings.

Revenues recognized in the current reporting period arising from performance obligations that have been fully or partially settled in prior reporting periods amounted to €0.4 billion. The total amount of benefit obligations already contracted but still outstanding (excluding expected contract renewals and expected new contracts) was €29.4 billion as of December 31, 2020 (December 31, 2019: €20.6 billion). The majority of these benefit obligations are expected to be met within the next three years. Revenue in the E.ON Group is recognized primarily on an over-time basis.

Revenues are broken down into intragroup and external revenues in the segment information (Note 35). They are also broken down into key regions and technologies. The overview also shows the effect of revenues on operating cash flow before interest and taxes.

(7) Own Work Capitalized

Own work capitalized amounted to €680 million in 2020 (2019: €487 million) and resulted primarily from capitalized work performed in connection with ongoing and completed IT projects and network assets. The increase is primarily due to the inclusion of innogy for an entire year for the first time.

(8) Other Operating Income and Expenses

The table below provides details of other operating income for the periods indicated:

Other Operating Income[1]

€ in millions	2020	2019
Income from exchange rate differences	1,064	327
Gain on derivative financial instruments (including currency derivatives)	5,906	3,378
Gain on disposal of non-current assets and securities	469	612
Gain on the reversal of provisions	52	18
Miscellaneous	1,416	1,032
Total	**8,907**	**5,367**

[1]Adjustment of prior-year figures in the context of "failed-own-use" accounting regarding presentation of sales, cost of materials, other operating income and other operating expenses with no impact on earnings.

Other operating income increased by €3,540 million to €8,907 million (2019: €5,367 million).

Income and expenses from derivative financial instruments (including currency derivatives) relate to fair value measurement under IFRS 9. Realized gains of €713 million (2019: €497 million) from acquired innogy derivatives recognized in the prior year under other income have now been reclassified to income from derivative financial instruments. In addition, realized income from currency derivatives (€1,679 million > 2019; €1,534 million) is reported under income from derivative financial instruments (including currency derivatives).

Corresponding items from derivative financial instruments (including currency derivatives) are included in other operating expenses.

The gain on the disposal of property, plant and equipment and securities consisted primarily of gains on the disposal of the Heizstrom Nord and Heizstrom Süd companies in the amount of €160 million. In 2019 there were gains on the disposal of PEGI in the amount of €390 million. Gains were realized on the sale of securities in the amount of €23 million (2019: €42 million).

Miscellaneous other operating income included effects from the reversal of own-use contracts recognized as liabilities in the amount of €297 million in the framework of the innogy purchase price allocation (2019: €207 million), the proceeds from transactions outside ordinary business activities in the amount of €200 million (2019: €243 million), gains on disposals (€135 million) and rental and lease interest in the amount of €63 million (2019: €51 million).

The following table provides details of other operating expenses for the periods indicated:

Other Operating Expenses[1]

€ in millions	2020	2019
Loss from exchange rate differences	641	425
Loss on derivative financial instruments (including exchange rate changes)	5,787	4,299
Taxes other than income taxes	100	91
Loss on disposal of non-current assets and securities	133	144
Write-down of current assets	317	290
Miscellaneous	3,941	2,321
Total	**10,919**	**7,570**

[1]Adjustment of prior-year figures in the context of "failed-own-use" accounting regarding presentation of sales, cost of materials, other operating income and other operating expenses with no impact on earnings.

Other operating expenses of €10,919 million were 44 percent above the prior-year level of €7,570 million. Expenditures relating to derivative financial instruments (including currency derivatives) increased by €1,488 million to €5,787 million. The realization gains of €597 million (2019: €419 million) from acquired innogy derivatives recognized in the previous year under miscellaneous other expenses have been reclassified to expenses from derivative financial instruments. In addition, realized expenses from currency derivatives (€1,917 million > 2019: €1,350 million) are reported under expenses from derivative financial instruments (including currency derivatives).

Losses from exchange rate differences in the amount of €641 million increased by €216 million compared to the prior year (€425 million).

Miscellaneous other operating expenses include effects in the amount of €563 million from the reversal of own-use contracts capitalized as part of the innogy purchase price allocation (2019: €261 million). Also included are consulting and audit services expenses in the amount of €287 million (2019: €229 million), advertising and marketing expenses in the amount of €174 million (2019: €131 million), rents and leases in the amount of €44 million (2019: €46 million) and services rendered by third parties, refunds and passing-on charges in the amount of €722 million (2019: €643 million). This item also includes IT expenditures in the amount of €396 million (2019: €344 million), insurance premiums in the amount of €57 million (2019: €43 million), travel expenses in the amount of €50 million (2019: €75 million), contributions and fees in the amount of €99 million (2019: €53 million) and expenses for decommissioning, reclamation, repairs in the amount of €83 million (2019: €74 million).

(9) Cost of Materials

The principal components of expenses for raw materials and supplies and for purchased goods are the purchase of gas and electricity. Fuel supply is also included in this line item. Expenses for purchased services consist primarily of network usage charges and maintenance costs.

Cost of materials of €47,147 million was significantly higher than the prior-year level of €31,434 million. The increase is primarily attributable to the inclusion of the innogy Group for an entire year for the first time.

Cost of Materials[1]

€ in millions	2020	2019
Expenses for raw materials and supplies and for purchased goods	31,599	20,049
Expenses for purchased services	15,548	11,385
Total	**47,147**	**31,434**

[1]Adjustment of prior-year figures in the context of "failed-own-use" accounting regarding presentation of sales, cost of materials, other operating income and other operating expenses with no impact on earnings.

(10) Financial Results

The following table provides details of financial results for the periods indicated:

Financial Results[1]

€ in millions	2020	2019
Income/Loss from companies in which equity investments are held	102	55
Fair value through P&L	*68*	*47*
Other	*34*	*8*
Impairment charges/reversals on other financial assets	-84	3
Income/Loss from equity investments	**18**	**58**
Income/Loss from securities, interest and similar income	670	1,032
Amortized cost	*35*	*439*
Fair value through P&L	*296*	*443*
Fair value through OCI	*14*	*13*
Other interest income	*325*	*137*
Interest and similar expenses	-1,390	-1,677
Amortized cost	*-658*	*-939*
Fair value through P&L	*-320*	*-176*
Other interest expenses	*-412*	*-562*
Net interest income/loss	**-720**	**-645**
Financial results	**-702**	**-587**

[1]Adjusted prior-year figures.

The decrease in financial results relative to the previous year is primarily attributable to the increased debt resulting from the inclusion of innogy and the valuation effects of securities measured at fair value reported in the non-operating result, which was offset by the negative valuation effects of the long-term provisions. The interest expense from the innogy bonds acquired is reduced by the reversal of valuation differences between the nominal value and the fair value of the bonds of innogy SE and innogy Finance B.V. recognized in the course of initial consolidation in the amount of €328 million. This positive partial effect is reported under non-operating earnings.

Other interest income consists primarily of income from previous periods. Other interest expenses include the accretion of provisions for asset retirement obligations in the amount of €3 million (2019: €44 million). Also contained in this item is the net interest cost from provisions for pensions in the amount of €95 million (2019: €73 million) and financial lease liabilities in the amount of €154 million (2019: €49 million).

Interest expenses also include €58 million of negative earnings effects (2019: €29 million) from non-controlling interests in subsidiaries that have already been fully consolidated and interests in fully consolidated partnerships, which are to be recognized as liabilities in accordance with IAS 32, and with legal structures that give their shareholders a statutory right of withdrawal combined with an entitlement to a settlement payment.

Interest expense was reduced by capitalized interest on debt totaling €8 million (2019: €13 million).

(11) Income Taxes

The following table provides details of income taxes, including deferred taxes, for the periods indicated:

Income Taxes[1]

€ in millions	2020	2019
Domestic income taxes	137	320
Foreign income taxes	239	-25
Current taxes	**376**	**295**
Domestic	524	-445
Foreign	-29	193
Deferred taxes	**495**	**-252**
Total income taxes	**871**	**43**

[1]Adjusted prior-year figures.

The tax expense in 2020 amounted to €871 million (2019: €43 million). In 2020, the tax rate was 40 percent (2019: 6 percent). The reason for the high tax rate in the reporting period is essentially a one-off effect from the valuation of deferred tax assets in the first half of 2020, which is partially offset by taxes for previous years. In 2019, tax credit effects on non-operating earnings and the reversal of tax provisions and liabilities for previous years led to a reduction in the tax rate.

Of the amount reported as current taxes, €276 million is attributable to previous years (2019: €309 million).

Deferred taxes resulted from changes in temporary differences affecting net income, which totaled €200 million (2019: -€581 million), loss carryforwards of €293 million (2019: €314 million) and tax credits amounting to €2 million (2019: €15 million). There were also offsetting changes recognized directly in equity and disposal effects for deferred taxes from discontinued operations totaling -€100 million.

Income tax assets amounted to €1,037 million (previous year: €1,411 million), of which €1,003 million was short-term (previous year: €1,377 million), while income tax liabilities amounted to €1,209 million (previous year: €1,080 million), of which €847 million was short-term (previous year: €787 million). These items consist primarily of income taxes for the respective current year and for prior-year periods that have not yet been definitively examined by the tax authorities.

As of December 31, 2020, €13 million (2019: €32 million) in deferred tax liabilities were recognized for the differences between net assets and the tax bases of subsidiaries and associated companies (outside basis differences). Accordingly, deferred tax liabilities were not recognized for temporary differences of €936 million (2019: €538 million) at subsidiaries and associated companies, as E.ON is able to control the timing of their reversal and the temporary difference will not reverse in the foreseeable future.

Changes in tax rates resulted in deferred tax income of €147 million in total (2019: tax income of €27 million).

Income taxes relating to discontinued operations (see also Note 5) are reported in the income statement under “Income from discontinued operations.” In the fiscal year they amounted to tax expense of €19 million (2019: tax expense of €103 million).

The base income tax rate of 31 percent (2019: 30 percent) applicable in Germany is composed of corporate income tax (15 percent), trade tax (15 percent) (2019: 14 percent) and the solidarity surcharge (1 percent). The income tax rate of 31 percent corresponds to the tax rate applicable to E.ON SE for 2020. The change is based on an adjustment of the trade tax rate due to the inclusion of the innogy tax group in the income tax group of E.ON SE. The differences from the effective tax rate are reconciled as follows:

Reconciliation to Effective Income Taxes/Tax Rate[1]

	2020		2019	
	€ in millions	in %	€ in millions	in %
Income/Loss from continuing operations before taxes	**2,181**	**100,0**	**772**	**100,0**
Expected income taxes	676	31,0	232	30,0
Foreign tax rate differentials	-203	-9,3	228	27,8
Changes in tax rate/tax law	-147	-6,7	-27	-3,4
Tax effects on tax-free income	-287	-13,1	-140	-17,6
Tax effects of non-deductible expenses and permanent differences	-103	-4,7	-377	-47,3
Tax effects on income from companies accounted for under the equity method	127	5,8	-51	-6,4
Tax effects of changes in value and non-recognition of deferred taxes	1,119	51,3	515	64,6
Tax effects of other taxes on income	-50	-2,3	17	2,1
Tax effects of income taxes related to other periods	-276	-12,7	-378	-47,4
Other	15	0,7	24	3,0
Effective income taxes/tax rate	**871**	**40,0**	**43**	**5,4**

[1]Adjusted prior-year figures.

Deferred tax assets and liabilities as of December 31, 2020, and December 31, 2019, break down as shown in the following table:

Deferred Tax Assets and Liabilities[1]

	December 31, 2020		December 31, 2019	
€ in millions	Tax assets	Tax liabilities	Tax assets	Tax liabilities
Intangible assets	399	703	563	1,046
Right-of-use assets	5	723	–	923
Property, plant and equipment	348	3,956	170	4,125
Financial assets	209	131	196	270
Inventories	34	–	33	1
Receivables	406	1,649	764	1,231
Provisions for pensions and similar obligations	3,109	39	3,183	20
Miscellaneous provisions	2,042	25	1,878	107
Liabilities	2,968	465	3,063	397
Loss carryforwards	538	–	824	–
Tax credits	–	–	2	–
Other	809	691	680	966
Subtotal	**10,867**	**8,382**	**11,356**	**9,086**
Changes in value	-3,195	–	-2,584	–
Deferred taxes (gross)	**7,672**	**8,382**	**8,772**	**9,086**
Netting	-5,389	-5,389	-6,578	-6,578
Deferred taxes (net)	**2,283**	**2,993**	**2,194**	**2,508**
Current	*287*	*676*	*717*	*271*

[1]Adjusted prior-year figures.

Of the deferred taxes reported, a total of -€797 million was charged directly to equity in 2020 (2019: -€538 million charge). A further €49 million in current taxes (2019: €49 million) was also recognized directly in equity. Currency translation differences with an impact on income tax within this item were reclassified to other comprehensive income.

Income taxes recognized in other comprehensive income for the years 2020 and 2019 break down as follows:

Income Taxes on Components of Other Comprehensive Income[1]

			2020			2019
€ in millions	Before income taxes	Income taxes	After income taxes	Before income taxes	Income taxes	After income taxes
Cash flow hedges	-358	38	-320	-453	9	-444
Securities (IFRS 9)	50	-11	39	-1	1	–
Currency translation adjustments	-214	–	-214	-569	-2	-571
Remeasurements of defined benefit plans	-1,093	217	-876	-146	-33	-179
Companies accounted for under the equity method	-361	-8	-369	-112	-3	-115
Total	**-1,976**	**236**	**-1,740**	**-1,281**	**-28**	**-1,309**

[1]Adjusted prior-year figures.

In connection with the acquisition of the Slovakian VSEH Group, deferred tax assets of €10 million and deferred tax liabilities of €138 million resulted from the purchase price allocation as of December 31, 2020.

The final purchase price allocation to the acquisition of innogy SE resulted in deferred tax assets of €1,313 million and deferred tax liabilities of €1,358 million as of December 31, 2020.

In connection with the acquisition of the Swedish service provider Coromatic, deferred tax assets of €4 million and deferred tax liabilities of €18 million resulted from the purchase price allocation as of December 31, 2019.

The declared tax loss carryforwards as of the dates indicated are as follows:

Tax Loss Carryforwards

	December 31,	
€ in millions	2020	2019
Domestic tax loss carryforwards	1,456	1,935
Foreign tax loss carryforwards	10,259	8,803
Total	**11,715**	**10,738**

Since January 1, 2004, domestic tax loss carryforwards can only be offset against a maximum of 60 percent of taxable income, subject to a full offset against the first €1 million. This minimum corporate taxation also applies to trade tax loss carryforwards. The domestic tax loss carryforwards result from adding corporate tax loss carryforwards amounting to €79 million (2019: €162 million) and trade tax loss carryforwards amounting to €1,377 million (2019: €1,773 million).

The foreign tax loss carryforwards consist of corporate tax loss carryforwards amounting to €9,753 million (2019: €8,738 million) and tax loss carryforwards from local income taxes amounting to €506 million (2019: €65 million).

Of the foreign tax loss carryforwards, a significant portion relates to previous years.

Deferred taxes were not recognized, or no longer recognized, on a total of €8,433 million (2019: €7,813 million) in tax loss carryforwards that for the most part do not expire. Deferred tax assets were not recognized, or no longer recognized, on non-expiring domestic corporate tax loss carryforwards of €70 million (2019: €142 million) or on domestic trade tax loss carryforwards of €1,353 million (2019: €1,742 million).

Deferred tax assets were not recognized, or are no longer recognized, in the amount of €16,750 million (2019: €12,142 million) for temporary differences which are recognized in income and equity.

As of December 31, 2020, and December 31, 2019, E.ON reported deferred tax assets for companies that incurred losses in the current or the prior-year period that exceed the deferred tax liabilities by €387 million and €74 million, respectively. The basis for recognizing deferred tax assets is an estimate by management based on the development of temporary reversal effects and concrete tax structuring measures of the extent to which it is probable that the respective companies will achieve taxable earnings in the future against which the as yet unused tax losses, tax credits and deductible temporary differences can be offset.

Income tax items are regularly assessed, in particular against the backdrop of numerous changes in tax laws, tax regulations, legal decisions and ongoing tax audits. E.ON is responding to this circumstance, in particular through the application of IFRIC 23, by continuously identifying and assessing the tax environment and the resulting effects. The most current information is then incorporated into the estimate parameters necessary for measuring the tax provisions. Related potential interest rate effects are also assessed and measured accordingly. They are presented in separate items.

(12) Personnel-Related Information

Personnel Costs

The following table provides details of personnel costs for the periods indicated:

Personnel Costs

€ in millions	2020	2019
Wages and salaries	4,635	3,301
Social security contributions	696	436
Pension costs and other employee benefits	535	364
Pension costs	*518*	*355*
Total	**5,866**	**4,101**

Personnel costs of €5,866 million were €1,765 million higher than the prior-year figure of €4,101 million, mainly because of the inclusion of innogy for a full year for the first time.

Share-Based Payment

The expenses for share-based payment in 2020 (the E.ON Share Matching Plan, the multi-year bonus and the E.ON Performance Plan) amounted to €21.7 million (2019: €21.2 million). Expenses of €4.8 million were also incurred in the 2020 reporting period in connection with innogy SE's share-based payment system.

Employee Stock Purchase Program

The voluntary employee stock purchase program, which through 2015 provided employees of German Group companies the opportunity to purchase E.ON shares at preferential terms, was again suspended in 2020, as it had been from 2016 to 2019.

Long-Term Variable Compensation

Members of the Management Board of E.ON SE and certain executives of the E.ON Group receive share-based payment as part of their voluntary long-term variable compensation. The purpose of such compensation is to reward their contribution to E.ON's growth and to further the long-term success of the Company. This variable compensation component, comprising a long-term incentive effect along with a certain element of risk, provides for a sensible linking of the interests of shareholders and management.

The following discussion includes reports on the E.ON Share Matching Plan introduced in 2013 and on the E.ON Performance Plan introduced in 2017.

E.ON Share Matching Plan

From 2013 to 2016, E.ON granted virtual shares to members of the Management Board of E.ON SE and certain executives of the E.ON Group under the E.ON Share Matching Plan. At the end of its four-year term, each virtual share was entitled to a cash payout linked to the final E.ON share price established at that time. The calculation inputs for this long-term variable compensation package were equity deferral, base matching and performance matching.

The equity deferral was determined by multiplying an arithmetic portion of the beneficiary's contractually agreed target bonus by the beneficiary's total target achievement percentage from the previous year. The equity deferral was converted into virtual shares and vested immediately. Beneficiaries were additionally granted virtual shares in the context of base matching and performance matching. For members of the Management Board of E.ON SE, the proportion of base matching to the equity deferral was determined at the discretion of the Supervisory Board; for all other beneficiaries it was 2:1. The performance-matching target value at allocation was equal to that for base matching in terms of amount. Performance matching resulted in a payout only on achievement of a minimum performance as specified at the beginning of the term by the Management Board and the Supervisory Board.

In 2015 and 2016, virtual shares from the third and fourth tranche were granted in the context of base matching and performance matching exclusively to members of the Management Board of E.ON SE. Executives were granted a multi-year bonus, the terms of which are described further below, instead of the base and performance matching.

In 2017 virtual shares were granted for the last time under the E.ON Share Matching Plan, only to members of the Management Board of E.ON SE and only to the extent of the "equity deferral." The total of these allocations is shown below as the fifth tranche of the E.ON Share Matching Plan. Additional information can be found on pages 85 and 86 of the compensation report.

A payout generally will not take place until after the end of the four-year term. This is true even if the beneficiary retires beforehand, or if the beneficiary's contract is terminated on operational grounds or expires during the term. A payout before the end of the term will take place in the event of a change of control or on the death of the beneficiary. If the service or employment relationship ends before the end of the term for reasons within the control of the beneficiary, all virtual shares—except for those that resulted from the equity deferral—expire.

At the end of the term, the sum of the dividends paid to the ordinary shareholders during the term is added to each virtual share. The maximum amount to be paid out to a participant in the fifth tranche of the E.ON Share Matching Plans is limited to twice the sum of the equity deferral.

60-day average prices are used to determine both the target value at issuance and the final price in order to mitigate the effects of incidental, short-lived price movements.

The plan also contains adjustment mechanisms to eliminate the effect of events such as interim corporate actions.

The following are the base parameters of the tranches of the share matching plan active in 2020:

E.ON Share Matching Virtual Shares

	5th tranche
Date of issuance	Apr. 1, 2017
Term	4 years
Target value at issuance	€7.17

The 60-day average of the E.ON share price as of the balance sheet date is used to measure the fair value of the virtual shares. The provision for the fifth tranche of the E.ON Share Matching Plan as of the balance sheet date is €3.1 million (2019: €2.2 million). The expense for the fifth tranche amounted to €0.8 million in the 2020 fiscal year (2019: €0.2 million).

E.ON Performance Plan (EPP)

In 2017, 2018, 2019 and 2020, E.ON granted the members of the Management Board of E.ON SE and certain executives of the E.ON Group virtual shares under the E.ON Performance Plan. The vesting period of each tranche is four years. Vesting periods start on January 1 of each year.

The beneficiary will receive virtual shares in the amount of the agreed target. The conversion into virtual shares will be based on the fair market value on the date when the shares are granted. The fair market value will be determined by applying methods accepted in financial mathematics, taking into account the expected future payout and consequently the volatility and risk associated with the EPP. The number of virtual shares allocated may change during the four-year vesting period, depending on the total shareholder return ("TSR") of E.ON stock compared with the TSR of the companies in a peer group ("relative TSR").

The TSR is the return on E.ON stock, which takes into account the stock price plus the assumption of reinvested dividends, adjusted for changes in capital. The peer group used for relative TSR will be the other companies in E.ON's peer index, the STOXX® Europe 600 Utilities. Only companies included in the STOXX® Europe 600 Utilities for which no takeover offer pursuant to Section 29(1) of the German Securities Acquisition and Takeover Act (WpÜG) or pursuant to an applicable comparable regulation of a foreign legal system was or is effective during the fiscal year in question and in which E.ON does not hold or did not hold a significant portion of shares during the fiscal year in question will be taken into consideration for the tranche allocated in 2019. The peer group for the tranche allocated in 2019 is also adjusted for companies that have not been in the index for the full year.

During a tranche's vesting period, E.ON's TSR performance is measured once a year in comparison with the companies in the peer group and set for that year. E.ON's TSR performance in a given year determines the final number of one fourth of the virtual shares granted at the beginning of the vesting period. For this purpose, the TSRs of all companies are ranked, and E.ON's relative position is determined based on the percentile reached. If target attainment in a year is below the threshold defined by the Supervisory Board upon allocation, the number of virtual shares is reduced by one fourth. If E.ON's performance is at the upper cap or above, the fourth of the virtual shares allocated for the year in question will increase, but to a maximum of 150 percent. Linear interpolation is used to translate intermediate figures into percentage.

The resulting number of virtual shares at the end of the vesting period is multiplied by the average price of E.ON stock in the final 60 days of the vesting period. This amount is increased by the dividends distributed on E.ON stock during the vesting period and then paid out. The sum of the payouts is capped at 200 percent of the agreed target.

The virtual shares are canceled if the employment relationship of the beneficiary ends before the end of the term for reasons within the control of the beneficiary. This shall apply in particular in the event of termination by the beneficiary and in the event of extraordinary termination for good cause by the Company. If the employment relationship of the beneficiary is terminated before retirement, through the end of a limited term or for operational reasons before the end of the term, the virtual shares do not expire but are settled at maturity.

If the employment relationship ends before maturity due to death or permanent invalidity, the virtual shares are settled before maturity, whereby in this case the average TSR performance of the fiscal years that have already completely ended is used to calculate the payment amount. The same shall apply in the case of a change in control related to E.ON SE and also if the allocating company leaves the E.ON Group before maturity.

The following are the base parameters of the tranches of the E.ON Performance Plan active in 2019:

E.ON Performance Plan Virtual Shares

	4th tranche	3rd tranche	2nd tranche	1st tranche
Date of issuance	Jan. 1, 2020	Jan. 1, 2019	Jan. 1, 2018	Jan. 1, 2017
Term	4 years	4 years	4 years	4 years
Target value at issuance	€7.88	€6.68	€6.41	€5.84

The provision for the first, second, third and fourth tranche of the E.ON Performance Plan as of the balance sheet date is €47.5 million (2019: €26.8 million). The expense for the first, second, third and fourth tranches amounted to €20.8 million in the 2020 fiscal year (2019: €11.9 million).

Employees

During 2020, E.ON employed an average of 78,523 persons (2019: 61,050), not including an average of 2,313 apprentices (2019: 1,656) and 235 (2019: 178) board members/managing directors.

The breakdown by segment is shown in the following table:

Employees[1]

Headcount	2020	2019
Energy Networks	39,769	29,277
Customer Solutions	32,589	25,331
Renewables	–	742
Corporate Functions/Other	4,300	3,822
Employees, core business	**76,658**	**59,172**
Non-Core Business	1,865	1,878
Total employees, E.ON Group[2]	**78,523**	**61,050**

[1]Figures do not include board members, managing directors, or apprentices.
[2]innogy is integrated into the E.ON hierarchy.

(13) Other Information

German Corporate Governance Code

On December 15, 2020, the Management Board and the Supervisory Board of E.ON SE made a declaration of compliance pursuant to Section 161 of the German Stock Corporation Act ("AktG"). The declaration has been made permanently and publicly accessible to stockholders on the Company's Web site (www.eon.com).

Fees and Services of the Independent Auditor

During 2020 and 2019, the following fees for services provided by the independent auditor of the Consolidated Financial Statements, PricewaterhouseCoopers ("PwC") GmbH, Wirtschaftsprüfungsgesellschaft, (domestic) and by companies in the international PwC network were recorded as expenses:

Independent Auditor Fees

€ in millions	2020	2019
Financial statement audits	32	37
Domestic	*23*	*28*
Other attestation services	7	4
Domestic	*6*	*4*
Tax advisory services	1	–
Domestic	*1*	–
Other services	2	1
Domestic	*2*	*1*
Total	**42**	**42**
Domestic	*32*	*33*

The auditor's fees relate to the audit of the Consolidated Financial Statements and the legally mandated financial statements of E.ON SE and its affiliates. They also include fees for auditing reviews of the IFRS interim financial statements and other tests directly required by the audit. The figure from the previous year also includes additional auditing services in relation to the innogy transaction.

The fees for other auditing services include all attestation services that are not auditing services and are not used in connection with the audit. In 2020, these costs are for the legally required attestation services (e.g., as a result of the Renewable Energy Act [EEG], the Act on Combined Heat and Power Generation [KWKG]) and for other voluntary attestation services (primarily in connection with new IT systems and data migration as well as special auditing services in the course of the transfer of the renewable energy business from E.ON to RWE).

The fees for tax consulting services mainly relate to services in the area of tax compliance.

Fees for other services consist primarily of services in connection with the transfer of E.ON's renewables energy business to RWE, and technical support in connection with the implementation of transactions and new requirements in the areas of IT and accounting issues.

In the previous year, the fees indicated took into consideration the innogy subsidiaries from the acquisition date and the companies transferred to RWE until the date of deconsolidation.

List of Shareholdings

The list of shareholdings pursuant to Section 313 (2) HGB is an integral part of these Notes to the Financial Statements and is presented on pages 218 through 235.

(14) Earnings per Share

The computation of basic and diluted earnings per share for the periods indicated is shown below:

Earnings per Share[1]

€ in millions	2020	2019
Income/Loss from continuing operations	1,310	729
Less: Non-controlling interests	-250	-189
Income/Loss from continuing operations (attributable to shareholders of E.ON SE)	**1,060**	**540**
Income/Loss from discontinued operations, net	-40	1,063
Less: Non-controlling interests	-3	-53
Income/Loss from discontinued operations, net (attributable to shareholders of E.ON SE)	**-43**	**1,010**
Net income/loss attributable to shareholders of E.ON SE	**1,017**	**1,550**
in €		
Earnings per share (attributable to shareholders of E.ON SE)		
from continuing operations	0.41	0.24
from discontinued operations	-0.02	0.44
from net income/loss	**0.39**	**0.68**
Weighted-average number of shares outstanding (in millions)	2,607	2,293

[1]Adjusted prior-year figures.

The computation of diluted earnings per share is identical to that of basic earnings per share because E.ON SE has issued no potentially dilutive ordinary shares.

(15) Goodwill, Intangible Assets, Right-of-use Assets and Property, Plant and Equipment

The changes in goodwill and intangible assets, in right-of-use assets, and in property, plant and equipment, are presented in the tables on the following pages:

Goodwill, Intangible Assets, Right-of-use Assets and Property, Plant and Equipment

	Acquisition and production costs						
€ in millions	Jan. 1, 2020	Exchange rate differences	Changes in scope of consolida-tion	Additions	Disposals	Transfers	Dec. 31, 2020
Goodwill	**19,271**	**-153**	**493**	**–**	**–**	**–**	**19,611**
Customer relationships and similar items	2,218	-20	89	8	-10	1	2,286
Concessions, commercial property rights, licenses, and similar rights	2,742	-60	36	510	-132	115	3,211
Development expenditures	720	-13	14	72	-57	152	888
Advance payments	379	-8	1	199	-15	-222	334
Intangible assets	**6,059**	**-101**	**140**	**789**	**-214**	**46**	**6,719**
Land and buildings	727	-11	4	102	-43	–	779
Networks	1,860	1	6	260	-14	-11	2,102
Storage, e-charging and production capacities	10	–	7	–	–	–	17
Technical equipment and machine	37	–	-1	1	-7	–	30
Fleet, office and business equipment	168	-9	3	52	-36	–	178
Right-of-use assets	**2,802**	**-19**	**19**	**415**	**-100**	**-11**	**3,106**
Real estate and leasehold rights	1,111	1	11	17	-17	29	1,152
Buildings	3,839	-57	-9	100	-22	129	3,980
Technical equipment, plant and machinery	55,774	-212	240	2,117	-625	1,191	58,485
Other equipment, fixtures, furniture and office equipment	1,234	-12	99	134	-56	84	1,483
Advance payments and construction in progress	2,625	-3	38	1,381	-7	-1,465	2,569
Property, plant and equipment	**64,583**	**-283**	**379**	**3,749**	**-727**	**-32**	**67,669**

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2020

	Energy Networks			Customer Solutions			
€ in millions	Germany	Sweden	ECE/Turkey	Germany	UK	Nether-lands/ Belgium	Other
Net carrying amount of goodwill as of January 1, 2020	**7,879**	**88**	**56**	**6,718**	**1,926**	**6**	**808**
Changes resulting from acquisitions and disposals	–	–	804	–	–	72	-311
Impairment charges	–	–		–	–	–	–
Other changes[1]	–	4	-100	–	-103	–	-20
Net carrying amount of goodwill as of December 31, 2020	**7,879**	**92**	**760**	**6,718**	**1,823**	**78**	**477**
Growth rate (in %)[2, 3]	n.a.	–	–	0.5	–	–	–
Cost of capital (in %)[2, 3]	n.a.	–	–	4.7	–	–	–
Other non-current assets[4]							
Impairment	-12	–	-139	-53	-112	-59	-5
Reversals	–	–	2	1	–	–	2

[1]Other changes include effects from intragroup restructuring, transfers, exchange rate differences and reclassifications to assets held for sale. This item also includes impairments on goodwill from disposal groups.
[2]Presented here are the growth rates and cost of capital for selected cash-generating units whose respective goodwill is material when compared with the carrying amount of all goodwill.
[3]Energy Networks Germany was valued on the basis of the regulatory asset base, taking into account the upcoming regulatory period for gas in 2018 and for electricity in 2019.
[4]Other non-current assets consist of intangible assets, right-of-use assets and of property, plant and equipment.

								Accumulated depreciation	Net carrying amounts
Jan. 1, 2020	Exchange rate differences	Changes in scope of consolida-tion	Additions	Disposals	Transfers	Impairment	Reversals	Dec. 31, 2020	Dec. 31, 2020
-1,790	**6**	**–**	**–**	**–**	**–**	**–**	**–**	**-1,784**	**17,827**
-625	9	10	-279	10	–	-70	–	-945	1,341
-866	14	5	-521	106	-7	-59	–	-1,328	1,883
-357	8	–	-134	52	-47	-95	–	-573	315
-73	2	-3	3	7	53	-7	–	-18	316
-1,921	**33**	**12**	**-931**	**175**	**-1**	**-231**	**–**	**-2,864**	**3,855**
-100	1	-3	-109	8	–	-1	–	-204	575
-71	-1	-10	-207	4	11	–	–	-274	1,828
-2	1	–	-1	–	–	–	–	-2	15
-3	–	–	-4	1	–	–	–	-6	24
-44	2	-2	-53	20	1	-1	–	-77	101
-220	**3**	**-15**	**-374**	**33**	**12**	**-2**	**–**	**-563**	**2,543**
-54	-1	–	-2	4	-5	–	–	-58	1,094
-1,727	18	10	-121	5	2	-4	–	-1,817	2,163
-26,324	99	99	-2,112	345	9	-154	4	-28,034	30,451
-680	7	-9	-146	49	-2	-2	–	-783	700
-48	–	–	–	2	1	-11	2	-54	2,515
-28,833	**123**	**100**	**-2,381**	**405**	**5**	**-171**	**6**	**-30,746**	**36,923**

	Non-Core Business		
PreussenElektra	Generation Turkey	Corporate Functions/Other	E.ON Group
–	**–**	**–**	**17,481**
–	–	–	565
–	–	–	–
–	–	–	-219
–	**–**	**–**	**17,827**
–	–	–	–
–	–	–	–
–	–	-24	-404
–	–	1	6

Goodwill, Intangible Assets, Right-of-use Assets and Property, Plant and Equipment[1]

	Acquisition and production costs						
€ in millions	Jan. 1, 2019	Exchange rate differences	Changes in scope of consolida-tion	Additions	Disposals	Transfers	Dec. 31, 2019
Goodwill	**3,847**	**99**	**15,325**	**–**	**–**	**–**	**19,271**
Customer relationships and similar items	541	12	1,750	1	-47	-39	2,218
Concessions, commercial property rights, licenses, and similar rights	2,303	-16	446	1,204	-816	-379	2,742
Development expenditures	396	13	–	66	-14	259	720
Advance payments	370	5	6	218	-7	-213	379
Intangible assets	**3,610**	**14**	**2,202**	**1,489**	**-884**	**-372**	**6,059**
Land and buildings	361	5	282	90	-14	3	727
Networks	387	–	1,330	154	-3	-8	1,860
Storage, e-charging and production capacities	12	1	–	–	-3	–	10
Technical equipment and machine	5	1	31	–	–	–	37
Fleet, office and business equipment	105	–	26	42	-6	1	168
Right-of-use assets[2]	**870**	**7**	**1,669**	**286**	**-26**	**-4**	**2,802**
Real estate and leasehold rights	539	-1	579	14	-32	12	1,111
Buildings	2,780	–	983	94	-57	39	3,839
Technical equipment, plant and machinery	40,197	-76	13,829	1,727	-325	422	55,774
Other equipment, fixtures, furniture and office equipment	835	2	295	116	-38	24	1,234
Advance payments and construction in progress	1,921	-8	875	1,141	-30	-1,274	2,625
Property, plant and equipment[3]	**46,272**	**-83**	**16,561**	**3,092**	**-482**	**-777**	**64,583**

[1]Adjusted prior-year figures.
[2]New account due to IFRS 16 (see Note 33).
[3]The first-time application of IFRS 16 resulted in adjustments to the initial inventories.

Changes in Goodwill and in Other Reversals and Impairment Charges by Segment from January 1, 2019[1]

	Energy Networks			Customer Solutions			
€ in millions	Germany	Sweden	ECE/Turkey	Germany	UK	Nether-lands/ Belgium	Other
Net carrying amount of goodwill as of January 1, 2019	**608**	**90**	**56**	**183**	**878**	**–**	**60**
Changes resulting from acquisitions and disposals	7,271	–	311	6,535	960	6	705
Impairment charges	–	–	–	–	–	–	–
Other changes[2]	–	-2	4	–	88	–	-272
Net carrying amount of goodwill as of December 31, 2019	**7,879**	**88**	**371**	**6,718**	**1,926**	**6**	**493**
Growth rate (in %)[3, 4]	n.a.	–	–	–	0.5	–	–
Cost of capital (in %)[3, 4]	n.a.	–	–	–	5.9	–	–
Other non-current assets[5]							
Impairment	-39	–	–	-2	-236	–	-11
Reversals	–	–	–	–	3	–	–

[1]Adjusted prior-year figures.
[2]Other changes include effects from intragroup restructuring, transfers, exchange rate differences and reclassifications to assets held for sale. This item also includes impairments on goodwill from disposal groups.
[3]Presented here are the growth rates and cost of capital for selected cash-generating units whose respective goodwill is material when compared with the carrying amount of all goodwill.
[4]Energy Networks Germany was valued on the basis of the regulatory asset base, taking into account the upcoming regulatory period for gas in 2018 and for electricity in 2019.
[5]Other non-current assets consist of intangible assets, right-of-use assets and of property, plant and equipment.

Accumulated depreciation									Net carrying amounts
Jan. 1, 2019	Exchange rate differences	Changes in scope of consolida-tion	Additions	Disposals	Transfers	Impairment	Reversals	Dec. 31, 2019	Dec. 31, 2019
-1,793	**3**	**–**	**–**	**–**	**–**	**–**	**–**	**-1,790**	**17,481**
-445	-5	–	-93	47	-1	-128	–	-625	1,593
-818	10	23	-151	50	34	-14	–	-866	1,876
-185	-5	–	-119	6	-44	-10	–	-357	363
–	-3	–	–	3	-2	-71	–	-73	306
-1,448	**-3**	**23**	**-363**	**106**	**-13**	**-223**	**–**	**-1,921**	**4,138**
–	-1	–	-78	1	-2	-20	–	-100	627
–	–	-8	-60	–	-3	–	–	-71	1,789
–	-1	–	-1	–	–	–	–	-2	8
–	-1	–	-2	–	–	–	–	-3	34
–	1	2	-45	2	-1	-3	–	-44	124
–	**-2**	**-6**	**-186**	**3**	**-6**	**-23**	**–**	**-220**	**2,582**
-58	–	1	–	5	–	-2	–	-54	1,057
-1,710	4	37	-102	25	20	-1	–	-1,727	2,112
-26,119	54	402	-1,405	210	589	-55	–	-26,324	29,450
-597	–	-2	-99	34	-6	-10	–	-680	554
-42	-2	–	–	–	9	-16	3	-48	2,577
-28,526	**56**	**438**	**-1,606**	**274**	**612**	**-84**	**3**	**-28,833**	**35,750**

Non-Core Business			
PreussenElektra	Generation Turkey	Corporate Functions/Other	E.ON Group
–	**–**	**179**	**2,054**
–	–	-179	15,609
–	–	–	–
–	–	–	-182
–	**–**	**–**	**17,481**
–	–	–	–
–	–	–	–
–	–	-42	-330
–	–	–	3

Goodwill and Non-current Assets

The changes in goodwill within the segments, as well as the allocation of impairments and their reversals to each reportable segment, are presented in the tables on pages 160 through 163.

Impairments

IFRS 3 prohibits the amortization of goodwill. Instead, goodwill is tested for impairment at least annually at the level of the cash-generating units. Goodwill must also be tested for impairment at the level of individual cash-generating units as necessary between these annual tests if events or changes in circumstances indicate that the recoverable amount of a particular cash-generating unit might be impaired. Intangible assets subject to amortization and property, plant and equipment and investments subject to the application of the equity method (IAS 28) must generally be tested for impairment whenever there are particular events or external circumstances indicating the possibility of impairment.

To perform the impairment tests, the Company first determines the fair values less costs to sell of its cash-generating units. Because there were no binding sales transactions or market prices for the respective cash-generating units in 2020, fair values were calculated based on discounted cash flow methods.

Valuations are based on the medium-term corporate planning authorized by the Management Board. The calculations for impairment-testing purposes are generally based on the three planning years of the medium-term plan plus two additional detailed planning years. In certain justified exceptional cases, a longer detailed planning period is used as the calculation basis. The cash flow assumptions extending beyond the detailed planning period are determined using sustainable, currency-specific growth rates based on the analysis of past years and predictions for the future. In 2020, the sustainable, currency-specific inflation rate used for the euro area was 0.5 percent (2019: 0.5 percent) unless a lower growth rate was justified for that cash-generating unit. The interest rates after taxes used for discounting cash flows in the annual impairment test are calculated using market data for each cash-generating unit, and as of December 31, 2020, ranged between 3.0 and 7.2 percent after taxes (2019: 3.3 and 7.1 percent).

The principal assumptions underlying the determination by management of recoverable amount are the respective forecasts for commodity market prices, future electricity and gas prices in the wholesale and retail markets, E.ON's investment activity, changes in the regulatory framework, as well as for rates of growth and the cost of capital. These assumptions are based on external market data from established providers and on internal estimates. They also appropriately take into account climate-related impacts on market conditions and macroeconomic linkages. For example, impacts of climate targets on CO_2 prices and changing weather conditions (temperature, wind, etc.) are included.

The above discussion applies accordingly to the testing for impairment of intangible assets and of property, plant and equipment and investments subject to the application of the equity method (IAS 28), and of groups of these assets. If the goodwill of a cash-generating unit is combined with assets or groups of assets for impairment testing, the assets must be tested first.

As in 2019, the goodwill impairment testing performed in 2020 resulted in the recognition of no impairment charges under IAS 36. However, an impairment loss was recognized on the portion of goodwill of the Hungarian operations classified as held for sale under IFRS 5. This required impairment amounted to approximately €73 million. It is due to the fact that the expected sales price is below the carrying amount.

The tested goodwill of all cash-generating units whose respective goodwill as of the balance sheet date is material in relation to the total carrying amount of all goodwill shows a surplus of recoverable amounts over the respective carrying amounts and, therefore, based on current assessment of the economic situation, only a significant change in the material valuation parameters would necessitate the recognition of goodwill impairment.

Impairments of property, plant and equipment in 2020 totaled around €171 million, of which around €138 million were in the Hungarian network business, which is classified as held for sale under IFRS 5. These impairments became necessary because the expected disposal price does not fully reflect the carrying amount. Accordingly, the non-current assets of the unit were reduced on a pro rata basis in line with their relative carrying amounts. Around €13 million in impairment losses were recognized in the German Customer Solutions segment on a cash-generating unit in the B2B heating business. This also affected technical equipment and machinery due to impairment losses recognized in line with their carrying amounts since the outlook has deteriorated. In the German network business, an impairment loss of around €11 million was recognized on property, plant and equipment. This was largely due to fully impaired project costs for smart meters, which were capitalized as assets under construction but later no longer priced in due to the late market declaration.

Approximately €231 million of impairments were recognized on intangible assets in fiscal year 2020. Of this amount, around €106 million relates to the Customer Solutions UK segment, in particular to billing software which will no longer be used in the future. Impairment losses of around €58 million were recognized on Essent's Belgian sales business, which will be sold to the Belgian energy company Luminus. Following the signing at the beginning of 2021, the transaction is still subject to approval by the European Commission. In this context, non-current assets were reduced on a pro rata basis, resulting in an impairment being recognized for the carrying amount of customer lists in particular. In the Customer Solutions Germany segment, impairment losses of around €38 million were recognized, mainly (€25 million) due to the aforementioned impairment loss on a cash-generating unit in the Energy Solutions business and the associated impairment of customer lists. In addition, impairment losses totaling €24 million were recognized on IT licenses at Corporate Headquarters. The two largest individual items related to fully amortized licenses amounting to just under €10 million and capitalized project costs of around €12 million in connection with software rollouts (the carrying amounts of the underlying licenses themselves remained unchanged).

In fiscal year 2020, a total of €2 million in impairments was charged to right-of-use assets.

Reversals of impairments on property, plant and equipment recognized in previous years amounted to around €6 million in 2020, significantly influenced by an increase in the value of assets in the Hungarian network sector due to updated valuation assumptions.

Impairments of property, plant and equipment in 2019 totaled around €84 million, of which around €38 million were in the German network business, primarily in connection with the decommissioning of a gas storage facility, and €38 million at innogy, primarily due to the optimization and restructuring of the joint UK business of innogy and E.ON. In this connection, an impairment loss was recognized for several innogy buildings in the UK.

In 2019, approximately €223 million of impairments were recognized on intangible assets. The largest effect in terms of amount (€159 million) arose at innogy, again mainly from business in the UK for the reasons outlined above. Impairments were recognized in particular for IT infrastructure in the private customer segment. Wind farms in the UK were also impacted, with around €55 million. Impairments were recognized primarily on IT projects that are currently being discontinued because of a management decision, with the result that they are no longer expected to generate any economic advantages.

In fiscal year 2019, a total of €23 million in impairments was charged to right-of-use assets. About €19 million again resulted from the restructuring at innogy in the UK.

Reversals of impairments on property, plant and equipment and intangible assets recognized in previous years amounted to €3 million in 2019, significantly influenced by the positive outcome of litigation in the UK.

Intangible Assets

Most of the changes presented below are attributable to the fact that the innogy activities were only included on a pro rata basis in the 2019 fiscal year (from September 18, 2019, the date on which control was achieved), while in 2020 they will be included for a full twelve months.

In 2020, the Company recorded an amortization expense of €931 million (2019: €363 million). Impairment charges on intangible assets amounted to €231 million (2019: €223 million).

As in the prior year, no reversals of impairments on intangible assets were recognized in the reporting year.

The closing balance of intangible assets not subject to amortization as of December 31, 2020, amounted to €301 million (2019: €299 million).

€62 million in research and development costs as defined by IAS 38 were expensed in 2020 (2019: €68 million).

Right-of-use Assets

In 2020, the Company recorded an amortization expense of €374 million (2019: €186 million). The majority of the changes are attributable to the fact that the innogy activities were only included on a pro rata basis in the 2019 fiscal year (from September 18, 2019, the date on which control was achieved), while in 2020 they will be included for a full twelve months. Impairments on right-of-use assets amounted to €2 million (2019: €23 million).

Property, Plant and Equipment

Borrowing costs in the amount of €26 million were capitalized in 2020 (2019: €13 million) as part of the historical cost of property, plant and equipment.

Depreciation amounted to €2,381 million in 2020 (2019: €1,606 million).

In addition, write-downs on property, plant and equipment in the amount of €171 million (2019: €84 million) were made in the year under review. Reversals of impairments on property, plant and equipment in the amount of €6 million (2019: €3 million) were recognized in the reporting year. Differences in the length of time innogy's activities were included were once again the main reason for the significant increase in the figures presented.

(16) Companies Accounted for under the Equity Method and Other Financial Assets

The following table shows the structure of the companies accounted for under the equity method and the other financial assets as of the dates indicated:

Companies Accounted for under the Equity Method and Other Financial Assets

€ in millions	December 31, 2020 E.ON Group	December 31, 2020 Associates[1]	December 31, 2020 Joint ventures[1]	December 31, 2019 E.ON Group	December 31, 2019 Associates[1]	December 31, 2019 Joint ventures[1]
Companies accounted for under the equity method	4,383	2,651	1,732	5,232	3,280	1,952
Equity investments	1,883	698	181	1,730	556	155
Non-current securities	1,887	–	–	2,353	–	–
Total	**8,153**	**3,349**	**1,913**	**9,315**	**3,836**	**2,107**

[1]The associates and joint ventures presented as equity investments are associated companies and joint ventures accounted for at cost on materiality grounds.

Companies accounted for under the equity method consist solely of associates and joint ventures.

The €849 million decrease in the carrying amounts of companies measured at equity compared with December 31, 2019, was mainly due to the reclassification of the shares in Rampion Renewables Ltd. to assets held for sale and negative exchange rate effects in Turkey.

The amount shown for non-current securities relates primarily to fixed-income securities.

In 2020, impairment charges on companies accounted for under the equity method totaled €27 million (2019: €3 million).

Impairments on other financial assets amounted to €92 million (2019: €15 million). The carrying amount of other financial assets with impairment losses was €13 million as of the end of the fiscal year (2019: €22 million).

Shares in Companies Accounted for under the Equity Method

The carrying amounts of the immaterial associates accounted for under the equity method totaled €1,575 million (2019: €1,905 million), and those of the joint ventures totaled €946 million (2019: €896 million).

Investment income generated from companies accounted for under the equity method amounted to €428 million in 2020 (2019: €330 million). Higher distributions, in particular due to the first-time inclusion of the innogy companies for a full year, were partially offset by the absence of the Nord Stream AG distribution.

The following table summarizes significant line items of the aggregated statements of comprehensive income of the associates and joint ventures that are accounted for under the equity method:

Summarized Financial Information for Individually Non-material Associates and Joint Ventures Accounted for under the Equity Method

€ in millions	Associates 2020	Associates 2019	Joint ventures 2020	Joint ventures 2019	Total 2020	Total 2019
Proportional share of net income from continuing operations	126	88	169	113	295	201
Proportional share of other comprehensive income	-3	–	-6	1	-9	1
Proportional share of total comprehensive income	**123**	**88**	**163**	**114**	**286**	**202**

The tables below show significant line items of the aggregated balance sheets and of the aggregated statements of comprehensive income of the material companies accounted for under the equity method. The material associates in the E.ON Group are RheinEnergie AG, Dortmunder Energie- und Wasserversorgung GmbH, GASAG Berliner Gaswerke AG and, until the end of December 2020, Rampion Renewables Limited, which was reclassified as assets held for sale due to the decision to sell it to RWE.

The Group adjustments shown in the tables mainly relate to goodwill determined as part of initial recognition, temporary differences, changes in ownership interests, exchange-rate effects and effects from the elimination of intragroup profits.

Material Associates—Balance Sheet Data as of December 31

	RheinEnergie AG		Rampion Renewables Ltd.[2]		Dortmunder Energie- und Wasserversorgung GmbH		GASAG Berliner Gaswerke AG	
€ in millions	2020	2019	2020	2019	2020	2019	2020	2019
Non-current assets[1]	3,369	3,419	–	672	1,438	1,364	1,940	1,882
Current assets	453	577	–	31	143	154	319	230
Current liabilities (including provisions)	524	563	–	–	134	126	491	542
Non-current liabilities (including provisions)	1,437	1,410	–	–	1,041	970	1,094	897
Equity	1,861	2,023	–	703	406	422	674	674
Non controlling interests	–	–	–	–	–	–	4	24
Ownership interest (in %)	20.00	20.00	39.93	39.93	39.90	39.90	36.85	36.85
Proportional share of equity	372	405	–	281	162	168	248	248
Consolidation adjustments	166	166	–	181	55	58	73	94
Carrying amount of equity investment	**539**	**571**	**–**	**462**	**217**	**226**	**321**	**342**

[1]Undisclosed accruals/provisions from acquisitions are recognized in assets.
[2]As of December 31, 2020, the investment is reported as an asset held for sale.

Material Associates—Earnings Data

	RheinEnergie AG		Rampion Renewables Ltd.		Dortmunder Energie- und Wasserversorgung GmbH		GASAG Berliner Gaswerke AG	
€ in millions	2020	2019	2020	2019	2020	2019	2020	2019
Sales	2,479	694	–	–	885	239	1,209	1,253
Net income/loss from continuing operations	-10	29	37	-18	14	6	36	31
Non-controlling interests in the net income/loss from continuing operations	–	–	–	–	–	–	2	4
Net income from discontinued operations	–	–	–	–	–	–	1	–
Dividend paid out	148	42	85	–	30	12	51	29
Other comprehensive income	-7	19	-61	48	-17	–	46	-56
Total comprehensive income	-17	48	-24	30	-3	6	82	-25
Ownership interest (in %)	20.00	20.00	39.93	39.93[1]	39.90	39.90	36.85	36.85
Proportional share of total comprehensive income after taxes	-3	10	-10	12	-1	2	30	-9
Proportional share of net income after taxes	-2	6	15	-7	6	2	13	11
Consolidation adjustments	-4	–	–	6	3	–	1	–
Equity-method earnings	**-6**	**6**	**15**	**-1**	**9**	**2**	**14**	**11**

[1]Rampion Renewables Ltd. holds 50.1 percent on Rampion Offshore Wind Ltd.

Presented in the tables below are significant line items of the aggregated balance sheets and of the aggregated income statements of the joint ventures accounted for under the equity method, Enerjisa Enerji A.Ş. and Enerjisa Üretim Santralleri A.Ş.

Material Joint Ventures—Balance Sheet Data as of December 31

	Enerjisa Enerji A.Ş.		Enerjisa Üretim Santralleri A.Ş.	
€ in millions	2020	2019	2020	2019
Non-current assets	1,977	2,678	1,359	1,980
Current assets	752	865	368	299
Current liabilities (including provisions)	909	1,097	339	467
Non-current liabilities (including provisions)	1,013	1,381	537	656
Cash and cash equivalents	65	70	174	146
Current financial liabilities	301	560	187	319
Non-current financial liabilities	815	850	525	604
Equity	807	1,065	851	1,156
Ownership interest (in %)	40.00	40.00	50.00	50.00
Proportional share of equity	323	426	426	578
Consolidation adjustments	8	12	29	40
Carrying amount of equity investment	**331**	**438**	**455**	**618**

Material Joint Ventures—Earnings Data

	Enerjisa Enerji A.Ş.		Enerjisa Üretim Santralleri A.Ş.	
€ in millions	2020	2019	2020	2019
Sales	2,387	2,910	1,025	981
Net income/loss from continuing operations	108	143	45	137
Write-downs	-59	-67	-115	-106
Interest income/expense	-127	-250	-29	-51
Income taxes	-36	-54	-5	-16
Dividend paid out	78	71	–	–
Other comprehensive income	-296	-113	-372	-170
Total comprehensive income	-188	31	-327	-33
Ownership interest (in %)	40.00	40.00	50.00	50.00
Proportional share of total comprehensive income after taxes	-75	12	-164	-16
Proportional share of net income after taxes	43	57	22	69
Consolidation adjustments	8	3	8	5
Equity-method earnings	**51**	**60**	**30**	**74**

The material associates and the material joint ventures are active in diverse areas of the gas and electricity industries. Disclosures of company names, registered offices and equity interests as required by IFRS 12 for material joint arrangements and associates can be found in the list of shareholdings pursuant to Section 313 (2) HGB (see Note 38).

As of December 31, 2020, the investment in Enerjisa Enerji A.Ş. is marketable. The pro rata market value amounted to €649 million as of December 31, 2020 (2019: €522 million). The carrying amount is €326 million as of December 31, 2020.

Of investments in associates, the shareholdings in companies with a carrying amount of €137 million (2019: €573 million) are restricted because it was pledged as collateral for financing as of the balance sheet date.

There are no further material restrictions apart from those contained in standard legal and contractual provisions.

(17) Inventories

The following table provides a breakdown of inventories as of the dates indicated:

Inventories

€ in millions	December 31, 2020	December 31, 2019
Raw materials and supplies	594	670
Goods purchased for resale	140	199
Work in progress and finished products	397	383
Total	**1,131**	**1,252**

The cost of raw materials, finished products and goods purchased for resale is determined based on the average cost method.

Write-downs totaled €37 million in 2020 (2019: €5 million). Reversals of write-downs amounted to €12 million in 2020 (2019: €17 million).

The change in inventories compared to December 31, 2019, is primarily due to the decrease in raw materials and supplies.

No inventories have been pledged as collateral.

(18) Receivables and Other Assets

The following table lists receivables and other assets by remaining time to maturity as of the dates indicated:

Receivables and Other Assets[1]

	December 31, 2020		December 31, 2019	
€ in millions	Current	Non-current	Current	Non-current
Receivables from finance leases[2]	44	245	50	320
Other financial receivables and financial assets	401	377	440	379
Financial receivables and other financial assets	**445**	**622**	**490**	**699**
Trade receivables	7,714	–	8,364	–
Receivables from derivative financial instruments	955	2,322	907	2,378
Contract assets	26	5	16	8
Other assets	67	350	14	372
Other operating assets	2,763	567	4,906	834
Trade receivables and other operating assets	**11,525**	**3,244**	**14,207**	**3,592**
Total	**11,970**	**3,866**	**14,697**	**4,291**

[1]Adjusted prior-year figures.
[2]See also Note 33.

Receivables within the scope of IFRS 15 primarily consist of trade receivables. Impairments on receivables within the scope of IFRS 15 totaled €0.3 billion in 2020 (2019: €0.3 billion).

As of December 31, 2020, other financial assets include receivables from other owners of jointly owned power plants of €69 million (2019: €74 million).

The decrease in other operating assets compared with December 31, 2019, is due in particular to the payment of an existing purchase price receivable from E.ON Pension Trust e. V. in the course of the sale of the shares in PEG Infrastruktur AG and its stake in Nord Stream AG. In addition, netting of the purchase price to be paid in connection with the acquisition of shares in VSEH against a receivable from RWE led to a reduction in other operating receivables (see Note 5).

Other assets under IFRS 15 changed as follows:

Other Assets

€ in millions	2020	2019
Amortization and impairment	62	176
Balance as of December 31	**417**	**386**

The following table shows the opening and closing balances of contractual assets within the meaning of IFRS 15:

Contract Assets

€ in millions	2020	2019
Balance as of January 1	24	10
Balance as of December 31	**31**	**24**

In addition, the E.ON Group had no contingent assets as of December 31, 2020, as in the prior year.

(19) Liquid Funds

The following table provides a breakdown of liquid funds by original maturity as of the dates indicated:

Liquid Funds

	December 31,	
€ in millions	2020	2019
Securities and fixed-term deposits	1,111	1,197
Current securities with an original maturity greater than 3 months	*1,111*	*1,197*
Restricted cash and cash equivalents	1,016	511
Cash and cash equivalents	2,668	1,894
Total	**4,795**	**3,602**

In 2020, there was €40 million in restricted cash (2019: €49 million) with a maturity greater than three months.

Cash and cash equivalents include €2,667 million (2019: €1,880 million) in checks, cash on hand and balances at financial institutions with an original maturity of less than three months, to the extent that they are not restricted.

(20) Capital Stock

The capital stock is subdivided into 2,641,318,800 registered shares with no par value (no-par-value shares) and amounts to €2,641,318,800 (2019: €2,641,318,800). The capital stock of the Company was provided by way of conversion of E.ON AG into a European Company (SE), through a capital increase carried out on March 20, 2017, partially using the Authorized Capital 2012, which expired on May 2, 2017, and through a capital increase registered in the commercial register of the Company on September 19, 2019, with majority use of the Authorized Capital 2017.

Pursuant to a resolution by the Annual Shareholders Meeting of May 28, 2020, the Management Board is authorized to purchase own shares until May 27, 2025. The shares purchased, combined with other treasury shares in the possession of the Company, or attributable to the Company pursuant to Sections 71a et seq. AktG, may at no time exceed 10 percent of its capital stock. The Management Board was authorized at the aforementioned Annual Shareholders Meeting to cancel any shares thus acquired without requiring a separate shareholder resolution for the cancellation or its implementation. The authorization granted by the Annual Shareholders Meeting on May 10, 2017, under agenda item 10, to acquire and use own shares is revoked. The total number of outstanding shares as of December 31, 2020, was 2,607,369,233 (December 31, 2019: 2,607,369,233). As of December 31, 2020, E.ON SE held a total of 33,949,567 treasury shares (December 31, 2019: 33,949,567) having a book value of €1,126 million (equivalent to approximately 1.29 percent or €33,949,567 of the capital stock).

The Company has further been authorized by the Annual Shareholders Meeting of May 28, 2020, to buy shares using derivatives (put or call options, or a combination of both). When derivatives in the form of put or call options, or a combination of both, are used to acquire shares, the option transactions must be conducted with a financial institution or a company operating in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (KWG) or at market terms on the stock exchange. No shares were acquired in 2019 using this purchase model.

Neither a scrip dividend nor an employee stock purchase program was offered in the 2020 fiscal year.

Authorized Capital

By shareholder resolution adopted at the Annual Shareholders Meeting of May 28, 2020, the Management Board was authorized, subject to the Supervisory Board's approval, to increase until May 27, 2025, the Company's capital stock by a total of up to €528,000,000 through one or more issuances of new registered no-par-value shares against contributions in cash and/or in kind (authorized capital pursuant to Sections 202 et seq. AktG, Authorized Capital 2020). The authorization of the Management Board contained in Article 3 (5) of the Articles of Association to increase the share capital by up to €19,780,200.00 in the period up to May 9, 2022, with the approval of the Supervisory Board (Authorized Capital 2017), is revoked.

Subject to the Supervisory Board's approval, the Management Board is authorized to exclude shareholders' subscription rights.

Conditional Capital

At the Annual Shareholders Meeting of May 28, 2020, shareholders approved a conditional increase of the capital stock (with the option to exclude shareholders' subscription rights) in the amount of up to €264 million (Conditional Capital 2020). The Conditional Capital 2017 (of up to €175 million) resolved by the Annual Shareholders Meeting on May 10, 2017, under what was then agenda item 9, was revoked upon registration of the resolution on June 17, 2020.

The conditional capital increase will be used to grant registered no-par-value shares to the holders of convertible bonds or bonds with warrants, profit participation rights or income bonds (or combinations of these instruments), in each case with option rights, conversion rights, option obligations and/or conversion obligations, which are issued by the Company or a Group company of the Company as defined by Section 18 of the German Stock Corporation Act (AktG), under the authorization approved by the Annual Shareholders Meeting on May 28, 2020, under agenda item 9, through May 27, 2025. The new shares will be issued at the conversion or option price to be determined in accordance with the authorization resolution.

The conditional capital increase will be implemented only to the extent required to fulfill the obligations arising on the exercise by holders of option or conversion rights, and those arising from compliance with the mandatory conversion of bonds with conversion or option rights, profit participation rights or profit participating bonds that have been issued or guaranteed by E.ON SE or a Group company of E.ON SE as defined by Section 18 AktG under the authorization approved by the Annual Shareholders Meeting of May 28, 2020, under agenda item 9, and to the extent that no cash settlement has been granted in lieu of conversion or exercise of an option or the Company exercises its right to grant shares in the Company in whole or in part in lieu of payment of the cash amount due.

The Conditional Capital 2020 was not used.

Voting Rights

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

Information on Stockholders of E.ON SE

Reporting entity	Date of notice	Threshold	Achieved, over or under threshold	Gained voting rights on	Allocation	Voting rights Percentages	Voting rights Absolute
DWS Investment GmbH, Frankfurt am Main, Germany	Jan. 15, 2021	3%	Over	Jan. 12, 2021	indirect	3.02	79,741,442[1]
BlackRock Inc., Wilmington, USA	Jan. 8, 2021[2]	5%	Under	Jan. 5, 2021	indirect	4.92	130,004,535[3]
RWE Aktiengesellschaft, Essen, Germany[4]	Dec. 10, 2020	15%	Achieved	Dec. 8, 2020	indirect	15.00	396,197,820
The Capital Group Companies Inc., Los Angeles, USA[5]	Mar. 11, 2021	5%	Under	Mar. 8, 2021	indirect	4.82	127,283,218
Canada Pension Plan Investment Board, Toronto, Canada	Jun. 9, 2020	5%	Over	Jun. 5, 2020	direct/indirect	5.02	132,657,936[6]
Capital Income Builder, Wilmington, USA	Apr. 3, 2020	5%	Under	Apr. 1, 2020	direct	4.90	129,538,084

[1]Includes voting rights pursuant to Secs. 33, 34 and instruments pursuant to Sec. 38 (1) No. 2 WpHG.
[2]Voluntary Group notification with threshold impact only at subsidiary level; under 5% threshold per notification of January 7, 2021, with threshold impact on January 4, 2021.
[3]Includes voting rights pursuant to Secs. 33, 34 and instruments pursuant to Sec. 38 (1) No. 1 and 2 WpHG.
[4]Name of shareholder holding 3.0 percent or more of the voting rights as indicated in the voting rights notification received: GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH.
[5]Name of shareholder holding 3.0 percent or more of the voting rights as indicated in the voting rights notification received: Capital Income Builder.
[6]Includes voting rights pursuant to Secs. 33, 34 and instruments pursuant to Sec. 38 (1) No. 2 WpHG.

(21) Additional Paid-in Capital

Additional paid-in capital was unchanged in the fiscal year and amounts to €13,368 million, unchanged from December 31, 2019.

(22) Retained Earnings

The following table breaks down the E.ON Group's retained earnings as of the dates indicated:

Retained Earnings[1]

€ in millions	December 31, 2020	December 31, 2019
Legal reserves	45	45
Other retained earnings	-5,302	-1,972
Total	**-5,257**	**-1,927**

[1]Adjusted prior-year figures.

Under German securities law, E.ON SE shareholders may receive distributions from the balance sheet profit of E.ON SE reported as available for distribution in accordance with the German Commercial Code.

As of December 31, 2020, these German-GAAP retained earnings totaled €2,254 million (2019: €2,254 million). Of this amount, legal reserves of €45 million (2019: €45 million) are restricted pursuant to Section 150 (3) and (4) AktG.

The amount of retained earnings available for distribution is €2,064 million (2019: €2,086 million).

A proposal to distribute a cash dividend for 2020 of €0.47 per share will be submitted to the Annual Shareholders Meeting. For 2019, shareholders at the May 28, 2020, Annual Shareholders Meeting voted to distribute a dividend of €0.46 for each dividend-paying ordinary share. Based on a €0.47 dividend, the total profit distribution is €1,225 million (2019: €1,199 million).

As of December 31, 2020, these IFRS retained earnings totaled -€5,257 million (2019: -€1,927 million). Of the decrease, €2,405 million (2019: +€133 million) is primarily attributable to equity transactions with non-controlling interests. The difference between the consideration and the carrying amount of the non-controlling interests in such transactions is recognized directly in retained earnings. In the past fiscal year, -€2,375 million of this relates to the share increase as part of the innogy squeeze-out and subsequent purchase price adjustments for a share addition in Hungary (-€35 million, 2019: -€255 million).

(23) Changes in Other Comprehensive Income

The change in other comprehensive income is primarily the result of exchange rate differences recognized on the balance sheet.

The table at right illustrates the share of OCI attributable to companies accounted for under the equity method.

Share of OCI Attributable to Companies Accounted for under the Equity Method

€ in millions	2020	2019
Balance as of December 31 (before taxes)	**-1,921**	**-1,552**
Taxes	–	-1
Balance as of December 31 (after taxes)	**-1,921**	**-1,553**

(24) Non-controlling Interests

Non-controlling interests by segment as of the dates indicated are shown in the following table:

Non-controlling Interests[1]

	December 31,	
€ in millions	2020	2019
Energy Networks	3,600	4,137
Germany	*3,052*	*3,727*
Sweden	*–*	*–*
ECE/Turkey	*548*	*410*
Customer Solutions	280	-416
Germany	*175*	*116*
UK	*2*	*-109*
Netherlands/Belgium	*2*	*-399*
Other	*101*	*-24*
Non-Core Business	-34	-57
Corporate Functions/Other	284	485
E.ON Group	**4,130**	**4,149**

[1]Adjusted prior-year figures.

The table below illustrates the share of OCI that is attributable to non-controlling interests:

Share of OCI Attributable to Non-controlling Interests

€ in millions	Cash flow hedges	Available-for-sale securities	Currency translation adjustments	Remeasurements of defined benefit plans
Balance as of January 1, 2019	**–**	**–**	**-129**	**-249**
Changes	1	1	47	28
Balance as of December 31, 2019	**1**	**1**	**-82**	**-221**
Changes	-1	10	-8	-179
Balance as of December 31, 2020	**–**	**11**	**-90**	**-400**

In compliance with IFRS 12, the following tables include subsidiaries with significant non-controlling interests and provide an overview of significant items on the aggregated balance sheet and on the aggregated income statement, and significant cash flow items. The list of shareholdings pursuant to Section 313 (2) HGB (see Note 38) contains information on the registered office of the company and disclosures on equity interests.

Subsidiaries with Material Non-controlling Interests—Balance Sheet Data as of December 31

	Schleswig-Holstein Netz AG		Delgaz Grid S.A.		E.DIS AG[1]		Avacon AG[1]	
€ in millions	2020	2019	2020	2019	2020	2019	2020	2019
Non-controlling interests in equity	306	282	317	313	531	523	541	562
Non-controlling interests in equity (in %)	52.1	50.5	43.5	43.5	33	33	38.5	38.5
Dividends paid out to non-controlling interests	–	–	–	–	30	30	50	50
Operating cash flow	357	205	111	105	19	44	-44	-63
Non-current assets	1,694	1,583	1,133	1,081	1,609	1,622	1,768	1,649
Current assets	150	313	98	97	142	79	103	66
Non-current liabilities	731	503	479	433	17	11	67	82
Current liabilities	451	739	116	120	91	68	290	91

[1]Holding Companies without operational business.

Subsidiaries with Material Non-controlling Interests—Earnings Data

	Schleswig-Holstein Netz AG		Delgaz Grid S.A.		E.DIS AG[1]		Avacon AG[1]	
€ in millions	2020	2019	2020	2019	2020	2019	2020	2019
Share of earnings attributable to non-controlling interests	26	26	10	10	38	36	31	54
Sales	933	886	403	379	6	6	16	11
Net income/loss	50	51	24	24	113	110	107	148
Comprehensive income	10	34	11	5	112	109	105	149

[1]Holding Companies without operational business.

There are no major restrictions beyond those under customary corporate or contractual provisions.

(25) Provisions for Pensions and Similar Obligations

The retirement benefit obligations toward the active and former employees of the E.ON Group, which amounted to €30.4 billion, were covered by plan assets having a fair value of €22.4 billion as of December 31, 2020. This corresponds to a funded status of 74 percent.

Provisions for Pensions and Similar Obligations

€ in millions	December 31, 2020	2019
Present value of all defined benefit obligations		
Germany	24,164	22,483
United Kingdom	6,187	6,222
Other countries	64	49
Total	**30,415**	**28,754**
Fair value of plan assets		
Germany	16,179	15,471
United Kingdom	6,233	6,154
Other countries	9	9
Total	**22,421**	**21,634**
Net defined benefit liability/asset (-)		
Germany	7,985	7,012
United Kingdom	-46	68
Other countries	55	40
Total	**7,994**	**7,120**
Presented as operating receivables	*-94*	*-81*
Presented as provisions for pensions and similar obligations	*8,088*	*7,201*

Description of the Benefit Plans

In addition to their entitlements under government retirement systems and the income from private retirement planning, most active and former E.ON Group employees are also covered by occupational benefit plans. Both defined benefit plans and defined contribution plans are in place at E.ON. Benefits under defined benefit plans are generally paid upon reaching retirement age, or in the event of disability or death.

E.ON regularly reviews the pension plans in place within the Group for financial risks. Typical risk factors for defined benefit plans are longevity and changes in nominal interest rates, as well as inflation developments and rising wages and salaries.

The features and risks of defined benefit plans are shaped by the general legal, tax and regulatory conditions prevailing in the respective country. The configurations of the major defined benefit and defined contribution plans within the E.ON Group are described in the following discussion.

Germany
Active employees at the German Group companies are covered by both cash balance plans and pension plans based on final salary. Pension plans based on final salary are closed to new hires. All new hires will receive cash balance plans in accordance with a capital or pension module system, which, depending on the pension plan, can provide for alternative payout options of a prorated single payment and payments of installments in addition to the payment of a regular pension. The cash balance plans use different interest rules. Depending on the underlying pension plan, either interest rates adjusted to market developments with a fixed lower limit or guaranteed interest rates are used to determine the capital or pension modules. The benefit expense for the cash balance plans is determined at different percentage rates based on the ratio between compensation and the contribution limit in the statutory retirement pension system in Germany. Employees can additionally choose to defer compensation. Future pension adjustments are either guaranteed at 1 percent per annum or largely track the development of the inflation rate, usually in a three-year cycle.

To fund the pension plans for the German Group companies, plan assets were established. The major part of these plan assets is administered in the form of Contractual Trust Arrangements ("CTAs") in accordance with specified investment principles. There are additional plan assets available through the implementation channels of the pension fund ("Pensionsfonds") and smaller German pension vehicles ("Pensions- und Unterstützungskassen"). Only the pension fund and the "Pensionskassen" vehicles are subject to regulatory provisions in relation to the investment of capital and funding requirements.

United Kingdom
In the United Kingdom, there are various pension plans. In the past, employees were covered by defined benefit plans, which for the most part were final-pay plans and make up the majority of the pension obligations currently reported for the United Kingdom. Benefit payments to the beneficiaries are adjusted for inflation on a limited basis. These pension plans were closed to new hires. Since then, new hires are offered a defined contribution plan. Aside from the payment of contributions, this plan entails no additional risks for the employer.

Plan assets in the United Kingdom are administered by trustees in independent special-purpose vehicles, most of which are separate sections of the Electricity Supply Pension Scheme (ESPS). The trustees are selected by the members of the plan or appointed by the entity. In that capacity, the trustees are particularly responsible for the investment of the plan assets.

The Pensions Regulator in the United Kingdom requires that a so-called "technical valuation" of the plan's funding status be performed every three years. The actuarial assumptions underlying the valuation are agreed upon by the trustees and E.ON UK plc. They include presumed life expectancy, wage and salary growth rates, investment returns, inflationary assumptions and interest rate levels.

The next technical valuation for the E.ON section will take place on the reporting date of March 31, 2021. Depending on the future remeasurement of the technical deficit, two payments of a maximum of £92 million to the Pension Trust are planned in 2022 and 2023, based on the existing deficit repair plan.

The overall innogy section was split into two sections (Retail section and innogy section) at the beginning of 2018. In fiscal year 2020, the innogy section was transferred to RWE as agreed. At no time was it part of the scope of obligations presented in the E.ON Group. The technical reassessment of the Retail section relevant to the E.ON Group resulted in a technical funding deficit as of March 31, 2019, which is to be reduced by annual payments of £3 million through March 2029.

Other Countries
The remaining pension obligations are divided between Belgium, the Netherlands, Luxembourg, Sweden, Italy, Poland, Romania, Slovakia, the Czech Republic and the USA.

The defined benefit plan in the Netherlands consists of commitments made by various employers within the framework of a sector-specific fund and does not permit a pro rata allocation of the obligations, plan assets and service cost. The E.ON Group accordingly accounts for this obligation as a defined contribution plan. There are no minimum funding requirements in this respect. Benefits may be reduced or contributions increased if there is insufficient funding.

From the perspective of the Group, however, the benefit plans are relatively insignificant in the above-mentioned countries.

Description of the Benefit Obligation

The following table shows the changes in the present value of the defined benefit obligations for the periods indicated:

Changes in the Defined Benefit Obligations

€ in millions	2020 Total	2020 Germany	2020 United Kingdom	2020 Other countries	2019 Total	2019 Germany	2019 United Kingdom	2019 Other countries
Defined benefit obligation as of January 1	**28,754**	**22,483**	**6,222**	**49**	**15,301**	**10,180**	**5,080**	**41**
Employer service cost	338	299	37	2	186	152	33	1
Past service cost	38	54	-20	4	66	32	34	–
Gains (-) and losses (+) on settlements	-6	-6	–	–	-1	-1	–	–
Interest cost on the present value of the defined benefit obligations	405	289	114	2	389	239	149	1
Remeasurements	2,352	1,856	493	3	1,233	697	531	5
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	*-16*	–	*-14*	*-2*	*-14*	–	*-12*	*-2*
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	*2,514*	*1,968*	*541*	*5*	*1,270*	*721*	*543*	*6*
Actuarial gains (-)/losses (+) arising from experience adjustments	*-146*	*-112*	*-34*	–	*-23*	*-24*	–	*1*
Employee contributions	13	10	3	–	1	–	1	–
Benefit payments	-1,051	-789	-259	-3	-809	-539	-267	-3
Changes in scope of consolidation	-17	-25	–	8	12,016	11,552	463	1
Exchange rate differences	-338	–	-337	-1	294	–	294	–
Other	-73	-7	-66	–	78	171	-96	3
Defined benefit obligation as of December 31	**30,415**	**24,164**	**6,187**	**64**	**28,754**	**22,483**	**6,222**	**49**

The actuarial losses shown in the table for the development of the present value of the defined benefit obligation are primarily attributable to a decrease in the discount rates used.

The present value is attributable to retirees and their beneficiaries in the amount of €16.2 billion (2019: €15.7 billion), to former employees with vested entitlements in the amount of €3.7 billion (2019: €3.4 billion) and to active employees in the amount of €10.5 billion (2019: €9.7 billion).

The actuarial assumptions used to measure the defined benefit obligations and to compute the net periodic pension cost at E.ON's German and UK subsidiaries as of the respective balance sheet date are as follows:

Actuarial Assumptions

Percentages	December 31, 2020	2019	2018
Discount rate			
Germany	0.80	1.30	2.00
United Kingdom	1.40	2.00	2.90
Wage and salary growth rate			
Germany	2.35	2.35	2.50
United Kingdom[1]	1.90,2.80	1.80,2.90	2.00
Pension increase rate			
Germany[2]	1.60	1.60	1.75
United Kingdom	2.70	2.90	3.20

[1]Different salary growth rates were applied due to different benefit plans (E.ON: 1.90 percent [2019: 1.80 percent]; innogy: 2.80 percent [2019: 2.90 percent]).
[2]The pension increase rate for Germany applies to eligible individuals not subject to an agreed guarantee adjustment.

The discount rate assumptions used by E.ON reflect the currency-specific rates available at the end of the respective fiscal year for high-quality corporate bonds. Interest rates for the EUR and GBP currency areas have been determined on the basis of the single equivalent discount rate method. The full interest curve is used to determine the present value of the defined benefit obligation, and the IAS 19 discount rate disclosed is determined retrospectively as the discount rate that leads to the identical present value of the defined benefit obligation when applied uniformly.

To measure the E.ON Group's occupational pension obligations for accounting purposes, the Company has employed the current versions of the biometric tables recognized in each respective country for the calculation of pension obligations:

Actuarial Assumptions (Mortality Tables)

Germany	2018 G versions of the Heubeck biometric tables (2018)
United Kingdom	"S2" series base mortality tables with the CMI 2018 projection model for future improvements

Changes in the actuarial assumptions described previously would lead to the following changes in the present value of the defined benefit obligations:

Sensitivities

	Change in the present value of the defined benefit obligations			
	December 31, 2020		December 31, 2019	
Change in the discount rate by (basis points)	+50	-50	+50	-50
Change in percent	*-8.17*	*9.34*	*-7.85*	*9.04*
Change in the wage and salary growth rate by (basis points)	+25	-25	+25	-25
Change in percent	*0.37*	*-0.36*	*0.36*	*-0.35*
Change in the pension increase rate by (basis points)	+25	-25	+25	-25
Change in percent	*2.17*	*-2.09*	*2.22*	*-2.10*
Change in mortality by (percent)	+10	-10	+10	-10
Change in percent	*-3.84*	*4.12*	*-3.50*	*3.73*

The sensitivities indicated are computed based on the same methods and assumptions used to determine the present value of the defined benefit obligations. If one of the actuarial assumptions is changed for the purpose of computing the sensitivity of results to changes in that assumption, all other actuarial assumptions are included in the computation unchanged.

When considering sensitivities, it must be noted that the change in the present value of the defined benefit obligations resulting from changing multiple actuarial assumptions simultaneously is not necessarily equivalent to the cumulative effect of the individual sensitivities.

Description of Plan Assets and the Investment Policy

The defined benefit plans are funded by plan assets held in specially created pension vehicles that legally are distinct from the Company. The fair value of these plan assets changed as follows:

Changes in the Fair Value of Plan Assets

	2020				2019			
€ in millions	Total	Germany	United Kingdom	Other countries	Total	Germany	United Kingdom	Other countries
Fair value of plan assets as of January 1	**21,634**	**15,471**	**6,154**	**9**	**12,054**	**7,164**	**4,880**	**10**
Interest income on plan assets	310	196	114	–	316	168	148	–
Remeasurements	1,254	695	559	–	1,101	738	363	–
Return on plan assets recognized in equity, not including amounts contained in the interest income on plan assets	*1,254*	*695*	*559*	–	*1,101*	*738*	*363*	–
Employee contributions	13	10	3	–	1	–	1	–
Employer contributions	586	526	60	–	1,041	631	410	–
Benefit payments	-973	-714	-259	–	-775	-507	-267	-1
Changes in scope of consolidation	-4	-4	–	–	7,697	7,277	420	–
Exchange rate differences	-334	–	-334	–	287	–	287	–
Other	-65	-1	-64	–	-88	–	-88	–
Fair value of plan assets as of December 31	**22,421**	**16,179**	**6,233**	**9**	**21,634**	**15,471**	**6,154**	**9**

The plan assets include virtually no owner-occupied real estate or equity and debt instruments issued by E.ON Group companies. Each of the individual plan asset components has been allocated to an asset class based on its substance.

The plan assets thus classified break down as shown in the following table:

Classification of Plan Assets

Percentages	December 31, 2020 Total	Germany	United Kingdom	Other countries	December 31, 2019 Total	Germany	United Kingdom	Other countries
Plan assets listed in an active market								
Equity securities (stocks)	23	25	17	–	24	28	15	–
Debt securities	47	45	54	–	49	49	50	–
Government bonds	*28*	*20*	*50*	–	*27*	*20*	*45*	–
Corporate bonds	*18*	*23*	*4*	–	*20*	*25*	*5*	–
Other investment funds	11	5	25	–	9	3	27	–
Total listed plan assets	**81**	**75**	**96**	**–**	**82**	**80**	**92**	**–**
Plan assets not listed in an active market								
Equity securities not traded on an exchange	8	9	4	–	4	3	4	–
Debt securities	–	–	–	–	1	–	3	–
Real estate	7	9	–	–	5	7	–	–
Qualifying insurance policies	1	1	–	100	–	–	–	100
Cash and cash equivalents	2	3	–	–	5	6	–	–
Other	1	3	–	–	3	4	1	–
Total unlisted plan assets	**19**	**25**	**4**	**100**	**18**	**20**	**8**	**100**
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

The fundamental investment objective for the plan assets is to provide full coverage of benefit obligations at all times for the payments due under the corresponding benefit plans. This investment policy stems from the corresponding governance guidelines of the Group. An increase in the net defined benefit liability or a deterioration in the funded status following an unfavorable development in plan assets or in the present value of the defined benefit obligations is identified in these guidelines as a risk. E.ON therefore regularly reviews the development of the funded status in order to monitor this risk.

To implement the investment objective, the E.ON Group primarily pursues an investment approach that takes into account the structure of the benefit obligations. This long-term investment strategy seeks to manage the funded status, with the result that any changes in the defined benefit obligation, especially those caused by fluctuating inflation and interest rates are, to a certain degree, offset by simultaneous corresponding changes in the fair value of plan assets. The investment strategy may also involve the use of derivatives (for example, interest rate swaps and inflation swaps, as well as currency hedging instruments) to facilitate the control of specific risk factors of pension liabilities. In the table above, derivatives have been allocated, based on their substance, to the respective asset classes. In order to improve the funded status of the E.ON Group as a whole, a portion of the plan assets will also be invested in a diversified portfolio of asset classes that are expected to provide for long-term returns in excess of those of fixed-income investments and the discount rate.

The determination of the target portfolio structure for the individual plan assets is based on regular asset-liability studies. In these studies, the target portfolio structure is reviewed in a comprehensive approach against the backdrop of existing investment principles, the current funded status, the condition of the capital markets and the structure of the benefit obligations, and is adjusted as necessary. The parameters used in the studies are additionally reviewed regularly, at least once each year. Asset managers are tasked with implementing the target portfolio structure. They are monitored for target achievement on a regular basis.

Description of the Pension Cost

The net periodic pension cost for defined benefit plans included in the provisions for pensions and similar obligations and in operating receivables is shown in the table below:

Net Periodic Pension Cost

	2020				2019			
€ in millions	Total	Germany	United Kingdom	Other countries	Total	Germany	United Kingdom	Other countries
Employer service cost	338	299	37	2	186	152	33	1
Past service cost	38	54	-20	4	66	32	34	–
Gains (-) and losses (+) on settlements	-6	-6	–	–	-1	-1	–	–
Net interest on the net defined benefit liability/asset	95	93	–	2	73	71	1	1
Total	**465**	**440**	**17**	**8**	**324**	**254**	**68**	**2**

The past service cost is, in particular, derived from the expenses incurred in the context of restructuring measures. In the UK, retirees were given the option to draw higher pension benefits at present in return for foregoing promised future pension adjustments that exceed the statutory minimum adjustment. The exercise of the option resulted in the recognition of negative past service cost in fiscal year 2020.

In addition to the total net periodic pension cost for defined benefit plans, an amount of €101 million in contributions to external insurers or similar institutions was paid in 2020 (2019: €77 million) for defined contribution plans.

Contributions to state plans totaled €0.4 billion (2019: €0.2 billion).

Description of Contributions and Benefit Payments

Prospective benefit payments under the defined benefit plans existing as of December 31, 2020, for the next ten years are shown in the following table:

Prospective Benefit Payments

€ in millions	Total	Germany	United Kingdom	Other countries
2021	1,058	811	245	2
2022	1,062	821	239	2
2023	1,084	840	241	3
2024	1,089	841	245	3
2025	1,097	848	246	3
2026–2030	5,634	4,369	1,247	18
Total	**11,024**	**8,530**	**2,463**	**31**

For the following fiscal year, it is expected that Group-wide employer contributions to plan assets for new and existing obligations will amount to a total of €310 million.

The weighted-average duration of the defined benefit obligations measured within the E.ON Group was 18.7 years as of December 31, 2020 (2019: 18.4 years).

Description of the Net Defined Benefit Liability

The recognized net liability from the E.ON Group's defined benefit plans results from the difference between the present value of the defined benefit obligations and the fair value of plan assets:

Changes in the Net Defined Benefit Liability

€ in millions	2020				2019			
	Total	Germany	United Kingdom	Other countries	Total	Germany	United Kingdom	Other countries
Net liability as of January 1	**7,120**	**7,012**	**68**	**40**	**3,247**	**3,016**	**200**	**31**
Net periodic pension cost	465	440	17	8	324	254	68	2
Changes from remeasurements	1,098	1,161	-66	3	132	-41	168	5
Employer contributions to plan assets	-586	-526	-60	–	-1,041	-631	-410	–
Net benefit payments	-78	-75	–	-3	-34	-32	–	-2
Changes in scope of consolidation	-13	-21	–	8	4,319	4,275	43	1
Exchange rate differences	-4	–	-3	-1	7	–	7	–
Other	-8	-6	-2	–	166	171	-8	3
Net liability as of December 31	**7,994**	**7,985**	**-46**	**55**	**7,120**	**7,012**	**68**	**40**

(26) Miscellaneous Provisions

The following table lists the miscellaneous provisions as of the dates indicated:

Miscellaneous Provisions

€ in millions	December 31, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
Nuclear-waste management obligations	416	8,974	398	9,363
Personnel obligations	594	1,249	742	1,180
Obligations from green certificates	1,021	16	1,100	16
Other asset retirement obligations	48	756	44	766
Supplier-related and customer-related obligations	563	243	386	110
Environmental remediation and similar obligations	58	427	59	470
Other	1,204	1,631	1,290	1,563
Total	**3,904**	**13,296**	**4,019**	**13,468**

The changes in the miscellaneous provisions are shown in the table below:

Changes in Miscellaneous Provisions

€ in millions	Jan. 1, 2020	Exchange rate differences	Changes in scope of consolida-tion	Unwinding of discounts	Additions	Utilization	Reclassifi-cations	Reversals	Changes in estimates	Dec. 31, 2020
Nuclear-waste management obligations	9,761	–	–	1	36	-361	–	–	-47	9,390
Personnel obligations	1,922	-12	-26	13	723	-556	-87	-134	–	1,843
Obligations from green certificates	1,116	-63	–	–	1,597	-1,613	–	–	–	1,037
Other asset retirement obligations	810	–	–	2	3	-11	–	-2	2	804
Supplier-related and cus-tomer-related obligations	496	-2	1	–	401	-128	100	-62	–	806
Environmental remediation and similar obligations	529	–	–	–	24	-43	0	-25	–	485
Other	2,853	-13	-35	75	649	-318	32	-408	–	2,835
Total	**17,487**	**-90**	**-60**	**91**	**3,433**	**-3,030**	**45**	**-631**	**-45**	**17,200**

The accretion expense resulting from the changes in provisions is shown in the financial results (see Note 10). The provision items are discounted in accordance with the maturities with interest rates of between 0 and 2.08 percent.

As of December 31, 2020, provisions for nuclear-waste management obligations exclusively relate to Germany; other provisions mainly relate to euro zone countries and the United Kingdom.

Provisions for Nuclear-Waste Management Obligations

The provisions for nuclear-waste management obligations as of December 31, 2020, in the amount of €9.4 billion exclusively relate to nuclear-power activities in Germany.

The provisions for nuclear-waste management based on nuclear-power legislation comprise all those nuclear obligations relating to the disposal of spent nuclear-fuel rods and low-level nuclear waste and to the retirement and decommissioning of nuclear power plant components that are determined on the basis of external studies, external and internal cost estimates and contractual agreements, as well as the supplementary provisions of the German Act Transferring Responsibility for Nuclear Waste Storage and the German Disposal Fund Act.

The asset retirement obligations recognized include the anticipated costs of post- and service operation of the facility, dismantling costs, and the cost of removal and disposal of the nuclear components of the nuclear power plant.

Provisions for the disposal of spent nuclear-fuel rods also comprise the contractual costs of finalizing reprocessing and the associated return of waste to interim storage, as well as costs incurred for expert handling, including the necessary interim storage containers and transport to interim storage.

The cost estimates used to determine the provision amounts are based on studies and analyses performed by external specialists and are updated annually, provided that the cost estimates are not based on contractual agreements.

In the following, the provision items after deduction of advance payments are classified based on technical criteria:

Nuclear-Waste Management Obligations in Germany (Less Advance Payments)

€ in millions	December 31, 2020	2019
Retirement and decommissioning	7,986	8,269
Containers, transports, operational waste, other	1,404	1,492
Total	**9,390**	**9,761**

Provisions, if they are non-current, are measured at their settlement amounts, discounted to the balance sheet date.

A risk-free discount rate of an average of about 0.0 percent is used for the measurement of E.ON's disposal obligations (previous year: 0.0 percent). As in the prior year, E.ON assumes a 2-percent increase in costs when estimating annual payments. A change in the discount rate or in the cost increase rate of 0.1 percent would change the amount of the provision recognized on the balance sheet by approximately €0.1 billion.

Excluding the effects of discounting and cost increases, the amounts for disposal obligations would be €8,015 million with average credit terms of approximately 7 years. This amount flows into the economic net debt.

There were changes in estimates for the nuclear-power business in 2020 in the amount of -€47 million (2019: €149 million). This mainly includes the effects from the optimization of decommissioning and disposal services. €361 million (2019: €351 million) of this was used, of which €307 million (2019: €250 million) related to decommissioning nuclear power plants based on circumstances for which decommissioning and dismantling costs were recognized.

Personnel Obligations

Provisions for personnel costs primarily cover provisions for early retirement benefits, performance-based compensation components, restructuring and other deferred personnel costs. Restructuring provisions were made in Germany and the UK, in particular:

In connection with the acquisition of innogy, the "Collective Agreement on the Future and Job Security" was concluded in 2019 with employer associations and unions as well as ver.di and the Mining, Chemical and Energy Industrial Union. This collective agreement will initially apply to personnel changes and adjustment measures implemented in Germany as a result of the integration of the innogy Group into the E.ON Group. Among other aspects, it includes regulations on severance payments for employees who voluntarily depart, early retirement and the possibility of transferring to an Employment and Qualification Company.

In 2019, E.ON announced proposals to restructure npower. The implementation of the plan began in 2020, and npower's household and small commercial customers (B2C) are being successively transferred to a common IT platform. The plan calls for them to be merged with the B2C customers of E.ON UK in 2021. There are also plans to combine npower's and E.ON UK's business with industrial and large commercial customers (B2B) on another joint platform implemented at npower. npower's remaining activities will be restructured. This includes the closure of most of npower's sites and the resulting headcount reduction.

Obligations from Green Certificates

The provisions for Renewables Obligation Certificates (ROCs or Green Certificates) are an important mechanism for promoting renewable energies. The ROCs represent a fixed share of Renewables in power sales and can be acquired either from renewable sources or on the market. During a twelve-month ROC period, the obligations accrued for this purpose are offset against the acquired certificates and used.

Provisions for Other Asset Retirement Obligations

The provisions for other asset retirement obligations consist of obligations for renewable-energy power plants and infrastructure. In addition, the provisions for dismantling conventional plant components in the nuclear power segment, which are based on legally binding civil agreements and public provisions, in the amount of €469 million (2019: €475 million) are taken into account here. Excluding discounting and cost-increase effects, the amounts for these disposal obligations would be €343 million. This amount flows into the economic net debt.

The amount of other asset retirement obligations disclosed under economic net debt, not including the provisions for dismantling conventional plant components in the nuclear power segment, amounts to €336 million.

Supplier-Related Obligations

Provisions for supplier-related obligations consist of provisions for potential losses on open purchase contracts, among others.

Customer-Related Obligations

Provisions for customer-related obligations consist primarily of potential losses on rebates and open sales contracts as well as from pending meter readings. There was a significant increase from allocations for onerous contracts in the framework of pending contracts in the amount of €0.2 billion.

Environmental Remediation and Similar Obligations

Provisions for environmental remediation refer primarily to redevelopment protection measures and the rehabilitation of contaminated sites.

Other

The other miscellaneous provisions consist of certain environmental remediation obligations from predecessor companies (€0.5 billion), possible obligations from tax-related interest expense (€0.2 billion), litigation cost risks (€0.2 billion), other taxes (€0.1 billion), decommissioning and environmental rehabilitation (€0.1 billion), litigation risks (€0.1 billion), network maintenance obligations (€0.1 billion), and risks from non-reimbursement of investment costs (€0.1 billion).

(27) Liabilities

The following table provides a breakdown of liabilities:

Liabilities[1]

€ in millions	December 31, 2020 Current	December 31, 2020 Non-current	December 31, 2019 Current	December 31, 2019 Non-current
Financial liabilities	**3,418**	**29,423**	**3,841**	**27,572**
Trade payables	8,064	–	8,782	–
Capital expenditure grants	28	299	24	198
Liabilities from derivatives	618	3,679	1,418	3,571
Advance payments	103	–	489	–
Contract liabilities (IFRS 15)	838	2,965	527	2,975
Other operating liabilities	6,564	656	5,361	1,196
Trade payables and other operating liabilities	**16,215**	**7,599**	**16,601**	**7,940**
Total	**19,633**	**37,022**	**20,442**	**35,512**

[1]Adjusted prior-year figures.

Financial Liabilities

The following tables present the changes to financial liabilities in fiscal years 2020 and 2019:

Financial Liabilities

€ in millions	Jan. 1, 2020	Cash-effective: Cash flows	Non-cash-effective: Exchange rate differences	Non-cash-effective: Changes in scope of consolidation	Non-cash-effective: Compounding effect	Non-cash-effective: Other	Dec. 31, 2020
Bonds	27,059	2,394	-157	11	11	-299	29,019
Commercial paper	50	-50	–	–	–	–	0
Bank loans/Liabilities to banks	1,138	-794	-2	266	–	-1	607
Lease obligations[1]	2,609	-332	-14	2	–	350	2,615
Other financial liabilities	557	114	-8	-46	–	-17	600
Financial liabilities	**31,413**	**1,332**	**-181**	**233**	**11**	**33**	**32,841**

[1]For more information see Note 33.

Financial Liabilities[1]

		Cash-effective	Non-cash-effective				
€ in millions	Jan. 1, 2019	Cash flows	Exchange rate differences	Changes in scope of consolidation	Compound-ing effect	Other	Dec. 31, 2019
Bonds	8,958	3,021	340	14,737	3	–	27,059
Commercial paper	0	-150	–	200	–	–	50
Bank loans/Liabilities to banks	138	-392	-2	1,394	–	–	1,138
Lease obligations[2]	863	-292	5	1,703	–	330	2,609
Other financial liabilities	463	222	65	-193	–	–	557
Financial liabilities	**10,422**	**2,409**	**408**	**17,841**	**3**	**330**	**31,413**

[1]Adjusted prior-year figures.
[2]For more information see Note 33.

Liabilities to financial institutions include, among other items, collateral received, measured at a fair value of €8 million (2019: €68 million). This collateral relates to amounts pledged by banks to limit the utilization of credit lines in connection with the fair value measurement of derivative transactions. The other financial liabilities include, inter alia, financial guarantees totaling €8 million (2019: €8 million). Also included is collateral received in connection with goods and services in the amount of €10 million (2019: €10 million). E.ON can use this collateral without restriction.

The financial liabilities of innogy recognized at the date of initial consolidation were marked to market under IFRS. This market value was considerably higher than the nominal value because market interest rates had fallen since the bonds were issued. The difference between the nominal value and the market value calculated during the preliminary purchase price allocation totaled €2,121 million as of December 31, 2020. This difference is not taken into account in the economic net debt.

On August 13, 2020, E.ON launched transactions to harmonize the new E.ON Group's funding structure. These transactions involved E.ON offering innogy bondholders the option to change the debtor of roughly €11.5 billion in bonds to E.ON. The offer gave innogy bondholders the option to hold bonds that have the same status as current E.ON bonds. It will also ensure that all debt investors are treated equally. The transactions were completely closed in November 2020. A total of 99.95 percent of innogy's outstanding bonds have successfully been transferred.

The following is a description of the E.ON Group's significant credit arrangements and debt issuance programs. Included under "Bonds" are the bonds currently outstanding, including those issued under the Debt Issuance Program.

Corporate Headquarters

Covenants

The financing activities involve the use of covenants (contractual obligations) consisting primarily of change-of-control clauses (right of cancellation upon change of ownership), negative pledges, pari-passu clauses and cross-default clauses, each referring to a restricted set of significant circumstances. Financial covenants (that is, covenants linked to financial ratios) are not employed. All covenants were adhered to in 2020.

€35 Billion Debt Issuance Program

A Debt Issuance Program simplifies the issuance from time to time of debt instruments through public and private placements to investors. The Debt Issuance Program of E.ON SE was most recently renewed in March 2020, with a total amount of €35 billion. E.ON SE plans to renew the program in 2021.

At year-end 2020, the following E.ON SE and E.ON International Finance B.V. bonds were outstanding:

Major Bond Issues of E.ON SE and E.ON International Finance B.V.[1]

Issuer	Volume in the respective currency	Initial term	Repayment	Coupon
E.ON International Finance B.V.	570 million GBP	20 years	Apr 2021	6.500%
E.ON International Finance B.V.	1,000 million EUR	13 years	Aug 2021	6.500%
E.ON SE	750 million EUR	4 years	Aug 2021	0.375%
E.ON International Finance B.V.	500 million GBP	13 years	Jul 2022	5.500%
E.ON SE	500 million EUR	4 years	Sep 2022	0.000%
E.ON SE	750 million EUR	3 years	Oct 2022	0.000%
E.ON International Finance B.V.[2]	750 million EUR	5 years	Nov 2022	0.750%
E.ON SE	1,000 million EUR	3 years	Apr 2023	0.375%
E.ON International Finance B.V.	488 million GBP	20 years	Dec 2023	5.625%
E.ON SE	750 million EUR	4 years	Dec 2023	0.000%
E.ON International Finance B.V.	800 million EUR	10 years	Jan 2024	3.000%
E.ON SE	500 million EUR	7 years	May 2024	0.875%
E.ON SE	750 million EUR	5 years	Aug 2024	0.000%
E.ON International Finance B.V.	750 million EUR	8 years	Apr 2025	1.000%
E.ON SE	750 million EUR	5.5 years	Oct 2025	1.000%
E.ON International Finance B.V.	500 million EUR	8 years	May 2026	1.625%
E.ON SE	750 million EUR	7 years	Oct 2026	0.250%
E.ON SE	1,000 million EUR	7.5 years	Sep 2027	0.375%
E.ON International Finance B.V.	850 million EUR	10 years	Oct 2027	1.250%
E.ON SE	500 million EUR	8 years	Feb 2028	0.750%
E.ON SE	750 million EUR	12 years	May 2029	1.625%
E.ON International Finance B.V.	1,000 million EUR	12 years	Jul 2029	1.500%
E.ON SE	750 million EUR	11 years	Feb 2030	0.350%
E.ON International Finance B.V.	760 million GBP	28 years	Jun 2030	6.250%
E.ON SE	500 million EUR	11 years	Dec 2030	0.750%
E.ON SE	500 million EUR	11 years	Aug 2031	0.875%
E.ON SE	500 million EUR	12 years	Nov 2031	0.625%
E.ON International Finance B.V.[3]	975 million GBP	30 years	Jun 2032	6.375%
E.ON International Finance B.V.	600 million EUR	30 years	Feb 2033	5.750%
E.ON International Finance B.V.	600 million GBP	22 years	Jan 2034	4.750%
E.ON International Finance B.V.	900 million GBP	30 years	Oct 2037	5.875%
E.ON International Finance B.V.[4]	1,000 million USD	30 years	Apr 2038	6.650%
E.ON International Finance B.V.	700 million GBP	30 years	Jan 2039	6.750%
E.ON International Finance B.V.	1,000 million GBP	30 years	Jul 2039	6.125%

[1]Listing: All bonds ≥ 500 million EUR are listed in Luxembourg with the exception of the Rule 144A/Regulation S USD bond, which is unlisted.
[2]The volume of this issue was raised from originally EUR 500 million to EUR 750 million.
[3]The volume of this issue was raised from originally GBP 850 million to GBP 975 million.
[4]Rule 144A/Regulation S bond.

Additionally outstanding as of December 31, 2020, were private placements with a total volume of approximately €1.7 billion (2019: €1.7 billion).

€3.5 Billion Syndicated Revolving Credit Facility

Effective October 24, 2019, E.ON arranged a syndicated revolving credit facility in the amount of €3.5 billion over an original term of five years, with two renewal options for one year each. The first option to extend the credit line by a further year was exercised in October 2020. The credit margin of the facility is in part coupled with the development of certain ESG ratings on which E.ON bases financial incentives for a sustainable corporate strategy. The ESG ratings are calculated by three prominent agencies: ISS ESG, MSCI ESG Research, and Sustainalytics. The facility was granted by 21 banks, which make up E.ON's core banking group. The facility has not been drawn; rather, it serves as the Group's reliable, long-term liquidity reserve, one purpose of which is to function as a backup facility for the commercial paper programs.

Acquisition Financing of €1.75 Billion

In connection with the acquisition of innogy SE, on April 6, 2018, E.ON originally secured a €5 billion acquisition facility, which was reduced to €1.75 billion by August 2018. With the completion of the squeeze-out of the remaining minority shareholders of innogy, the credit line was terminated in June 2020; the line was not drawn on.

€10 Billion and $10 Billion Commercial Paper Programs

The euro commercial paper program in the amount of €10 billion allows E.ON SE to issue from time to time commercial paper with maturities of up to two years less one day to investors. The U.S. commercial paper program in the amount of $10 billion allows E.ON SE to issue from time to time commercial paper with maturities of up to 366 days and extendible notes with original maturities of up to 397 days (and a subsequent extension option for the investor) to investors. As of December 31, 2020, no commercial paper was outstanding under either the euro commercial paper program (2019: €50 million) and the U.S. commercial paper program (2019: €0 million).

The bonds issued by E.ON SE and E.ON International Finance B.V. (guaranteed by E.ON SE) and innogy Finance B.V. (guaranteed by innogy SE) have the maturities presented in the table below. Liabilities denominated in foreign currency include the effects of economic hedges, and the amounts shown here may therefore vary from the amounts presented on the balance sheet.

Bonds Issued by E.ON SE, E.ON International Finance B.V. and innogy Finance B.V.

€ in millions	Total	Due in 2020	Due in 2021	Due in 2022	Due in 2023	Due between 2024 and 2030	Due after 2030
December 31, 2020	27,428	–	2,384	2,656	2,642	11,084	8,662
December 31, 2019	25,011	2,150	2,420	2,688	923	8,382	8,448

Financial Liabilities by Segment

The following table breaks down the financial liabilities by segment:

Financial Liabilities by Segment as of December 31[1]

	Bonds		Commercial paper		Bank loans/ Liabilities to banks		Lease obligations[2]		Other financial liabilities		Financial liabilities	
€ in millions	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Energy Networks	–	–	–	–	464	233	2,112	2,092	241	167	2,817	2,492
Germany	–	–	–	–	*239*	*203*	*2,016*	*2,002*	*238*	*176*	*2,493*	*2,381*
Sweden	–	–	–	–	–	–	*13*	*5*	*1*	–	*14*	*5*
ECE/Turkey	–	–	–	–	*225*	*30*	*83*	*85*	*2*	*-9*	*310*	*106*
Customer Solutions	–	–	–	–	135	177	322	315	87	115	544	607
Germany Sales	–	–	–	–	*121*	*92*	*54*	*-11*	*-3*	*15*	*172*	*96*
UK	–	–	–	–	–	–	*94*	*130*	*1*	*14*	*95*	*144*
Netherlands/Belgium	–	–	–	–	–	–	*46*	*49*	*2*	*6*	*48*	*55*
Other	–	–	–	–	*14*	*85*	*128*	*147*	*87*	*80*	*229*	*312*
Non-Core Business	–	–	–	–	–	–	3	3	99	83	102	86
Corporate Functions/Other	29,019	27,059	–	50	8	728	178	199	173	192	29,378	28,228
E.ON-Group	**29,019**	**27,059**	**–**	**50**	**607**	**1,138**	**2,615**	**2,609**	**600**	**557**	**32,841**	**31,413**

[1]Adjusted prior-year figures.
[2]The previous year included liabilities from finance leases.

Trade Payables and Other Operating Liabilities

Trade payables totaled €8,064 million as of December 31, 2020 (2019: €8,782 million).

Capital expenditure grants of €327 million (2019: €222 million) have not yet been recognized as revenue. The E.ON Group retains ownership of the assets. The grants are non-refundable and are recognized in other operating income over the period of the depreciable lives of the related assets.

Derivative liabilities totaled €4,297 million as of December 31, 2020 (2019: €4,989 million).

Contractual liabilities under IFRS 15 in the amount of €3,803 million (2019: €3,502 million) consist primarily of construction grants that were paid by customers for the cost of new gas and electricity connections in accordance with the generally binding terms governing such new connections. These grants are customary in the industry, generally non-refundable and recognized as revenue in the amount of €360 million according to the useful lives of the related assets.

Other operating liabilities consist primarily of other tax liabilities in the amount of €1,304 million (2019: €1,276 million) and interest payable in the amount of €399 million (2019: €469 million). This item also includes other liabilities to our customers from overpayments and refund claims of €506 million (2019: €284 million) and current personnel liabilities of €444 million (2019: €385 million). As of December 31, 2020, liabilities of €637 million arose from the corporate transactions mentioned in Note 5. Also included in other operating liabilities are carryforwards of counterparty obligations to acquire additional shares in already consolidated subsidiaries as well as non-controlling interests in fully consolidated partnerships with legal structures that give their shareholders a statutory right of withdrawal combined with a compensation claim, in the amount of €2,271 million (2019: €2,069 million).

(28) Contingent Liabilities and Other Financial Obligations

As part of its business activities, E.ON is subject to contingent liabilities and other financial obligations involving a variety of underlying matters. These primarily include guarantees, obligations from litigation and claims (as discussed in more detail in Note 29), short- and long-term contractual, legal and other obligations and commitments.

Contingent Liabilities

The fair value of the E.ON Group's contingent liabilities was €0.4 billion as of December 31, 2020 (December 31, 2019: €1.3 billion). This value represents the best estimate of the expenditure required to settle the present obligation as of the reporting date and primarily includes contingent liabilities in connection with contingencies and potential long-term environmental remediation measures.

E.ON has issued direct and indirect guarantees and surety bonds to third parties in connection with its own operations or the operations of affiliated companies, which may trigger payment obligations based on the occurrence of certain events. These instruments include both financial guarantees as well as operational guarantees, which primarily secure contractual obligations and benefit obligations for active and former employees.

In addition, E.ON has entered into indemnification agreements, which as a rule are incorporated in agreements concerning the disposal of shareholdings and, above all, affect the customary representations and warranties with relation to liability risks for environmental damage and contingent tax risks. In some cases, obligations are covered in the first instance by provisions of the disposed companies before E.ON itself is required to make any payments. Guarantees issued by companies that were later sold by E.ON SE or its legal predecessors are usually included in the respective final sales contracts in the form of indemnities.

Moreover, E.ON has commitments under which it assumes joint and several liability arising from its interests in civil-law companies ("GbR"), non-corporate commercial partnerships and consortia in which it participates.

The guarantees of E.ON also include items related to the operation of nuclear power plants. Under the German Nuclear Energy Act ("Atomgesetz" or "AtG") and the ordinance regulating the provision for coverage under the Atomgesetz ("Atomrechtliche Deckungsvorsorge-Verordnung" or "AtDeckV") of April 27, 2002, German nuclear power plant operators are required to provide nuclear accident liability coverage of up to €2.5 billion per incident.

The coverage requirement is satisfied in part by a standardized insurance facility in the amount of €255.6 million. The institution Nuklear Haftpflicht Gesellschaft bürgerlichen Rechts ("Nuklear Haftpflicht GbR") now only covers costs between €0.5 million and €15 million for claims related to officially ordered evacuation measures. Group companies have agreed to place their subsidiaries operating nuclear power plants in a position to maintain a level of liquidity that will enable them at all times to meet their obligations as members of the Nuklear Haftpflicht GbR, in proportion to their shareholdings in nuclear power plants.

To provide liability coverage for the additional €2,244.4 million per incident required by the above-mentioned amendments, E.ON Energie AG ("E.ON Energie") and the other parent companies of German nuclear power plant operators reached a Solidarity Agreement ("Solidarvereinbarung") on July 11, July 27, August 21, and August 28, 2001, extended by agreement dated March 25, April 18, April 28, and June 1, 2011. If an accident occurs, the Solidarity Agreement calls for the nuclear power plant operator liable for the damages to receive—after the operator's own resources and those of its parent companies are exhausted—financing sufficient for the operator to meet its financial obligations. Under the Solidarity Agreement, E.ON Energie's share of the liability coverage on December 31, 2020, was 47.1 percent (prior year: 46.8 percent), plus an additional 5.0 percent charge for the administrative costs of processing damage claims. This share will change to 35.1 percent starting from January 1, 2021. Sufficient liquidity has been provided for and is included within the liquidity plan.

Furthermore, as of December 31, 2020, E.ON is continuing to provide collateral in the amount of €744.9 million for the former Group companies transferred to RWE which will be repaid or assumed by RWE Group companies in the short term. During the 2020 fiscal year, guarantees amounting to €2,266.4 million were redeemed as part of the exchange process with RWE.

Other Financial Obligations

In addition to provisions and liabilities carried on the balance sheet and to reported contingent liabilities, there also are other mostly long-term financial obligations arising mainly from contracts entered into with third parties, or on the basis of legal requirements.

As of December 31, 2020, purchase commitments for investments in intangible assets and in property, plant and equipment amounted to €1.7 billion (2019: €1.9 billion). Of these commitments, €1.2 billion are due within one year (2019: €1.2 billion). The purchase commitment mainly includes financial obligations for as yet outstanding investments, in particular in the Energy Networks Germany and Sweden segments. On December 31, 2020, these obligations totaled €1.3 billion (2019: €1.4 billion).

Additional long-term contractual obligations in place at the E.ON Group as of December 31, 2020, relate primarily to the purchase of electricity and natural gas. Financial obligations under the electricity purchase contracts amount to approximately €6.8 billion on December 31, 2020 (2019: €6.5 billion), of which €3.5 billion (2019: €3.7 billion) is due within one year. Financial obligations under the gas purchase contracts amount to approximately €4.8 billion on December 31, 2020 (2019: €4.4 billion). Of this amount, €2.4 billion (2019: €2.4 billion) is due within one year. Additional purchase commitments as of December 31, 2020, amounted to approximately €0.6 billion (2019: €0.6 billion). They include long-term contractual commitments to purchase heat and alternative fuels. Of these commitments, €0.1 billion (2019: €0.1 billion) are due within one year.

There are non-material further financial obligations from joint ventures, from capital obligations concerning the acquisition of real estate funds held as financial assets and from corporate actions.

(29) Litigation and Claims

A number of different court actions, governmental investigations and proceedings, and other claims are currently pending or may be instituted or asserted in the future against companies of the E.ON Group. This in particular includes legal actions and proceedings on contract amendments and price adjustments initiated in response to market upheavals and the changed economic situation in the electricity and gas sectors (also as a consequence of the energy transition) and concerning price increases and anticompetitive practices. The courts and authorities are also subjecting competitive practices to stricter reviews.

In the Energy Networks segment, Group companies are involved in proceedings for the award of concessions and in connection with grid connections and the calculation of the grid fee. Official regulations and changes in regulatory practice have given rise to legal disputes. Of particular note here are effects in connection with the regulatory treatment of capital costs and return on equity. The national regulatory regimes within Europe are also subject to changes, some of which have a significant impact on network operations. Owing to a number of factors, including regulatory and legal decisions, the regulatory framework has increased here. However, these regulatory interventions are not restricted to the network area; distribution activities in the customer solutions area have also been affected by regulatory measures.

The changes to the legal and regulatory framework can in some cases also significantly impact subsidies and remuneration practices in the area of Renewables, which in turn are the object of regulatory or court proceedings.

There are also legal proceedings in connection with completed M&A activities, in particular as a result of the acquisition of innogy SE.

On April 13, 2017, the Federal Constitutional Court declared the Nuclear Fuel Tax Act to be incompatible with the Basic Law and invalid. The nuclear-fuel tax plus interest paid by E.ON was refunded. Nuclear operators use two models for the calculation of interest with the German customs authorities, one of which is used by PreussenElektra. With the 16th amendment to the German Nuclear Energy Act, the German Federal Government has implemented the ruling of the German Federal Constitutional Court on the phase-out of nuclear energy. This amendment regulated compensation claims for certain investments and residual volumes of electricity, and created an obligation to offer these residual volumes at reasonable terms and conditions. In its ruling of September 29, 2020, the German Federal Constitutional Court determined that the 16th amendment to the Nuclear Energy Act never entered into force due to a procedural error on the part of the legislature; for this reason, and also in view of deficiencies in its content, lawmakers must introduce a new regulation. PreussenElektra sued Krümmel GmbH & Co. OHG and Vattenfall Europe Nuclear Energy GmbH with the aim of transferring, without compensation, the residual volumes of electricity from the Krümmel nuclear power plant corresponding to the ownership interest. Based on the understanding between the responsible German Federal Ministries and the four nuclear power plant operators published at the beginning of March 2021, there are also plans to transfer the residual quantities of electricity corresponding to the legal stake in the power plants jointly owned with Vattenfall free of charge to PreussenElektra and to use them for generation in the Group's own power plants. The validity of this understanding is still pending its legal implementation. A price will be agreed for the additional quantities required to operate the nuclear power plants beyond the end date stipulated under the German Nuclear Energy Act.

(30) Supplemental Cash Flow Disclosures

Note 5 provides a detailed presentation of the acquisition of the shares in innogy. The comparative figures for the previous year relate to additions and disposals outside the scope of the innogy transaction.

Not including the acquisition of innogy, E.ON made no external payments for additions to consolidated equity interests (2019: €92 million). The only addition was the non-cash acquisition of the VSEH Group from RWE; the purchase price was €740 million. The cash acquired totaled €6 million (2019: €16 million). Assets in the amount of €1,534 million (2019: €166 million) and provisions and liabilities in the amount of €604 million (2019: €161 million) were recognized.

The total consideration received by E.ON in 2020 on the disposal of consolidated equity interests and activities generated cash inflows of €921 million (2019: €37 million). Cash and cash equivalents sold amounted to €88 million (2019: €32 million). The sale of the consolidated activities led to reductions of €1,182 million (2019: €742 million) in assets and €482 million (2019: €10 million) in provisions and liabilities. The derecognition of assets and liabilities primarily relates to the sale of the heating electricity companies and innogy's sales business in the Czech Republic.

At €5.9 billion, cash provided by operating activities before interest and taxes from continuing and discontinued operations was significantly higher than in the prior year (€4.4 billion). The Energy Networks segment recorded an increase (+€1.9 billion) due to positive working capital effects in the former E.ON network business and the first-time inclusion of innogy's network activities for a full year. Cash flow from operating activities in the Customer Solutions segment was €0.4 billion below the prior-year level. This development is mainly attributable to the first-time inclusion of innogy's activities in the UK for a full year and to the change in the presentation of segments, also for the previous year, for comparative purposes. The contribution from Renewables decreased compared with the previous year (-€0.2 billion). Cash provided by operating activities from continuing and discontinued operations also increased due to lower tax payments (+€0.8 billion), while higher interest payments on innogy's debt had a negative impact (-€0.1 billion).

Cash provided by investing activities from discontinued operations amounted to -€1.9 billion (2019: -€5.8 billion). Whereas in the previous year €1.6 billion was reported as a payment for the acquisition of the innogy shares, the cash flow from investing activities in the current fiscal year was reduced by an additional purchase price payment by RWE (€0.4 billion). In addition, the receipt of payments in the first quarter of 2020 from the transfer of the indirect share in Nord Stream AG to the CTA, which was already carried out in 2019, the sale of innogy's sales business in the Czech Republic, a prepayment in connection with the agreed sale of the stake in Rampion and the sale of significant parts of the heating electricity business in Germany had a positive impact on investment cash flow.

At -€2.6 billion, cash provided by financing activities of continuing and discontinued operations was €3.4 billion less than the prior-year figure of +€0.8 billion. This was due in particular to payments in the course of the settlement of the remaining minority interests at innogy SE and a higher dividend at E.ON SE compared with the prior year.

(31) Derivative Financial Instruments and Hedging Transactions

Strategy and Objectives

The Company's policy generally permits the use of derivatives if they are associated with underlying assets or liabilities, planned transactions, or legally binding rights or obligations.

At the E.ON Group, hedge accounting in accordance with IFRS 9 is employed primarily in connection with hedging long-term liabilities and future financing via interest-rate derivatives and for hedging long-term foreign currency receivables and payables and foreign investments via currency derivatives. E.ON also hedges net investments in foreign operations.

In commodities, potentially volatile future cash flows resulting primarily from planned purchases and sales of electricity within and outside of the Group are hedged.

To hedge currency risk, E.ON entered into hedging transactions in the reporting year in pounds sterling at an average hedging rate of £0.91/€ (2019: £0.86/€) and in U.S. dollars at an average hedging rate of US$1.36/€ (2019: US$1.17/€). Hedging transactions were concluded at an average interest rate of 3.43 percent (2019: 3.43 percent) to hedge the interest rate risk in the euro zone. The average hedging price for hedging electricity price change risks amounted to €48.06/MWh in the year under review (2019: €47.10/MWh).

Fair Value Hedges

Fair value hedges are used to protect against the risk from changes in market values. Gains and losses on these hedges are generally reported in that line item of the income statement which also includes the respective hedged items.

Cash Flow Hedges

Cash flow hedges are used to protect against the risk arising from variable cash flows. Interest rate swaps and cross-currency interest rate swaps are the principal instruments used to limit interest rate and currency risks. The purpose of these swaps is to maintain the level of payments arising from long-term interest-bearing receivables and liabilities and from capital investments denominated in foreign currency and euro by using cash flow hedge accounting in the functional currency of the respective E.ON company.

In order to reduce future cash flow fluctuations arising from electricity transactions effected at variable spot prices, futures contracts are concluded and also accounted for using cash flow hedge accounting.

The following table presents the carrying amounts of the hedging instruments and the changes in the fair values of the hedging instruments and hedged items by hedged risk type:

Carrying Amounts of Hedging Instruments and Changes in Fair Value of Hedging Instruments and Hedged Items in Connection with Cash Flow Hedges

	Carrying amount							
	Receivables from derivative financial instruments		Liabilities from derivative financial instruments		Change in the fair value of the designated portion of hedging instruments		Change in the fair value of hedged items	
€ in millions	2020	2019	2020	2019	2020	2019	2020	2019
Currency risk	91	140	105	64	-49	9	50	-8
Interest-rate risk	114	86	1,706	1,350	-383	-435	379	423
Electricity price change risk	2	10	1	25	17	-15	-17	15

The amount of ineffectiveness for cash flow hedges recorded for the year ended December 31, 2020, produced an expense of €5 million (2019: €12 million). Of this amount, €4 million relates to hedging of interest-rate risk (2019: €12 million).

Gains and losses from the ineffective portions of cash flow hedges are classified as other operating income or other operating expenses.

The development of OCI arising from cash flow hedges, broken down by hedged risk type, is as follows:

Changes in OCI Arising from Cash Flow Hedges

€ in millions	Total	Currency risk	Interest-rate risk	Electricity price change risk
Balance as of January 1, 2019	**-992**			
Unrealized changes—hedging reserve	-438	-25	-370	-43
Unrealized changes—reserve for hedging costs	-3	-3	–	–
Reclassification adjustments recognized in income	-12	-74	54	8
Companies accounted for under the equity method	9			
Income taxes	1			
Balance as of December 31, 2019[1]	**-1,435**			
Balance as of January 1, 2020	**-1,435**			
Unrealized changes—hedging reserve	-464	-45	-379	-40
Unrealized changes—reserve for hedging costs	-42	-42	–	–
Reclassification adjustments recognized in income	148[2]	40	54	54
Companies accounted for under the equity method	36			
Income taxes	-52			
Balance as of December 31, 2020[1]	**-1,809**			

[1]As of December 31, 2020, includes -€211 million (2019: -€241 million) from terminated cash flow hedges.
[2]Of this amount, €19 million relates to hedged cash flows that are no longer expected to occur.

The balance of the OCI arising from cash flow hedges as of December 31, 2020, contains -€1.5 billion relating to hedging of interest-rate risk (2019: -€1.2 billion).

Reclassifications recognized in income are generally reported in that line item of the income statement which also includes the respective hedged transaction.

The nominal volume of the hedging instruments is presented in the following table:

Nominal Values of Hedging Instruments in Connection with Cash Flow Hedges

	Maturity			Total	
€ in millions	<1 year	1–5 years	>5 years	2020	2019
Currency risk	610	1,632	1,329	3,571	1,903
Interest-rate risk	1,045	500	2,750	4,295	4,304
Electricity price change risk	9	17	–	26	352

Net Investment Hedges

The Company uses foreign currency forwards, foreign currency swaps and foreign currency loans to protect the value of its net investments in its foreign operations denominated in foreign currency.

The carrying amount of the assets used as hedging instruments as of December 31, 2020, was €7 million (2019: €27 million) and the carrying amount of the liabilities used as hedging instruments was €1,165 million (2019: €1,220 million). The fair values of the designated portion of the hedging instruments changed by €117 million in the reporting period (2019: -€87 million).

As in 2019, no ineffectiveness resulted from net investment hedges in 2020.

The development of OCI arising from net investment hedges is as follows:

Changes in OCI Arising from Net Investment Hedges

€ in millions	Currency risk
Balance as of January 1, 2019	**-77**
Unrealized changes—hedging reserve	-140
Unrealized changes—reserve for hedging costs	1
Reclassification adjustments recognized in income	565
Income taxes	1
Balance as of December 31, 2019[1]	350
Balance as of January 1, 2020	**350**
Unrealized changes—hedging reserve	82
Unrealized changes—reserve for hedging costs	-1
Reclassification adjustments recognized in income	-166
Income taxes	–
Balance as of December 31, 2020[1]	**265**

[1]As of December 31, 2020, includes -€71 million (2018: -€71 million) from terminated net investment hedges.

As a rule, reclassifications recognized in income are reported under other operating income and expenses. The nominal volume of hedging instruments in net investment hedges amounted to €4,945 million as of December 31, 2020 (2019: €7,891 million). Since the currency risk of net investment hedges is hedged through the ongoing rollover of the hedging instruments, the majority are concluded with a remaining term of less than one year.

Valuation of Derivative Instruments

The fair value of derivative financial instruments is sensitive to movements in underlying market rates and other relevant variables. The Company assesses and monitors the fair value of derivative instruments on a periodic basis. The fair value to be determined for each derivative instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (exit price). E.ON also takes into account the counterparty credit risk for both own credit risk (debt value adjustment) and the risk of the corresponding counterparty (credit value adjustment) when determining fair value. The fair values of derivative instruments are calculated using common market valuation methods with reference to available market data on the measurement date.

The following is a summary of the methods and assumptions for the valuation of utilized derivative financial instruments in the Consolidated Financial Statements.

- Currency, electricity, gas and oil forward contracts, swaps, and emissions-related derivatives are valued separately at their forward rates and prices as of the balance sheet date. Whenever possible, forward rates and prices are based on market quotations, with any applicable forward premiums and discounts taken into consideration.

- Market prices for electricity options are valued using standard option pricing models commonly used in the market.

- The fair values of existing instruments to hedge interest risk are determined by discounting future cash flows using market interest rates over the remaining term of the instrument. Discounted cash values are determined for interest rate, cross-currency and cross-currency interest rate swaps for each individual transaction as of the balance sheet date. Interest income and expenses are recognized in income at the date of payment or accrual.

- Equity forwards are valued on the basis of the stock prices of the underlying equities, taking into consideration any timing components.

- Exchange-traded futures and option contracts are valued individually at daily settlement prices determined on the futures markets that are published by their respective clearing houses. Paid initial margins are disclosed under other assets. Variation margins received or paid during the term of such contracts are stated under other liabilities or other assets, respectively.

- Certain long-term energy contracts are valued with the aid of valuation models that use internal data if market prices are not available. A hypothetical 10-percent increase or decrease in these internal valuation parameters as of the balance sheet date would lead to a theoretical change in market values of ±€19 million.

(32) Additional Disclosures on Financial Instruments

The carrying amounts of the financial instruments, their grouping into IFRS 9 measurement categories, their fair values and their measurement sources by class are presented in the following table:

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS 7 as of December 31, 2020

€ in millions	Carrying amounts	Carrying amounts within the scope of IFRS 7	Carrying amounts within the scope of IFRS 9	Fair value	Determined using market prices (Level 1)	Derived from active market prices (Level 2)
Equity investments	1,883	501	FVPL	501	73	–
Financial receivables and other financial assets	1,067	862				
Receivables from finance leases	*289*	*257*	*n/a*	*257*		
Other financial receivables and financial assets	*778*	*605*		*605*		
		482	*AmC*	*482*	*4*	*150*
		123	*FVPL*	*123*	*–*	*–*
Trade receivables and other operating assets	14,769	11,407				
Trade receivables	*7,714*	*7,615*	*AmC*			
Derivatives with no hedging relationships	*3,063*	*3,063*	*FVPL*	*3,063*	*100*	*2,833*
Derivatives with hedging relationships	*214*	*214*	*n/a*	*214*	*2*	*212*
Other operating assets	*3,778*	*515*	*AmC*	*515*	*3*	*157*
Securities and fixed-term deposits	2,998	2,998		2,998	2,261	737
		1,486	*FVPL*	*1,486*	*826*	*660*
		1,512	*FVOCI*	*1,512*	*1,435*	*77*
Cash and cash equivalents	2,668	2,668	AmC			
Restricted cash	1,016	1,016	AmC			
Assets held for sale	1,002	–				
Total assets	**25,403**	**19,452**				
Financial liabilities	32,841	32,528				
Bonds	*29,019*	*29,019*	*AmC*	*30,963*	*29,752*	*1,211*
Bank loans/Liabilities to banks	*607*	*607*	*AmC*	*607*	*–*	*31*
Lease obligations	*2,615*	*2,606*	*n/a*	*2,576*		
Other financial liabilities	*600*	*296*	*AmC*	*293*	*–*	*27*
Trade payables and other operating liabilities	23,814	16,665				
Trade payables	*8,064*	*7,927*	*AmC*			
Derivatives with no hedging relationships	*2,404*	*2,404*	*FVPL*	*2,404*	*85*	*2,204*
Derivatives with hedging relationships	*1,893*	*1,893*	*n/a*	*1,893*	*1*	*1,892*
Put option liabilities under IAS 32[2]	*2,271*	*2,271*	*AmC*	*2,280*	*–*	*–*
Other operating liabilities	*9,182*	*2,170*	*AmC*	*2,136*	*–*	*1,120*
Liabilities associated with assets held for sale	185	–				
Total liabilities	**56,840**	**49,193**				

[1] FVPL: Fair Value through P&L; FVOCI: Fair Value through OCI; AmC: Amortized Cost. The measurement categories are described in detail in Note 1. The amounts determined using valuation techniques with unobservable inputs (Level 3 of the fair value hierarchy) correspond to the difference between the total fair values of the two hierarchy levels listed.

[2] Liabilities from put options include counterparty obligations and non-controlling interests in fully consolidated partnerships (see Note 27).

The carrying amounts of cash and cash equivalents and of trade receivables and trade payables are considered reasonable estimates of their fair values because of their short maturity.

Where the fair value of a financial instrument can be derived from an active market without the need for an adjustment, that value is used as the fair value. This applies in particular to equities held and to bonds held and issued.

Carrying Amounts, Fair Values and Measurement Categories by Class within the Scope of IFRS 7 as of December 31, 2019[1]

€ in millions	Carrying amounts	Carrrying amounts within the scope of IFRS 7	Carrying amounts within the scope of IFRS 9[2]	Fair value	Determined using market prices (Level 1)	Derived from active market prices (Level 2)
Equity investments	1,730	455	FVPL	455	66	–
Financial receivables and other financial assets	1,189	817				
Receivables from finance leases	*370*	*336*	*n/a*	*336*		
Other financial receivables and financial assets	*819*	*481*		*481*		
		341	*AmC*	*341*	*1*	*160*
		140	*FVPL*	*140*	*–*	*–*
Trade receivables and other operating assets	17,799	13,157				
Trade receivables	*8,364*	*8,176*	*AmC*			
Derivatives with no hedging relationships	*3,022*	*3,022*	*FVPL*	*3,022*	*40*	*2,570*
Derivatives with hedging relationships	*263*	*263*	*n/a*	*263*	*10*	*253*
Other operating assets	*6,150*	*1,696*	*AmC*	*1,700*	*3*	*95*
Securities and fixed-term deposits	3,551	3,551		3,551	3,031	520
		1,936	*FVPL*	*1,936*	*1,512*	*424*
		1,615	*FVOCI*	*1,615*	*1,519*	*96*
Cash and cash equivalents	1,894	1,894	AmC			
Restricted cash	511	511	AmC			
Assets held for sale	1,366	15	AmC	15		
Total assets	**28,040**	**20,400**				
Financial liabilities	31,413	31,120				
Bonds	*27,059*	*27,059*	*AmC*	*29,935*	*28,679*	*1,256*
Bank loans/Liabilities to banks	*1,138*	*1,138*	*AmC*	*1,147*	*70*	*64*
Lease obligations	*2,609*	*2,598*	*n/a*	*2,697*		
Other financial liabilities	*607*	*325*	*AmC*	*325*	*1*	*92*
Trade payables and other operating liabilities	24,541	17,496				
Trade payables	*8,782*	*8,709*	*AmC*			
Derivatives with no hedging relationships	*3,476*	*3,476*	*FVPL*	*3,476*	*65*	*3,084*
Derivatives with hedging relationships	*1,513*	*1,513*	*n/a*	*1,513*	*25*	*1,488*
Put option liabilities under IAS 32[3]	*2,069*	*2,069*	*AmC*	*2,069*	*–*	*–*
Other operating liabilities	*8,701*	*1,729*	*AmC*	*1,752*	*–*	*–*
Liabilities associated with assets held for sale	602	245				
		214	*AmC*	*214*		
		31	*FVPL*	*31*	*–*	*31*
Total liabilities	**56,556**	**48,861**				

[1]Adjusted prior-year figures.
[2]FVPL: Fair Value through P&L; FVOCI: Fair Value through OCI; AmC: Amortized Cost. The measurement categories are described in detail in Note 1. The amounts determined using valuation techniques with unobservable inputs (Level 3 of the fair value hierarchy) correspond to the difference between the total fair values of the two hierarchy levels listed.
[3]Liabilities from put options include counterparty obligations and non-controlling interests in fully consolidated partnerships (see Note 27).

The fair value of shareholdings in unlisted companies and of debt instruments that are not actively traded, such as loans received, loans granted and financial liabilities, is determined by discounting future cash flows. Any necessary discounting takes place using current market interest rates over the remaining terms of the financial instruments.

The determination of the fair value of derivative financial instruments is discussed in Note 31.

In 2020, there were no material reclassifications between Levels 1 and 2 of the fair value hierarchy. At the end of each reporting period, E.ON assesses whether there might be grounds for reclassification between hierarchy levels.

The input parameters of Level 3 of the fair value hierarchy for equity investments are specified taking into account economic developments and available industry and corporate data (see also Note 1). A hypothetical 10-percent increase or decrease in these key internal valuation parameters as of the balance sheet date would lead to a theoretical change in market values of +€23 million.

The fair values determined using valuation techniques for financial instruments carried at fair value are reconciled as shown in the following table:

Fair Value Hierarchy Level 3 Reconciliation

€ in millions	Jan. 1, 2020	Purchases (including additions)	Sales (including disposals)	Settlements	Gains/ Losses in income statement	Transfers into Level 3	Transfers out of Level 3	Gains/ Losses in OCI	Dec. 31, 2020
Equity investments	389	65	-2	–	-19	–	–	-5	428
Derivative financial instruments	85	–	–	-16	-54	–	–	–	15
Total	**474**	**65**	**-2**	**-16**	**-73**	**–**	**–**	**-5**	**443**

The extent to which the offsetting of financial assets is covered by netting agreements is presented in the following tables:

Netting Agreements for Financial Assets and Liabilities as of December 31, 2020

€ in millions	Gross amount	Amount offset	Carrying amount	Conditional netting amount (netting agreements)	Financial collateral received/ pledged	Net value
Financial assets						
Trade receivables	7,615	–	7,615	–	–	7,615
Interest-rate and currency derivatives	1,532	–	1,532	–	8	1,524
Commodity derivatives	2,131	387	1,744	769	3	972
Total	**11,278**	**387**	**10,891**	**769**	**11**	**10,111**
Financial liabilities						
Trade payables	7,927	–	7,927	–	–	7,927
Interest-rate and currency derivatives	3,179	–	3,179	–	976	2,203
Commodity derivatives	1,506	387	1,119	542	132	445
Total	**12,612**	**387**	**12,225**	**542**	**1,108**	**10,575**

Netting Agreements for Financial Assets and Liabilities as of December 31, 2019

€ in millions	Gross amount	Amount offset	Carrying amount	Conditional netting amount (netting agreements)	Financial collateral received/ pledged	Net value
Financial assets						
Trade receivables	8,250	–	8,250	–	–	8,250
Interest-rate and currency derivatives	1,585	–	1,585	–	68	1,517
Commodity derivatives	2,378	678	1,700	1,064	10	626
Total	**12,213**	**678**	**11,535**	**1,064**	**78**	**10,393**
Financial liabilities						
Trade payables	8,709	–	8,709	–	–	8,709
Interest-rate and currency derivatives	2,802	–	2,802	–	461	2,341
Commodity derivatives	2,865	678	2,187	1,029	178	980
Total	**14,376**	**678**	**13,698**	**1,029**	**639**	**12,030**

The E.ON Group did not net interest-rate and currency derivatives and non-derivative financial instruments. Compulsory netting is carried out for commodity derivatives if the netting criteria pursuant to IAS 32.42 are met cumulatively.

Transactions and business relationships resulting in the derivative financial receivables and liabilities presented are largely concluded on the basis of standard contracts that permit the conditional netting of open transactions in the event that a counterparty becomes insolvent.

The netting agreements are derived from netting clauses contained in master agreements including those of the International Swaps and Derivatives Association (ISDA), the German Master Agreement for Financial Derivatives Transactions (DRV), the European Federation of Energy Traders (EFET) and the Financial Energy Master Agreement (FEMA).

Collateral pledged to and received from financial institutions in relation to these liabilities and assets limits the utilization of credit lines in the fair value measurement of interest-rate and currency derivatives, and is shown in the table. The collateral for commodity derivatives presented in the table relates to variation margin payments.

The following two tables illustrate the contractually agreed (undiscounted) cash outflows arising from the liabilities included in the scope of IFRS 7:

Cash Flow Analysis as of December 31, 2020

€ in millions	Cash outflows 2021	Cash outflows 2022	Cash outflows 2023–2025	Cash outflows from 2026
Bonds	3,169	3,229	8,152	20,787
Commercial paper	–	–	–	–
Bank loans/Liabilities to banks	139	26	199	341
Lease obligations	510	426	1,087	1,942
Other financial liabilities	274	24	1	8
Financial guarantees	–	–	1	7
Cash outflows for financial liabilities	**4,092**	**3,705**	**9,440**	**23,085**
Trade payables	7,927	–	–	–
Derivatives (with/without hedging relationships)	8,402	712	913	2,994
Put option liabilities under IAS 32	2,167	10	20	76
Other operating liabilities	2,148	6	2	20
Cash outflows for trade payables and other operating liabilities	**20,644**	**728**	**935**	**3,090**
Cash outflows for liabilities within the scope of IFRS 7	**24,736**	**4,433**	**10,375**	**26,175**

Cash Flow Analysis as of December 31, 2019[1]

€ in millions	Cash outflows 2020	Cash outflows 2021	Cash outflows 2022–2024	Cash outflows from 2025
Bonds	3,276	3,427	7,455	20,102
Commercial paper	50	–	–	–
Bank loans/Liabilities to banks	946	23	63	139
Lease obligations	454	415	1,017	1,909
Other financial liabilities	279	23	15	8
Financial guarantees	8	–	–	–
Cash outflows for financial liabilities	**5,013**	**3,889**	**8,549**	**22,158**
Trade payables	8,709	–	–	–
Derivatives (with/without hedging relationships)	5,531	673	689	2,687
Put option liabilities under IAS 32	1,724	318	–	57
Other operating liabilities	1,703	21	3	26
Cash outflows for trade payables and other operating liabilities	**17,667**	**1,012**	**692**	**2,770**
Cash outflows for liabilities within the scope of IFRS 7	**22,680**	**4,901**	**9,241**	**24,928**

[1]Adjusted prior-year figures.

Financial guarantees with a total nominal volume of €8 million (2019: €8 million) were issued to companies outside of the Group. This amount is the maximum amount that E.ON would have to pay in the event of claims on the guarantees. E.ON has recognized a liability for this in the amount of €8 million (2019: €8 million).

For financial liabilities that bear floating interest rates, the rates that were fixed on the balance sheet date are used to calculate future interest payments for subsequent periods as well. Financial liabilities that can be terminated at any time are assigned to the earliest maturity band in the same way as put options that are exercisable at any time.

In gross-settled derivatives (usually currency derivatives and commodity derivatives), outflows are accompanied by related inflows of funds or commodities.

The net gains and losses from financial instruments by IFRS 9 category are shown in the following table:

Net Gains and Losses by Category[1]

€ in millions	2020	2019
Financial assets Amortized Cost	-275	150
Financial liabilities Amortized Cost	-449	-1,059
Fair value through P&L	175	-628
Fair value through OCI	-10	41
Total	**-559**	**-1,496**

[1]Adjusted prior-year figures.

The net result of the category fair value through OCI results in particular from interest income and proceeds from the sale of fair value through OCI securities.

In addition to impairments of financial assets, net gains and losses in the amortized cost category are due primarily to interest income from financial assets and liabilities, effects from the currency translation of financial liabilities, as well as effects from the carrying forward of standstill obligations recognized as a liability for the acquisition of additional shares in subsidiaries that have already been consolidated.

The net gains and losses in the fair value through profit or loss measurement category encompass both the changes in fair value of equity instruments, from derivative financial instruments and gains and losses on realization.

Impairments of Financial Assets

Impairment losses on financial assets must be recognized not only for losses already incurred but also for expected future credit losses. E.ON takes into account expected future credit losses of financial assets carried at amortized cost, financial assets measured at fair value through other comprehensive income, and receivables from finance leases.

For trade receivables, expected credit losses are recognized over their entire residual term using the simplified method (lifetime ECL trade receivables). For other financial assets, E.ON first determines the credit loss expected within the first twelve months (stage 1—12 month ECL). In derogation of this, in the event of a significant increase in the default risk, the expected credit loss over the entire residual term of the respective instrument is recognized (stage 2—lifetime ECL). A significant increase in the default risk is assumed if the internally determined counterparty risk has been downgraded by at least three levels since initial recognition. If there are objective indications of an actual default, an individual impairment loss must be recognized on the income statement (stage 3—losses already incurred).

E.ON distinguishes between two approaches when calculating expected future credit losses. If external or internal rating information is available, the expected credit loss is determined on the basis of this data. If no rating information is available, E.ON determines default ratios on the basis of historical default rates, taking into account forward-looking information on economic developments. In the E.ON Group, a default or the classification of a receivable as uncollectible is assumed after 180 or 360 days, depending on the region.

In 2020, valuation allowances for trade receivables changed as shown in the following table:

Valuation Allowances for Trade Receivables[1]

€ in millions	2020	2019
Balance as of January 1	**-962**	**-805**
Disposals	57	136
Write-downs	-328	-288
Other[2]	-6	-5
Balance as of December 31	**-1,239**	**-962**

[1]Adjusted prior-year figures.
[2]The item Other includes currency translation differences.

There were no significant changes in valuation allowances in 2020 for other financial assets measured at amortized cost or at fair value through other comprehensive income, or for receivables from finance leases.

The default risks for financial assets for which rating information is available can be found in the following table for each rating grade and separately according to the stages of impairment existing in 2020:

Credit Risk Exposure for Financial Assets for Which Rating Information Is Available as of December 31, 2020[1]

	Stage 1 financial assets		Trade receivables	
€ in millions	2020	2019	2020	2019
Gross carrying amount investment grade	6,061	6,791	2,607	1,682
Gross carrying amount non investment grade	69	68	152	92
Gross carrying amount default grade	–	–	605	622
Total	**6,130**	**6,859**	**3,364**	**2,396**

[1]Adjusted prior-year figures.

The default risks for trade receivables for which no rating information is available and the amount of expected credit losses over the remaining term are shown in the following matrix for each maturity class:

Credit Risk Exposure for Trade Receivables for Which No Rating Information Is Available as of December 31, 2020[1]

	Gross carrying amount		Lifetime-ECL	
€ in millions	2020	2019	2020	2019
Not past-due	3,681	5,279	35	41
Past-due by	1,594	1,427	952	699
up to 30 days	*312*	*389*	*14*	*18*
31 to 60 days	*101*	*130*	*11*	*10*
61 to 90 days	*77*	*75*	*10*	*10*
91 to 180 days	*172*	*188*	*31*	*29*
more than 180 days including specific valuation allowances	*932*	*645*	*886*	*632*
Total	**5,275**	**6,706**	**987**	**740**

[1]Adjusted prior-year figures.

Risk Management

Principles

The prescribed processes, responsibilities and actions concerning financial and risk management are described in detail in internal risk management guidelines applicable throughout the Group. The units have developed additional guidelines of their own within the confines of the Group's overall guidelines. To ensure efficient risk management at the E.ON Group, the Trading (Front Office), Financial Controlling (Middle Office) and Financial Settlement (Back Office) departments are organized as strictly separate units. Risk steering and reporting in the areas of interest rates, currencies and credit for banks and liquidity management is performed by the Financial Controlling department (in the credit area, also in part by Counterparty Risk Management), while risk steering and reporting in the area of commodities and in the credit area for industrial enterprises is performed at Group level by a separate department.

E.ON uses a Group-wide treasury, risk management and reporting system. This system is a standard information technology solution that is fully integrated and is continuously updated. The system is designed to provide for the analysis and monitoring of the E.ON Group's exposure to liquidity, foreign exchange and interest risks. On a Group-wide basis, Financial Controlling/Counterparty Risk Management monitors and steers credit risks for banks, and Counterparty Risk Management monitors and steers corporates of a certain materiality. These activities are carried out each using a standard software package.

Separate Risk Committees/Steering Groups are responsible for the maintenance and further development of the strategy set by the Management Board of E.ON SE with regard to commodity, treasury and credit risk management policies.

1. Liquidity Management
The primary objectives of liquidity management at E.ON consist of ensuring ability to pay at all times, the timely satisfaction of contractual payment obligations and the optimization of costs within the E.ON Group.

Cash pooling and external financing are largely centralized at E.ON SE and certain financing companies. Funds are provided to the other Group companies as needed on the basis of an "in-house banking" solution.

E.ON SE determines the Group's financing requirements on the basis of short- and medium-term liquidity planning. The financing of the Group is controlled and implemented on a forward-looking basis in accordance with the planned liquidity requirement or surplus. Relevant planning factors taken into consideration include operating cash flow, capital expenditures, divestments, margin payments and the maturity of bonds and commercial paper.

2. Price Risks
In the normal course of business, the E.ON Group is exposed to risks arising from price changes in foreign exchange, interest rates, commodities and asset management. These risks create volatility in earnings, equity, debt and cash flows from period to period. E.ON has developed a variety of strategies to limit or eliminate these risks, including the use of derivative financial instruments, among others.

3. Credit Risks
E.ON is exposed to credit risk in its operating activities and through the use of financial instruments. Uniform credit risk management procedures are in place throughout the Group to identify, measure and steer credit risks.

The following discussion of E.ON's risk management activities and the estimated amounts generated from value-at-risk ("VaR") and sensitivity analyses are "forward-looking statements" that involve risks and uncertainties. Actual results could differ materially from those projected due to actual, unforeseeable developments in the global financial markets. The methods used by the Company to analyze risks should not be considered forecasts of future events or losses. For example, E.ON faces certain risks that are either non-financial or non-quantifiable. Such risks principally include country risk, operational risk, regulatory risk and legal risk, which are not represented in the following analyses.

Foreign Exchange Risk Management
E.ON SE is responsible for controlling the currency risks to which the E.ON Group is exposed.

Because it holds interests in businesses outside of the euro area, currency translation risks arise within the E.ON Group. Fluctuations in exchange rates produce accounting effects attributable to the translation of the balance sheet and income statement items of the foreign consolidated Group companies included in the Consolidated Financial Statements. Translation risks are hedged through borrowing in the corresponding local currency, which may also include shareholder loans in foreign currency. In addition, derivative and non-derivative financial instruments are employed as needed. The hedges qualify for hedge accounting under IFRS as hedges of net investments in foreign operations. The Group's translation risks are reviewed at regular intervals and the level of hedging is adjusted whenever necessary. The respective debt factor, net assets and the enterprise value denominated in the foreign currency are the principal criteria governing the level of hedging.

The E.ON Group is also exposed to operating and financial transaction risks attributable to foreign currency transactions. The subsidiaries are responsible for managing their operating currency risks and are generally required to hedge their currency risks through E.ON SE. E.ON SE coordinates hedging throughout the Group companies and makes use of external derivatives as needed. It may either directly close out foreign currency positions that have been tendered, in whole or in part, through external transactions, or keep the position open within approved limits. The one-day value-at-risk (95 percent confidence) for transactional foreign currency positions totaled €0.5 million as of December 31, 2020 (2019: €1.1 million).

Financial transaction risks result from payments originating from financial receivables and payables. They are generated both by external financing in a variety of foreign currencies, and by shareholder loans from within the Group denominated in foreign currency. Financial transaction risks are generally hedged.

Interest Risk Management

E.ON is exposed to profit risks arising from floating-rate financial liabilities. Positions based on fixed interest rates, on the other hand, are subject to changes in fair value resulting from the volatility of market rates. E.ON seeks a specific mix of fixed-interest and floating-rate debt over time. This is influenced, among other factors, by the type of business model, existing liabilities as well as the regulatory framework in which E.ON operates. To manage the interest rate position, several instruments, including derivatives, are deployed.

With interest rate derivatives included, the share of financial liabilities with floating interest rates was 10 percent as of December 31, 2020 (2019: 10 percent). Under otherwise unchanged circumstances, the volume of financial liabilities with fixed interest rates, which amounted to €24.5 billion at year-end 2020, would decline to €21.8 billion in 2021 and 2022. The effective interest rate duration of the financial liabilities, including interest rate derivatives, was 9.4 years as of December 31, 2020 (2019: 10.1 years). The volume-weighted average interest rate of the financial liabilities, including interest rate derivatives, was 3.1 percent as of December 31, 2020 (2019: 3.8 percent).

As of December 31, 2020, the E.ON Group held interest rate derivatives with a nominal value of €4,320 million (2019: €4,329 million).

A sensitivity analysis was performed on the Group's short-term floating-rate borrowings, including hedges of both foreign exchange risk and interest risk. This measure is used for internal risk controlling and reflects the economic position of the E.ON Group. A one-percentage-point upward or downward change in interest rates (across all currencies) would raise or lower interest charges by ±€69.1 million (2019: ±€59.3 million) in the subsequent fiscal year.

Commodity Price Risk Management

The E.ON portfolio of physical assets, long-term contracts and end-customer sales is exposed to substantial risks from fluctuations in commodity prices. The principal commodity prices to which E.ON is exposed relate to electricity, gas, green and emission certificates.

The objective of commodity risk management is to transact through physical and financial contracts to optimize the value of the portfolio while reducing the potential negative deviation from target EBIT.

Since the spinoff of Uniper, E.ON has established procurement capabilities for its sales business and thus ensured market access for E.ON's remaining energy production. In the normal course of business of the underlying energy production and retail sales activities, E.ON's individual management units are exposed to uncertain commodity market prices, which impacts operating gains and costs. All external trading on commodity markets must be related to reducing open commodity positions and be undertaken in strict accordance with approved commodity hedging strategies.

Due to the decentralized governance approach and the primary focus on procurement and purely hedging transactions, the allocation of risk capital is no longer necessary. The processes and operational management models within the trading system are monitored by the local market risk teams and centrally managed by the Risk Management department. At the end of 2019, the open position from the procurement on the markets in Germany, the UK, the Czech Republic, Sweden, Romania, Hungary and the innogy companies for the reporting period from 2020 to 2022 was not more than 4,100 GWh per commodity in each case. The biggest drivers primarily relate to the special market conditions in Romania, where hedging activities are carried out within the approved commodity hedging strategy.

As of December 31, 2020, the E.ON Group primarily held electricity and gas derivatives with a nominal value of €24,662 million (2019: €32,831 million).

A key foundation of the commodity risk management system is the Group-wide Commodity Risk Policy and the corresponding internal policies of the units. These specify the control principles for commodity risk management, minimum required standards and clear management and operational responsibilities.

Commodity risks at the innogy distribution companies are hedged in accordance with the hedging guidelines of innogy SE. Commodity risks are hedged using limits. Policies applicable to the entire Group specify clear structures and processes for handling commodity risks. They are consistent with the basic requirements for commodity risk management within the E.ON Group. The steering approach was harmonized for all innogy portfolios that fall within the central governance of E.ON SE in the fourth quarter of 2020.

Commodity exposures and risks are reported across the Group on a monthly basis to the members of the Risk Committee for both the E.ON and the innogy portfolios. A report on complex weather risks is prepared once each quarter.

Credit Risk Management

In order to minimize credit risk arising from operating activities and from the use of financial instruments, the Company enters into transactions only with counterparties that satisfy the Company's internally established minimum requirements. Maximum credit risk is confined by credit limits based on internal and (where available) external credit ratings. The setting and monitoring of credit limits is subject to certain minimum requirements, which are based on Group-wide credit risk management guidelines. Long-term operating contracts and asset management transactions are not comprehensively included in this process. They are monitored separately at the level of the responsible units.

In principle, each Group company is responsible for managing credit risk in its operating activities. Depending on the nature of the operating activities and the credit risk, additional credit risk monitoring and controls are performed both by the units and by Corporate Headquarters. Regular reports on credit limits, including their utilization, are submitted to the Risk Committee. Intensive, standardized monitoring of quantitative and qualitative early-warning indicators, as well as close monitoring of the credit quality of counterparties, enable E.ON to act early in order to minimize risk.

To the extent possible, collateral is negotiated with counterparties for the purpose of reducing credit risk. Accepted as collateral are guarantees issued by the respective parent companies, letters of comfort or evidence of profit and loss transfer agreements in combination with letters of awareness. To a lesser extent, the Company also requires bank guarantees and deposits of cash and securities as collateral to reduce credit risk. Risk-management collateral was accepted in the amount of €1,474 million.

The levels and details of financial assets received as collateral are described in more detail in Notes 19 and 27.

Derivative transactions are generally executed on the basis of standard agreements that allow for the netting of all open transactions with individual counterparties. To further reduce credit risk, bilateral margining agreements are entered into with selected counterparties. Limits are imposed on the credit and liquidity risk resulting from bilateral margining agreements and exchange clearing.

There is no credit risk with respect to the exchange-traded forward and option contracts with an aggregate nominal value of €2,183 million as of December 31, 2020 (2019: €1,073 million). For the remaining financial instruments, the maximum risk of default is equal to their nominal amounts.

At E.ON, liquid funds are normally invested at banks with good credit ratings, in money market funds with first-class ratings or in short-term securities (for example, commercial paper) of issuers with strong credit ratings. Bonds of public and private issuers are also selected for investment. Group companies that for legal reasons are not included in the cash pool invest money at leading local banks. Standardized credit assessment and limit-setting is complemented by daily monitoring of CDS levels at the banks and at other significant counterparties.

Asset Management

For the purpose of financing long-term payment obligations, including those relating to asset retirement obligations (see Note 26) and cash investments, financial investments totaling €3.0 billion (2019: €3.5 billion) were held predominantly by German E.ON Group companies as of December 31, 2020. The decrease of €0.5 billion is primarily related to the steady reduction of a subportfolio.

These financial assets are invested on the basis of an accumulation strategy (total-return approach), with investments broadly diversified across the various asset classes, for example the money market, bond and equity asset classes, as well as alternative asset classes like real estate. The majority of the assets are held in investment funds managed by external fund managers. Corporate Asset Management at E.ON SE, which is part of the Company's Finance Department, is responsible for continuous monitoring of overall risks and those concerning individual fund managers. The three-month VaR with a 98-percent confidence interval for these financial assets was €218 million (2019: €109 million). The increase resulted primarily from the significant turbulence on the capital market in relation to the coronavirus crisis.

As of December 31, 2020, Versorgungskasse Energie VVaG was still in liquidation (VKE i. L.); at that date, it managed €79.3 million in financial investments. The company was deconsolidated on June 30, 2019.

(33) Leasing

E.ON as Lessee

Transactions in which E.ON is the lessee have been recognized under the right-of-use model pursuant to IFRS 16. The tables in Note 15 present the changes in the right-of-use assets by asset class in the reporting year. The conclusion of new agreements, mainly in the network sector, and the presentation of changes in estimates and modifications resulted in an addition of €415 million (2019: €286 million). Impairments of right-of-use assets in the amount of €563 million (2019: €220 million) are allocated among the asset classes as follows:

Right-of-use Assets[1]

€ in millions	Accumulated depreciation 2020	Accumulated depreciation 2019
Land and buildings	204	100
Networks	274	71
Storage and production capacities	2	2
Technical equipment and machinery	6	3
Fleet, office and business equipment	77	44

[1]Adjusted prior-year figures.

The majority of this increase is attributable to the fact that the innogy activities were only included on a pro rata basis in the 2019 fiscal year (from September 18, 2019, the date on which control was achieved), while in 2020 they will be included for a full twelve months.

E.ON operates as a lessee in the areas of networks, land and buildings, and vehicle fleets, in particular. To ensure operative flexibility, E.ON enters into agreements relating to the extension and termination of real estate leases, in particular. In determining the term of the contract, E.ON considers all facts and circumstances that have an economic influence on the exercise of the extension option or the non-exercise of the termination option. In the determination of the lease liability, and correspondingly, of the right-of-use assets, all reasonably certain cash outflows are taken into consideration. As of December 31, 2020, potential future cash outflows in the amount of €187 million (2019: €322 million) were not included in the lease liability as it is not reasonably certain that the leases will be renewed or not terminated. Variable lease payments occur in only immaterial amounts and E.ON does not issue residual value guarantees. Leases in which E.ON is the lessee but where the lease has not yet begun result in potential future cash outflows of €236 million (2019: €556 million). The existing lease liabilities do not contain any covenant clauses that are linked to financial ratios.

As of the balance sheet date of December 31, 2020, right-of-use assets in the amount of €2,543 million (2019: €2,582 million) are offset by lease liabilities with a present value of €2,615 million (2019: €2,609 million). This is recognized under financial liabilities (see Note 27); the short-term portion of the lease liabilities totals €342 million (2019: €329 million). The maturity structure of the future payment obligations from leases is presented in Note 32.

Due to the simplification provisions used, the recognition of a right-of-use asset is not necessary for low-value leases and leases with a term of less than twelve months. Instead, a lease expense is recognized in these cases. The following amounts are recognized in the income statement in connection with leases in the fiscal year:

E.ON as Lessee—Effects within the Income Statement[1]

€ in millions	2020	2019
Expenses from short-term leases (<12 months)	16	18
Expense for low-value leases not included in above short-term leases	18	16
Variable lease payments	3	2
Interest expense from leasing	154	36
Lease income sublease	1	1
Gain/Loss from sale and leaseback transactions	1	–

[1]Adjusted prior-year figures.

The liabilities from short-term agreements with a term of less than twelve months entered into for the next fiscal year do not vary materially from the expenses of the current fiscal year. The increase in interest expense is mainly due to the fact that the innogy activities were only included on a pro rata basis in the past reporting year.

Cash outflows from lease agreements totaled €523 million (2019: €377 million) in the fiscal year; this will be allocated to operating cash flow in the amount of €191 million (2019: €85 million). This includes the lease expense for short-term and low-value leases as well as the expense from variable lease payments and interest expense for the period. Payments allocated to payments for the lease liability are recognized in cash flows from financing activities in the amount of €332 million (2019: €292 million).

E.ON as Lessor

E.ON enters into leases as lessor to a limited extent. Finance leases include technical equipment and machinery, in particular generation plants, that has been transferred to customers for use. Operating leases include assets that have been transferred for use, in particular real estate, heat and electricity generation plants and lines. There are no material risks in connection with rights retained to the assets temporarily transferred for use, with the result that risk management strategies, in particular, are not necessary. Residual-value guarantees are only entered into on an individual basis for purposes of additional hedging.

The present value of minimum lease payments is recognized under receivables from finance leases (see Note 18). The short-term portion totals €44 million (2019: €50 million). There were no material changes to net investments in the period under review. The nominal and present values of the lease payments had the following maturities:

E.ON as Lessor—Finance Leases

	Undiscounted lease payments		Unrealized interest income		Discounted non-guaranteed residual value		Present value of minimum lease payments	
€ in millions	2020	2019	2020	2019	2020	2019	2020	2019
Due within 1 year	67	79	23	29	–	–	44	50
Due in 1 to 2 years	54	75	19	25	–	–	35	50
Due in 2 to 3 years	51	68	16	20	1	–	36	48
Due in 3 to 4 years	43	63	12	16	1	–	32	47
Due in 4 to 5 years	36	56	10	12	1	–	27	44
Due in more than 5 years	142	143	40	27	13	15	115	131
Total	**393**	**484**	**120**	**129**	**16**	**15**	**289**	**370**

The following effects from activity as a lessor are recognized for the period under review:

E.ON as Lessor—Effects within the Income Statement

€ in millions	2020	2019
Finance lease		
Gain/loss on the disposal of assets	*–*	*–*
Financial income from net investments	*29*	*11*
Income of variable lease payments	*2*	*1*
Operating lease		
Income from leasing	*47*	*69*
thereof Income of variable lease payments	*9*	*–*

Results from the disposal of assets were recognized in income. Cash flows from operating leases are allocated to cash flow before interest and taxes. This also applies to flows from finance leases with variable lease payments. Payments recognized as financing income from net investments increase operating cash flow.

The following payments are expected from existing operating leases:

E.ON as Lessor—Operating Leases

	Undiscounted lease payments	
€ in millions	2020	2019
Due within 1 year	86	86
Due in 1 to 2 years	61	72
Due in 2 to 3 years	52	62
Due in 3 to 4 years	40	55
Due in 4 to 5 years	36	49
Due in more than 5 years	63	123
Total	**338**	**447**

(34) Transactions with Related Parties

E.ON exchanges goods and services with a large number of companies as part of its continuing operations. Some of these companies are related parties, including associated companies accounted for under the equity method and their subsidiaries. Receivables and payables consist primarily of lease obligations from leaseback models and trade receivables. Joint ventures and subsidiaries that are not fully consolidated continue to be accounted for as associated companies. Transactions with related parties in the reporting year and in the previous year are summarized as follows:

Related-Party Transactions

€ in millions	2020	2019
Income	**1,575**	**676**
Associated companies	*1,058*	*542*
Joint ventures	*151*	*38*
Other related parties	*366*	*96*
Expenses	**1,288**	**560**
Associated companies	*531*	*216*
Joint ventures	*143*	*107*
Other related parties	*614*	*237*
Receivables	**496**	**627**
Associated companies	*236*	*456*
Joint ventures	*17*	*9*
Other related parties	*243*	*162*
Liabilities	**1,790**	**1,278**
Associated companies	*660*	*726*
Joint ventures	*104*	*177*
Other related parties	*1,026*	*375*
Provisions	**27**	**31**
Associated companies	*25*	*26*
Other related parties	*2*	*5*

In 2020, E.ON generated income from transactions with related companies through the delivery of gas and electricity to distributors and municipal entities, especially municipal utilities. The relationships with these entities do not generally differ from those that exist with municipal entities in which E.ON does not have an interest. Expenses from transactions with related companies are generated mainly through electricity and gas deliveries as well as through management fees, IT services and third-party services.

Liabilities of E.ON payable to related companies as of December 31, 2020, include €49 million (2019: €60 million) in trade payables and shareholder loans to operators of jointly-owned nuclear power plants. These shareholder loans bear interest at 1.0 percent (2019: 1.0 percent) and have no fixed maturity. E.ON continues to have in place with these power plants a cost-transfer agreement and a cost-plus-fee agreement for the procurement of electricity. The settlement of such liabilities occurs mainly through clearing accounts.

Under IAS 24, compensation paid to key management personnel (members of the Management Board and of the Supervisory Board of E.ON SE) must be disclosed.

The total expense for 2020 for members of the Management Board amounted to €8.8 million (2019: €10.3 million) in short-term benefits and €2.5 million (2019: €2.6 million) in post-employment benefits. The cost of post-employment benefits is equal to the service and interest cost of the provisions for pensions. Additionally taken into account in 2020 were actuarial losses of €2.4 million (2019: actuarial losses of €1.4 million).

The expense determined in accordance with IFRS 2 for existing commitments arising from share-based payment in 2020 was €5.1 million (2019: €5.4 million).

Provisions for these commitments amounted to €13.4 million as of December 31, 2020 (2019: €14.5 million).

The members of the Supervisory Board received a total of €5.3 million for their activity in 2020 (2019: €4.3 million). Employee representatives on the Supervisory Board were paid compensation under the existing employment contracts with subsidiaries totaling €0.8 million (2019: €0.6 million).

Detailed, individualized information on compensation can be found in the Compensation Report on pages 80 through 97.

(35) Segment Reporting

Segment Information

Led by its Corporate Headquarters in Essen, Germany, the E.ON Group comprises the seven reporting segments described below, and the Non-Core Business and Corporate Functions/Other, all of which are reported here in accordance with IFRS 8. The combined segments, which are not separately reportable, in the East-Central Europe/Turkey Energy Networks unit and the Customer Solutions Other unit are of subordinate importance and have similar economic characteristics with respect to customer structure, products and distribution channels.

Since January 1, 2020, the activities of innogy are no longer directed and presented as an independent segment, but instead integrated into the business areas Energy Networks, Customer Solutions and Group Management/Other. The innogy network businesses were transferred to the Energy Networks division. The sale of electricity and gas as well as new customer solutions at innogy, such as services related to electromobility, are reported under Customer Solutions. The Corporate Management/Other area comprises the holding functions and internal service providers of innogy. In addition to the allocation of the businesses remaining after the transfer of significant operations to RWE reported under Renewables, the heating business previously reported under Customer Solutions Other was transferred to the Customer Solutions Germany segment and three E.ON Business Solutions companies were transferred from Customer Solutions Other to the Customer Solutions UK segment. The prior-year figures were adjusted accordingly, where necessary.

Energy Networks

Germany
This segment combines the electricity and gas distribution networks and all related activities in Germany.

Sweden
This segment comprises the electricity networks businesses in Sweden.

East-Central Europe/Turkey
This segment combines the distribution network activities in the Czech Republic, Hungary, Romania, Poland, Croatia, Slovakia and Turkey.

Customer Solutions

Germany
This segment consists of activities that supply our customers in Germany with electricity and gas and the distribution of specific products and services in areas for improving energy efficiency and energy independence. This item also includes the heating business in Germany.

United Kingdom
The segment comprises sales activities and customer solutions in the UK.

Netherlands/Belgium
The segment comprises sales activities and Customer Solutions in the Netherlands and Belgium.

Other
This segment combines sales activities and the corresponding Customer Solutions in Sweden, Italy, the Czech Republic, Hungary, Romania and Poland. The innovative solutions business (such as electromobility) is also included here.

Renewables
The Renewables segment combined the Group's activities for the production of wind power plants (onshore and offshore) as well as solar farms.

In connection with the takeover of innogy, E.ON will transfer the majority of its Renewables business to RWE. Since June 30, 2018, the transferred businesses were reported as a discontinued operation in E.ON's consolidated financial statements in accordance with IFRS 5 (see Note 5 for further information) and deconsolidated as of September 18, 2019; accordingly, disclosures for the segment are only included up to this date.

For internal management purposes, these activities therefore continued to be fully included in the relevant key performance indicators until they are deconsolidated. The presentation of key performance indicators and revenue in segment reporting therefore also includes the components attributable to discontinued operations in the Renewables business. Reconciliations of these figures to the information in the E.ON Group's consolidated income statement and consolidated statement of cash flows are provided on pages 212, 213 and 215.

The businesses in the Renewables segment remaining after the transfer of material components to RWE were reported under Energy Networks Germany, Customer Solutions UK and Corporate Functions/Other.

Non-Core Business
Non-Core Business comprises the non-strategic activities of the E.ON Group. This includes the operation and retirement of the German nuclear power plants, which are managed by the PreussenElektra operating unit, and the electricity generation business in Turkey.

Corporate Functions/Other
Corporate Functions/Other contains E.ON SE itself and the interests held directly by E.ON SE. Additional information regarding the Uniper Group is provided in Note 4.

Financial Information by Business Segment[1]

	Energy Networks						Customer Solutions							
	Germany		Sweden		ECE/Turkey		Germany		United Kingdom		Netherlands/ Belgium		Other	
€ in millions	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External sales	10,310	6,565	884	1,018	1,622	875	20,964	12,345	13,989	9,829	2,836	990	8,359	7,923
Intersegment sales	4,253	2,596	5	6	1,210	1,038	1,586	561	4	-184	123	1	481	329
Sales[2]	**14,563**	**9,161**	**889**	**1,024**	**2,832**	**1,913**	**22,550**	**12,906**	**13,993**	**9,645**	**2,959**	**991**	**8,840**	**8,252**
Depreciation and amortization[3]	**-1,446**	**-858**	**-158**	**-153**	**-342**	**-282**	**-134**	**-119**	**-130**	**-138**	**-72**	**-17**	**-216**	**-165**
Adjusted EBIT	**2,182**	**1,455**	**371**	**539**	**700**	**507**	**412**	**308**	**-129**	**-106**	**80**	**37**	**91**	**111**
Equity-method earnings[4]	*224*	*111*	–	–	*142*	*119*	*4*	*5*		*-1*	*5*	*2*	*7*	*9*
Operating cash flow before interest and taxes	**3,614**	**1,745**	**612**	**718**	**1,016**	**890**	**581**	**328**	**-256**	**467**	**115**	**112**	**286**	**208**
Investments	**2,365**	**1,583**	**353**	**314**	**668**	**487**	**238**	**168**	**117**	**331**	**40**	**68**	**395**	**441**

[1]Because of the changes in our reporting, the prior-year figure was adjusted accordingly.
[2]Adjustment of prior-year figures in the context of "failed-own-use" accounting regarding presentation of sales, cost of materials, other operating income and other operating expenses with no impact on earnings.
[3]Adjusted for non-operating effects.
[4]Under IFRS, impairment charges on companies accounted for using the equity method and impairment charges on other financial assets (and any reversals of such charges) are included in income/loss from companies accounted for using the equity method and financial results, respectively. These income effects are not part of adjusted EBIT.
[5]Because of subsequent purchase price adjustments by RWE, the Corporate Functions/Other segment recorded negative investments.
[6]Operating business including the divisions in the Renewables segment reclassified as discontinued operations in accordance with IFRS 5 and deconsolidated as of September 18, 2019.

The following table shows the reconciliation in segment reporting of sales to sales in the Consolidated Statement of Income:

Reconciliation of Sales

	E.ON Group		Reclassified businesses at Renewables[1]		E.ON Group (continuing operations)	
€ in millions	2020	2019	2020	2019	2020	2019
Sales	**60,944**	**41,284**	**–**	**-481**	**60,944**	**40,803**

[1]Deconsolidated as of September 18, 2019.

	Renewables[6]		Non-Core Business: PreussenElektra		Non-Core Business: Generation Turkey		Corporate Functions/ Other[5]		Consolidation		E.ON Group[6]	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	–	518	1,388	1,174	–	–	591	47	1	–	60,944	41,284
	–	430	–	–	–	–	2,111	737	-9,773	-5,514	0	0
	–	**948**	**1,388**	**1,174**	**–**	**–**	**2,702**	**784**	**-9,772**	**-5,514**	**60,944**	**41,284**
	–	**-271**	**-512**	**-251**	**–**	**–**	**-122**	**-89**	**3**	**-1**	**-3,129**	**-2,344**
	–	**301**	**383**	**292**	**30**	**74**	**-350**	**-303**	**6**	**5**	**3,776**	**3,220**
	–	*57*	*75*	*51*	*30*	*74*	*23*	*69*	*-1*	*-1*	*509*	*495*
	–	**201**	**489**	**313**	**–**	**–**	**-511**	**-577**	**2**	**2**	**5,948**	**4,407**
	–	**563**	**275**	**207**	**–**	**–**	**-278**	**1,329**	**-2**	**1**	**4,171**	**5,492**

The following table shows the reconciliation of operating cash flow before interest and taxes to operating cash flow from continuing operations:

Reconciliation of Operating Cash Flow[1]

€ in millions	2020	2019
Operating cash flow before interest and taxes	**5,948**	**4,407**
Interest payments	-714	-740
Tax payments	53	-754
Reclassified innogy business in the Czech Republic (Operating cash flow)	26	52
Operating cash flow	**5,313**	**2,965**
Reclassified businesses at Renewables[2]	–	-100
Reclassified innogy business in the Czech Republic	-26	-52
Operating cash flow from continuing operations	**5,287**	**2,813**

[1]Adjusted prior-year figures.
[2]Deconsolidated as of September 18, 2019.

The following table shows the reconciliation in segment reporting of the investments shown in segment reporting to the investments of continuing operations. The latter correspond to payments for investments reported in the Consolidated Statements of Cash Flows.

Reconciliation of Investments

€ in millions	2020	2019
Investments	**4,171**	**5,492**
Reclassified businesses at Renewables[1]	–	-708
Investments from continuing operations	**4,171**	**4,784**

[1]Deconsolidated as of September 18, 2019.

Adjusted EBIT

Adjusted EBIT, a measure of earnings before interest and taxes ("EBIT") adjusted to exclude non-operating effects, is used at E.ON for purposes of internal management control and as the most important indicator of a business's sustainable earnings power.

The E.ON Management Board is convinced that adjusted EBIT is the most suitable key figure for assessing operating performance because it presents a business's operating earnings independently of non-operating factors, interest, and taxes.

Unadjusted EBIT represents the Group's income/loss reported in accordance with IFRS before financial results and income taxes, taking into account the interest income/expense. To improve its meaningfulness as an indicator of the sustainable earnings power of the E.ON Group's business, unadjusted EBIT is adjusted for certain non-operating effects.

Operating earnings also include income from investment subsidies for which liabilities are recognized.

The non-operating earnings effects for which EBIT is adjusted include, in particular, non-operating interest expense/income, income and expenses from the marking to market of derivative financial instruments used for hedging and, where material, book gains/losses, certain restructuring expenses, impairment charges and reversals recognized in the context of impairment tests on non-current assets, on equity investments in affiliated or associated companies and on goodwill, and other contributions to non-operating earnings. In addition, effects from the valuation of certain provisions on the balance sheet date are disclosed in non-operating earnings.

In addition, earnings from discontinued operations and activities in the Renewables segment that were deconsolidated with effect from September 18, 2019, adjusted for non-operating effects, are also included in adjusted EBIT. Pursuant to IFRS 5, equity carried forward from investments in discontinued operations is to be terminated. However, this was continued within the framework of internal management and was then also included in adjusted EBIT. As with the treatment of the effects of the equity carried forward, depreciation in discontinued operations, which is generally to be deferred in accordance with IFRS 5, is continued and carried forward in adjusted EBIT.

Net book gains decline significantly year-on-year. In 2020, they mainly comprise deconsolidation gains that arose in connection with the fulfillment of EU requirements relating to the innogy transaction (compare pages 21 and 22 of the Combined Group Management Report). The previous year's figure included in particular effects from the deconsolidation of PEGI as parent company of Nord Stream. In addition, income from the disposal of securities was lower than in the prior year.

Restructuring expenses were significantly lower than in the 2019 reporting period and, as in the previous year, mainly included expenses in connection with the integration of innogy. The current year also includes expenses for the restructuring of the UK distribution business.

The marking to market as of the reporting date of derivatives resulted in a positive effect of €1,128 million in the 2020 fiscal year (prior year: -€630 million). Positive effects in the 2020 reporting period resulted primarily from hedging price fluctuations, particularly in Customer Solutions, and in Group Management/Other due to the commodity procurement for power procurement units included there.

In the 2020 reporting period, impairment losses were recognized in particular in the areas of energy networks in Hungary (mainly due to the current restructuring of the business there), Customer Solutions in the United Kingdom (primarily for software in connection with the ongoing restructuring measures) and the Netherlands/Belgium (in particular as part of the planned disposal of the Belgian distribution business). In the prior year, impairment losses were recognized primarily in Customer Solutions in the United Kingdom (in particular due to the restructuring of the UK distribution business of E.ON and innogy decided at that time).

Effects that are to be initially recognized from the subsequent measurement of hidden reserves and charges in connection with the innogy purchase price allocation, which is preliminary until September 18, 2020, as well as newly recognized effects from the measurement of financial assets in the innogy segment (which were fully offset by the end of 2020) are presented separately.

The decrease in other non-operating earnings is attributable, among other things, to measurement effects for repurchase obligations under IAS 32 and non-current provisions, as well as realized effects from hedging transactions for certain currency risks.

The following table shows the reconciliation of earnings before interest and taxes to adjusted EBIT or adjusted EBITDA:

Reconciliation of Income before Financial Results and Income Taxes

€ in millions	2020	2019
Income/Loss from continuing operations before financial results and income taxes	**2,883**	**1,359**
Income/Loss from equity investments	18	58
EBIT	**2,901**	**1,417**
Non-operating adjustments	**875**	**1,503**
Net book gains/losses	*-258*	*-366*
Restructuring/cost-management expenses	*656*	*819*
Effects from market valuation derivatives	*-1,128*	*630*
Impairments (+)/Reversals (-)	*557*	*260*
Carryforward of hidden reserves (+) and liabilities (-) from the innogy transaction[1]	*802*	*317*
Other non-operating earnings	*246*	*-157*
Reclassified businesses of Renewables[2] (adjusted EBIT)	–	300
Adjusted EBIT	**3,776**	**3,220**
Impairments (+)/Reversals (-)	27	67
Scheduled depreciation and amortization	3,102	2,006
Reclassified businesses of Renewables[2] (scheduled depreciation and amortization, impairments and reversals)	–	271
Adjusted EBITDA	**6,905**	**5,564**

[1]Including the effects of retrospective changes in connection with the adjustment of the provisional recognition of the innogy acquisition (see Note 5); the previous year was adjusted accordingly.
[2]Deconsolidated as of September 18, 2019.

Page 35 of the Combined Group Management Report provides a more detailed explanation of the reconciliation of adjusted EBIT to the net income/loss reported in the Consolidated Financial Statements.

Additional Entity-Level Disclosures

External sales by product break down as follows:

Segment Information by Product

€ in millions	2020	2019
Electricity	44,871	30,095
Gas	11,340	8,049
Other	4,733	3,140
Total	**60,944**	**41,284**

The “Other” item consists in particular of revenues generated from services.

The following table breaks down external sales (by customer and seller location), intangible assets and property, plant and equipment, as well as companies accounted for under the equity method, by geographic area:

Geographic Segment Information

	Germany		United Kingdom		Sweden		Netherlands/ Belgium		Europe (other)		Other		Total	
€ in millions	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External sales by location of customer	32,809	20,198	14,092	9,868	1,953	2,176	2,927	991	9,108	7,767	55	284	60,944	41,284
External sales by location of seller	33,381	20,458	13,989	9,813	1,952	2,138	2,850	1,006	8,720	7,574	52	295	60,944	41,284
Intangible assets	1,582	1,634	195	355	199	183	399	545	1,466	1,402	14	19	3,855	4,138
Right-of-use assets	2,198	2,191	96	126	49	48	42	45	156	169	2	3	2,543	2,582
Property, plant and equipment	25,494	25,067	718	697	5,175	4,762	92	115	5,440	5,106	4	3	36,923	35,750
Companies accounted for under the equity method	3,086	3,192	4	461	74	70	41	67	1,178	1,442	–	–	4,383	5,232

E.ON's customer structure resulted in a focus on the Germany region. Aside from that, there was no major concentration in any given geographical region or business area. Due to the large number of customers the Company serves and the variety of its business activities, there are no individual customers whose business volume is material compared with the Company's total business volume.

(36) Compensation of Supervisory Board and Management Board

Supervisory Board

Total remuneration to members of the Supervisory Board in 2020 amounted to €5.3 million (2019: €4.3 million).

As in 2019, there were no loans to members of the Supervisory Board in 2020.

The Supervisory Board's compensation structure and the amounts for each member of the Supervisory Board are presented on page 96 and 97 in the Compensation Report.

Additional information about the members of the Supervisory Board is provided on pages 248 and 249.

Management Board

Total compensation of the Management Board in 2020 amounted to €14.1 million (2019: €15.6 million). This consisted of base salary, bonuses, other compensation elements and share-based payments.

In 2020, the members of the Management Board were granted fourth-tranche virtual shares under the E.ON Performance Plan (2019: third tranche of the E.ON Performance Plan) with a value of €5.2 million (2019: €5.2 million) and a total number of shares of 661,911 (2019: 780,815).

Total payments to former members of the Management Board and their beneficiaries amounted to €12.8 million (2019: €10.8 million). Provisions of €166.8 million (2019: €161.3 million) have been established for the pension obligations to former members of the Management Board and their beneficiaries.

As in 2019, there were no loans to members of the Management Board in 2020.

The Management Board's compensation structure and the individual amounts for each member of the Management Board as well as additional disclosures on the amounts are presented on pages 80 through 96 in the Compensation Report.

Additional information about the members of the Management Board is provided on page 250.

(37) Subsequent Events

Nuclear Power/Residual Quantities of Electricity

In January 2021, 10 TWh of residual quantities of electricity were acquired from the operating company of the Krümmel nuclear power plant and transferred in equal shares to the Grohnde and Isar II nuclear power plants managed by PreussenElektra GmbH. This will allow the plant to continue operating until the summer of 2021.

At the beginning of March 2021, the responsible German Federal Ministries announced that the German federal government had reached an agreement with the four nuclear power plant operators EnBW, E.ON/PreussenElektra GmbH, RWE and Vattenfall on key points concerning the payment of financial compensation due to the accelerated nuclear phase-out after 2011 and the settlement of all related legal disputes. In particular, the key points also provide that E.ON/PreussenElektra GmbH can dispose of the quantities of electricity from the jointly-owned Krümmel and Brunsbüttel nuclear power plants that arithmetically correspond to its share without payment, i.e., it can use them for generation in its own power plants. This understanding will only become effective once it has been transposed into law.

Corporate Bond Issued

In mid-January 2021, E.ON issued a corporate bond with a volume of €600 million due in December 2028 with a 0.100 percent coupon.

Disposal of Shares in Rampion Renewables Ltd.

In 2019, E.ON UK plc sold around 60 percent of its shares in Rampion Renewables Ltd., Coventry, which has a stake of around 50 percent in the UK wind farm operator Rampion Offshore Wind Ltd., to RWE Renewables UK Ltd., a company of the RWE Group.

On December 29, 2020, an agreement with RWE AG and RWE Renewables UK Ltd. was signed, under which E.ON UK plc will also transfer its remaining 40-percent stake to RWE Renewables UK Ltd. Following the occurrence of a significant part of the conditions precedent in the first half of March 2021, the share transfer is to be completed at the beginning of the second quarter of 2021.

As of December 31, 2020, the investment in Rampion Renewables Ltd. is recognized under “assets held for sale” as a result of the agreement concluded.

Supplementary Agreements to the Consortium Agreement at enviaM

Via subsidiaries, E.ON SE holds a stake of approximately 59 percent in enviaM AG. Other major shareholders are two municipal companies with a combined stake of around 37 percent. Pursuant to a consortium agreement, these municipal shareholders have had a right of tender since 2002, which could be exercised in full or in part. This right of tender resulted in recognition as a liability in accordance with IAS 32 in the E.ON SE consolidated financial statements. In March 2021, a supplementary agreement to the consortium agreement was negotiated, including the lapse of this right to tender.

(38) List of Shareholdings Pursuant to Section 313 (2) HGB

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2020)

Name, location	Stake (%)
100 Kilowatt Naperőmű Alfa Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
100 Kilowatt Naperőmű Béta Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
100 Kilowatt Naperőmű Delta Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
100 Kilowatt Naperőmű Epszilon Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
100 Kilowatt Naperőmű Éta Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
100 Kilowatt Naperőmű Gamma Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
100 Kilowatt Naperőmű Kappa Korlátolt Felelősségű Társaság, HU, Budapest[2]	100.0
2. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Naumburg KG, DE, Düsseldorf[2, 12]	0.0
4Motions GmbH, DE, Leipzig[2]	100.0
A/V/E GmbH, DE, Halle (Saale)[2]	76.1
Abens-Donau Netz GmbH & Co. KG, DE, Mainburg[6]	50.0
Abens-Donau Netz Verwaltung GmbH, DE, Mainburg[6]	50.0
Abfallwirtschaft Dithmarschen GmbH, DE, Heide[6]	49.0
Abfallwirtschaft Rendsburg-Eckernförde GmbH, DE, Borgstedt[6]	49.0
Abfallwirtschaft Schleswig - Flensburg GmbH, DE, Schleswig[6]	49.0
Abfallwirtschaft Südholstein GmbH - AWSH -, DE, Elmenhorst[6]	49.0
Abwasser und Service Burg, Hochdonn GmbH, DE, Burg[6]	39.0
Abwasser und Service Mittelangeln GmbH, DE, Satrup[6]	33.3
Abwasserbeseitigung Nortorf-Land GmbH, DE, Nortorf[6]	49.0
Abwasserentsorgung Albersdorf GmbH, DE, Albersdorf[6]	49.0
Abwasserentsorgung Amt Achterwehr GmbH, DE, Achterwehr[6]	49.0
Abwasserentsorgung Bargteheide GmbH, DE, Bargteheide[6]	27.0
Abwasserentsorgung Bleckede GmbH, DE, Bleckede[6]	49.0
Abwasserentsorgung Brunsbüttel GmbH (ABG), DE, Brunsbüttel[6]	49.0
Abwasserentsorgung Friedrichskoog GmbH, DE, Friedrichskoog[6]	49.0
Abwasserentsorgung Kappeln GmbH, DE, Kappeln[6]	25.0
Abwasserentsorgung Kropp GmbH, DE, Kropp[6]	20.0
Abwasserentsorgung Marne-Land GmbH, DE, Diekhusen-Fahrstedt[6]	49.0
Abwasserentsorgung Schladen GmbH, DE, Schladen[6]	49.0
Abwasserentsorgung Schöppenstedt GmbH, DE, Schöppenstedt[6]	49.0
Abwasserentsorgung St. Michaelisdonn, Averlak, Dingen, Eddelak GmbH, DE, St. Michaelisdonn[6]	25.1
Abwasserentsorgung Tellingstedt GmbH, DE, Tellingstedt[6]	25.0
Abwasserentsorgung Uetersen GmbH, DE, Uetersen[6]	49.0
Abwassergesellschaft Bardowick mbH & Co. KG, DE, Bardowick[6]	49.0
Abwassergesellschaft Bardowick Verwaltungs-GmbH, DE, Bardowick[6]	49.0
Abwassergesellschaft Gehrden mbH, DE, Gehrden[6]	49.0
Abwassergesellschaft Ilmenau mbH, DE, Melbeck[6]	49.0
Abwasserwirtschaft Fichtelberg GmbH, DE, Fichtelberg[6]	25.0
Abwasserwirtschaft Kunstadt GmbH, DE, Burgkunstadt[6]	30.0
Ackermann & Knorr Ingenieur GmbH, DE, Chemnitz[2]	100.0
Airco-Klima Service GmbH, DE, Garbsen[2]	80.0
AIRCRAFT Klima-, Wärme- Kälte-, Rohrleitungsbau-Gesellschaft mit beschränkter Haftung, DE, Wolfenbüttel[2]	100.0
AirSon Engineering AB, SE, Ängelholm[2]	100.0
Alfred Thiel-Gedächtnis-Unterstützungskasse GmbH, DE, Essen[6]	50.0
Alsdorf Netz GmbH, DE, Alsdorf[1]	100.0
Alt Han Company Limited, GB, London[6]	21.0
ANCO Sp. z o.o., PL, Jarocin[2]	100.0
Aralt BV, BE, Hasselt[1]	100.0
Artelis S.A., LU, Luxembourg[1]	90.0
AV Packaging GmbH, DE, Munich[1]	0.0
Avacon AG, DE, Helmstedt[1]	61.5
Avacon Beteiligungen GmbH, DE, Helmstedt[1]	100.0
Avacon Connect GmbH, DE, Laatzen[1]	100.0
Avacon Hochdrucknetz GmbH, DE, Helmstedt[1]	100.0
Avacon Natur GmbH, DE, Sarstedt[1]	100.0
Avacon Netz GmbH, DE, Helmstedt[1]	100.0
Avon Energy Partners Holdings, GB, Coventry[2]	100.0
AVU Aktiengesellschaft für Versorgungs-Unternehmen, DE, Gevelsberg[4]	50.0
AWOTEC Gebäude Servicegesellschaft mit beschränkter Haftung, DE, Saarbrücken[6]	48.0
Bäderbetriebsgesellschaft St. Ingbert mbH, DE, St. Ingbert[6]	49.0
BAG Port 1 GmbH, DE, Regensburg[2]	100.0
Balve Netz GmbH & Co. KG, DE, Balve[6]	25.1
Basking Automation GmbH, DE, Berlin[6]	25.0
Bayerische Bergbahnen-Beteiligungs-Gesellschaft mbH, DE, Gundremmingen[1]	100.0
Bayerische Elektrizitätswerke GmbH, DE, Augsburg[2]	100.0
Bayerische Ray Energietechnik GmbH, DE, Garching[6]	49.0
Bayerische-Schwäbische Wasserkraftwerke Beteiligungsgesellschaft mbH, DE, Gundremmingen[1]	62.2
Bayernwerk AG, DE, Regensburg[1]	100.0
Bayernwerk Energiebringer GmbH, DE, Regensburg[2]	60.0
Bayernwerk Energiedienstleistungen Licht GmbH, DE, Regensburg[2]	100.0
Bayernwerk Energietechnik GmbH, DE, Regensburg[2]	100.0
Bayernwerk Gashochdrucknetz GmbH & Co. KG, DE, Regensburg[1]	100.0
Bayernwerk Gashochdrucknetz Verwaltungs GmbH, DE, Regensburg[2]	100.0

[1]Consolidated affiliated company. · [2]Non-consolidated affiliated company for reasons of immateriality (valued at cost). · [3]Joint operations pursuant to IFRS 11. · [4]Joint ventures pursuant to IFRS 11. [5]Associated company (valued using the equity method). · [6]Associated company (valued at cost for reasons of immateriality). · [7]Investments pursuant to Section 313 (2) No. 5 HGB. · [8]This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b. · [9]Control by virtue of company contract. · [10]No control by virtue of company contract. · [11]Significant influence via indirect investments. · [12]Structured entity pursuant to IFRS 10 and 12. · [13]Affiliated company which is held by E.ON Pension Trust e.V. on behalf of MEON Pensions GmbH & Co. KG. · [14]Other equity investment which is held by E.ON Pension Trust e.V. on behalf of MEON Pensions GmbH & Co. KG.

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2020)

Name, location	Stake (%)
Bayernwerk Natur 1. Beteiligungs-GmbH, DE, Regensburg[2]	100.0
Bayernwerk Natur GmbH, DE, Unterschleißheim[1]	100.0
Bayernwerk Netz GmbH, DE, Regensburg[1]	100.0
Bayernwerk Portfolio Verwaltungs GmbH, DE, Regensburg[1]	100.0
Bayernwerk Regio Energie GmbH, DE, Regensburg[2]	100.0
Bayernwerk zweite Portfolio GmbH & Co. KG, DE, Regensburg[2]	100.0
BETA GmbH, DE, Illingen[2]	100.0
Beteiligung H1 GmbH, DE, Helmstedt[2]	100.0
Beteiligung H2 GmbH, DE, Helmstedt[2]	100.0
Beteiligung N1 GmbH, DE, Helmstedt[2]	100.0
Beteiligung N2 GmbH, DE, Helmstedt[2]	100.0
Beteiligungsgesellschaft der Energieversorgungsunternehmen an der Kerntechnische Hilfsdienst GmbH GbR, DE, Eggenstein-Leopoldshofen[6]	44.6
Beteiligungsgesellschaft e.disnatur mbH, DE, Potsdam[2]	100.0
Beteiligungsgesellschaft Werl mbH, DE, Essen[2]	51.0
BEW Netze GmbH, DE, Wipperfürth[6]	61.0
BHL Biomasse Heizanlage Lichtenfels GmbH, DE, Lichtenfels[6]	25.1
BHO Biomasse Heizanlage Obernsees GmbH, DE, Hollfeld[6]	40.7
BHP Biomasse Heizwerk Pegnitz GmbH, DE, Pegnitz[6]	46.5
Bikesquare Srls, IT, Cuneo[6]	30.0
bildungszentrum energie GmbH, DE, Halle (Saale)[2]	100.0
Bioenergie Bad Wimpfen GmbH & Co. KG, DE, Bad Wimpfen[2]	51.0
Bioenergie Bad Wimpfen Verwaltungs-GmbH, DE, Bad Wimpfen[2]	100.0
Bioenergie Kirchspiel Anhausen GmbH & Co.KG, DE, Anhausen[2]	51.0
Bioenergie Kirchspiel Anhausen Verwaltungs-GmbH, DE, Anhausen[2]	100.0
Bioenergie Merzig GmbH, DE, Merzig[2]	51.0
Bioerdgas Hallertau GmbH, DE, Wolnzach[2]	90.0
Bioerdgas Schwandorf GmbH, DE, Schwandorf[2]	100.0
Biogas Ducherow GmbH, DE, Ducherow[2]	80.0
Biogas Schwalmtal GmbH & Co. KG, DE, Schwalmtal[2]	65.5
Biogas Steyerberg GmbH, DE, Steyerberg[2]	100.0
Biogas Wassenberg GmbH & Co. KG, DE, Wassenberg[6]	32.4
Biogas Wassenberg Verwaltungs GmbH, DE, Wassenberg[6]	32.4
Biogasanlage Schwalmtal GmbH, DE, Schwalmtal[2]	99.2
Biomasseverwertung Straubing GmbH, DE, Straubing[6]	90.0
Bioplyn Rozhanovce, s.r.o., SK, Košice[6]	34.0
Bio-Wärme Gräfelfing GmbH, DE, Gräfelfing[6]	40.0
BMV Energie Beteiligungs GmbH, DE, Fürstenwalde/Spree[2]	100.0
BMV Energie GmbH & Co. KG, DE, Fürstenwalde/Spree[6]	25.6
Borowski GmbH & Co. KG, DE, Essen[2]	100.0
Breitband-Infrastrukturgesellschaft Cochem-Zell mbH, DE, Cochem[6]	20.7
bremacon GmbH, DE, Bremen[6]	48.0
Broadband TelCom Power, Inc., US, Santa Ana[1]	100.0
Brüggen.E-Netz GmbH & Co. KG, DE, Brüggen[6]	25.1
Brüggen.E-Netz Verwaltungs-GmbH, DE, Brüggen[6]	25.1
BTB Bayreuther Thermalbad GmbH, DE, Bayreuth[6]	33.3
BTB-Blockheizkraftwerks, Träger- und Betreibergesellschaft mbH Berlin, DE, Berlin[1]	100.0
BTC Power Cebu Inc., PH, Lapu-Lapu City[2]	100.0
Budapesti Dísz- és Közvilágítási Korlátolt Felelősségű Társaság, HU, Budapest[4]	50.0
Budapesti Elektromos Művek Zrt., HU, Budapest[1]	100.0
Bützower Wärme GmbH, DE, Bützow[6]	20.0
Cameleon B.V. i. L., NL, Amsterdam[2]	100.0
Cegecom S.A., LU, Luxembourg[1]	100.0
Celle-Uelzen Netz GmbH, DE, Celle[1]	97.5
Celsium A Sp. z o.o., PL, Skarżysko-Kamienna[2]	100.0
Celsium DOM Sp. z o.o., PL, Skarżysko-Kamienna[2]	100.0
Celsium Serwis Sp. z o.o., PL, Skarżysko-Kamienna[2]	100.0
Celsium Sp. z o.o., PL, Skarżysko-Kamienna[2]	87.8
Certified B.V., NL, Amsterdam[1]	100.0
Charge4Europe GmbH, DE, Essen[6]	50.0
Charge-ON GmbH, DE, Essen[1]	100.0
CHN Contractors Limited, GB, Coventry[2]	100.0
CHN Electrical Services Limited, GB, Coventry[2]	100.0
CHN Group Ltd, GB, Coventry[2]	100.0
CHN Special Projects Limited, GB, Coventry[2]	100.0
Citigen (London) Limited, GB, Coventry[1]	100.0
CM Intressenter AS, NO, Trollåsen[1]	100.0
Colonia-Cluj-Napoca-Energie S.R.L., RO, Cluj-Napoca[6]	33.3
COMCO MCS S.A., LU, Luxembourg[2]	100.0
Coromatic A/S, DK, Roskilde[1]	100.0
Coromatic AB, SE, Bromma[1]	100.0
Coromatic AS, NO, Trollåsen[1]	100.0
Coromatic As a Service AB, SE, Bromma[2]	100.0
Coromatic Group AB, SE, Bromma[1]	100.0
Coromatic Group ApS, DK, Odense[1]	100.0
Coromatic Holding AB, SE, Bromma[1]	100.0
Coromatic International AB, SE, Bromma[2]	100.0
Coromatic Tullinge AB, SE, Bromma[2]	100.0
Cremlinger Energie GmbH, DE, Cremlingen[6]	49.0
Cuculus GmbH, DE, Ilmenau[6]	20.4
D E M GmbH, DE, Elsdorf[2]	99.9
DANEB Datennetze Berlin GmbH, DE, Berlin[2]	100.0
DD Turkey Holdings S.à r.l., LU, Luxembourg[1]	100.0
Deine Wärmeenergie GmbH Co. KG, DE, Essen[1]	100.0
Delgaz Grid S.A., RO, Târgu Mureş[1]	56.5

[1]Consolidated affiliated company. · [2]Non-consolidated affiliated company for reasons of immateriality (valued at cost). · [3]Joint operations pursuant to IFRS 11. · [4]Joint ventures pursuant to IFRS 11. [5]Associated company (valued using the equity method). · [6]Associated company (valued at cost for reasons of immateriality). · [7]Investments pursuant to Section 313 (2) No. 5 HGB. · [8]This company exercised its exemption option under Section 264, Paragraph 3 of the German Commercial Code or under Section 264b. · [9]Control by virtue of company contract. · [10]No control by virtue of company contract. · [11]Significant influence via indirect investments. · [12]Structured entity pursuant to IFRS 10 and 12. · [13]Affiliated company which is held by E.ON Pension Trust e. V. on behalf of MEON Pensions GmbH & Co. KG. · [14]Other equity investment which is held by E.ON Pension Trust e. V. on behalf of MEON Pensions GmbH & Co. KG.

Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2020)

Name, location	Stake (%)	Name, location	Stake (%)
Der Solarbauer - Borowski - Verwaltungs GmbH, DE, Essen[2]	100.0	E.ON Business Services Iași S.A., RO, Bucharest[2]	100.0
DES Dezentrale Energien Schmalkalden GmbH, DE, Schmalkalden[6]	33.3	E.ON Business Services Regensburg GmbH, DE, Regensburg[1, 8]	100.0
Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG, DE, Gorleben[6]	42.5	E.ON Business Solutions GmbH, DE, Essen[1]	100.0
DigiKoo GmbH, DE, Essen[2]	100.0	E.ON Business Solutions S.r.l., IT, Milan[1]	100.0
Discovergy GmbH, DE, Aachen[6]	24.4	E.ON Business Solutions SAS, FR, Levallois-Perret[2]	100.0
DON-Stromnetz GmbH & Co. KG, DE, Donauwörth[6]	49.0	E.ON CDNE. S.p.A., IT, Milan[2]	100.0
DON-Stromnetz Verwaltungs GmbH, DE, Donauwörth[6]	49.0	E.ON Česká republika, s.r.o., CZ, České Budějovice[1]	100.0
Dorsten Netz GmbH & Co. KG, DE, Dorsten[6]	49.0	E.ON Connecting Energies Limited, GB, Coventry[1]	100.0
Dortmunder Energie- und Wasserversorgung Gesellschaft mit beschränkter Haftung, DE, Dortmund[5]	39.9	E.ON Control Solutions Limited, GB, Coventry[1]	100.0
Drava CHP Plant d.o.o., HR, Zagreb[2]	100.0	E.ON Country Hub Germany GmbH, DE, Berlin[1, 8]	100.0
Drivango GmbH i. L., DE, Düsseldorf[2]	100.0	E.ON Danmark A/S, DK, Frederiksberg[1]	100.0
DUKO Hlinsko, s.r.o., CZ, Hlinsko[6]	49.0	E.ON Dél-dunántúli Áramhálózati Zrt., HU, Pécs[1]	100.0
Dutchdelta Finance S.à r.l., LU, Luxembourg[1]	100.0	E.ON Dél-dunántúli Gázhálózati Zrt., HU, Pécs[1]	100.0
E WIE EINFACH GmbH, DE, Cologne[1]	100.0	E.ON Dialog S.R.L., RO, Șelimbăr[2]	100.0
e.dialog Netz GmbH, DE, Potsdam[2]	100.0	E.ON Digital Technology GmbH, DE, Hanover[1]	100.0
E.DIS AG, DE, Fürstenwalde/Spree[1]	67.0	E.ON Digital Technology Hungary Kft., HU, Budapest[2]	100.0
E.DIS Bau- und Energieservice GmbH, DE, Fürstenwalde/Spree[2]	100.0	E.ON Distribuce, a.s. (since 2021 EG.D, a.s.), CZ, České Budějovice[1]	100.0
E.DIS Netz GmbH, DE, Fürstenwalde/Spree[1]	100.0	E.ON Drive Infrastructure France SAS, FR, Levallois-Perret[2]	100.0
e.discom Telekommunikation GmbH, DE, Rostock[1]	100.0	E.ON Drive Infrastructure GmbH, DE, Essen[1, 8]	100.0
e.disnatur Erneuerbare Energien GmbH, DE, Potsdam[1]	100.0	E.ON Drive Infrastructure Italy S.r.l., IT, Milan[2]	100.0
e.disnatur21 Windpark GmbH & Co. KG, DE, Potsdam[2]	100.0	E.ON Drive Infrastructure UK Limited, GB, Coventry[2]	100.0
e.distherm Wärmedienstleistungen GmbH, DE, Potsdam[1]	100.0	E.ON edis Contracting GmbH, DE, Fürstenwalde/Spree[2]	100.0
e.kundenservice Netz GmbH, DE, Hamburg[1]	100.0	E.ON edis energia Sp. z o.o., PL, Warsaw[1]	100.0
E.ON (Cross-Border) Pension Trustees Limited, GB, Coventry[2]	100.0	E.ON Energia S.p.A., IT, Milan[1]	100.0
E.ON 8. Verwaltungs GmbH, DE, Essen[2]	100.0	E.ON Energiamegoldások Kft., HU, Budapest[1]	100.0
E.ON 9. Verwaltungs GmbH, DE, Essen[2]	100.0	E.ON Energiatermelő Kft., HU, Budapest[1]	100.0
E.ON 11. Verwaltungs GmbH, DE, Essen[2]	100.0	E.ON Energidistribution AB, SE, Malmö[1]	100.0
E.ON 28. Verwaltungs GmbH, DE, Essen[2]	100.0	E.ON Energie 25. Beteiligungs-GmbH, DE, Munich[2]	100.0
E.ON 29. Verwaltungs GmbH, DE, Essen[2]	100.0	E.ON Energie 38. Beteiligungs-GmbH, DE, Munich[1]	100.0
E.ON 39. Verwaltungs GmbH, DE, Essen[2]	100.0	E.ON Energie AG, DE, Düsseldorf[1, 8]	100.0
E.ON 40. Verwaltungs GmbH, DE, Essen[2]	100.0	E.ON Energie Deutschland GmbH, DE, Munich[1]	100.0
E.ON 42. Verwaltungs GmbH, DE, Essen[2]	100.0	E.ON Energie Deutschland Holding GmbH, DE, Munich[1]	99.9
E.ON 43. Verwaltungs GmbH, DE, Essen[2]	100.0	E.ON Energie Dialog GmbH, DE, Potsdam[2]	100.0
E.ON 44. Verwaltungs GmbH, DE, Essen[2]	100.0	E.ON Energie România S.A., RO, Târgu Mureş[1]	68.2
E.ON Áramszolgáltató Korlátolt Felelősségű Társaság, HU, Budapest[1]	100.0	E.ON Energie, a.s., CZ, České Budějovice[1]	100.0
E.ON Asist Complet S.A., RO, Târgu Mureş[2]	96.0	E.ON Energija d.o.o., HR, Zagreb[1]	100.0
E.ON Asset Management GmbH & Co. EEA KG, DE, Grünwald[1, 8]	100.0	E.ON Energilösningar AB, SE, Malmö[1]	100.0
E.ON Bayern Verwaltungs AG, DE, Essen[2]	100.0	E.ON Energy Gas (Eastern) Limited, GB, Coventry[2]	100.0
E.ON Beteiligungen GmbH, DE, Essen[1, 8]	100.0	E.ON Energy Gas (Northwest) Limited, GB, Coventry[2]	100.0
E.ON Bioerdgas GmbH, DE, Essen[1]	100.0	E.ON Energy Installation Services Limited, GB, Coventry[1]	100.0
E.ON Biofor Sverige AB, SE, Malmö[1]	100.0	E.ON Energy Markets GmbH, DE, Essen[1]	100.0
E.ON Business Services Cluj S.R.L., RO, Cluj-Napoca[1]	100.0	E.ON Energy Projects GmbH, DE, Munich[1]	100.0
		E.ON Energy Solutions GmbH, DE, Essen[1]	100.0
		E.ON Energy Solutions Limited, GB, Coventry[1]	100.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2020)

Name, location	Stake (%)
E.ON Észak-dunántúli Áramhálózati Zrt., HU, Győr[1]	100.0
E.ON Fastigheter 2 AB, SE, Malmö[2]	100.0
E.ON Fastigheter Sverige AB, SE, Malmö[1]	100.0
E.ON Finanzanlagen GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON Finanzholding Beteiligungs-GmbH, DE, Berlin[2]	100.0
E.ON Finanzholding SE & Co. KG, DE, Essen[1, 8]	100.0
E.ON First Future Energy Holding B.V., NL, Amsterdam[1]	100.0
E.ON Flash S.R.L., RO, Târgu Mureş[2]	100.0
E.ON Fünfundzwanzigste Verwaltungs GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON Gas Mobil GmbH, DE, Essen[2]	100.0
E.ON Gashandel Sverige AB, SE, Malmö[2]	100.0
E.ON Gastronomie GmbH, DE, Essen[1, 8]	100.0
E.ON Gazdasági Szolgáltató Kft., HU, Győr[1]	100.0
E.ON Group Innovation GmbH, DE, Essen[2]	100.0
E.ON Gruga Geschäftsführungsgesellschaft mbH, DE, Düsseldorf[1, 8]	100.0
E.ON Gruga Objektgesellschaft mbH & Co. KG, DE, Essen[1, 8]	100.0
E.ON Grund&Boden Beteiligungs GmbH, DE, Essen[1]	100.0
E.ON Grund&Boden GmbH & Co. KG, DE, Essen[1]	100.0
E.ON Hrvatska d.o.o., HR, Zagreb[1]	100.0
E.ON Hungária Energetikai Zártkörűen Működő Részvénytársaság, HU, Budapest[1]	100.0
E.ON Iberia Holding GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON impulse GmbH, DE, Essen[1, 8]	100.0
E.ON Inhouse Consulting GmbH, DE, Essen[2]	100.0
E.ON Innovation Co-Investments Inc., US, Wilmington[1]	100.0
E.ON Innovation Hub S.A., RO, Târgu Mureş[2]	100.0
E.ON Insurance Services GmbH, DE, Essen[2]	100.0
E.ON INTERNATIONAL FINANCE B.V., NL, Amsterdam[1]	100.0
E.ON IT UK Limited, GB, Coventry[2]	100.0
E.ON Italia S.p.A., IT, Milan[1]	100.0
E.ON Közép-dunántúli Gázhálózati Zrt., HU, Nagykanizsa[1]	99.9
E.ON Kundsupport Sverige AB, SE, Malmö[1]	100.0
E.ON Ljubljana d.o.o., SI, Ljubljana[1]	100.0
E.ON Mälarkraft Värme AB, SE, Örebro[1]	99.8
E.ON Metering GmbH, DE, Munich[2]	100.0
E.ON NA Capital Inc., US, Wilmington[1]	100.0
E.ON Next Energy Limited, GB, Coventry[1]	100.0
E.ON Next Limited, GB, Coventry[2]	100.0
E.ON Nord Sverige AB, SE, Malmö[2]	100.0
E.ON Nordic AB, SE, Malmö[1]	100.0
E.ON Norge AS, NO, Stavanger[2]	100.0
E.ON North America Finance, LLC, US, Wilmington[1]	100.0
E.ON Nutzenergie GmbH, DE, Essen[2]	100.0
E.ON Pensionsfonds AG, DE, Essen[2]	100.0
E.ON Pensionsfonds Holding GmbH, DE, Essen[2]	100.0
E.ON Perspekt GmbH, DE, Düsseldorf[2]	70.0
E.ON Plin d.o.o., HR, Zagreb[1]	100.0
E.ON Power Plants Belgium BVBA, BE, Mechelen[1]	100.0
E.ON Produktion Danmark A/S, DK, Frederiksberg[1]	100.0
E.ON Produzione S.p.A., IT, Milan[1]	100.0
E.ON Project Earth Limited, GB, Coventry[1]	100.0
E.ON RAG-Beteiligungsgesellschaft mbH, DE, Düsseldorf[1, 8]	100.0
E.ON RE Investments LLC, US, Wilmington[1]	100.0
E.ON Real Estate GmbH, DE, Essen[1]	100.0
E.ON Rhein-Ruhr Werke GmbH, DE, Essen[2]	100.0
E.ON România S.R.L., RO, Târgu Mureş[1]	100.0
E.ON Ruhrgas GPA GmbH, DE, Essen[1, 8]	100.0
E.ON Ruhrgas Portfolio GmbH, DE, Essen[1, 8]	100.0
E.ON Sechzehnte Verwaltungs GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON Service GmbH, DE, Essen[2]	100.0
E.ON Servicii Clienţi S.R.L., RO, Târgu Mureş[1]	100.0
E.ON Servicii S.R.L., RO, Târgu Mureş[1]	100.0
E.ON Slovensko, a.s., SK, Bratislava[1]	100.0
E.ON Software Development SRL, RO, Bucharest[2]	100.0
E.ON Solar d.o.o., HR, Zagreb[1]	100.0
E.ON Solar GmbH, DE, Essen[2]	100.0
E.ON Solutions GmbH, DE, Essen[1, 8]	100.0
E.ON Stiftung gGmbH, DE, Essen[2]	100.0
E.ON Sverige AB, SE, Malmö[1]	100.0
E.ON Telco, s.r.o., CZ, České Budějovice[2]	100.0
E.ON Tiszántúli Áramhálózati Zrt., HU, Debrecen[1]	100.0
E.ON Ügyfélszolgálati Kft., HU, Budapest[1]	100.0
E.ON UK CHP Limited, GB, Coventry[1]	100.0
E.ON UK CoGeneration Limited, GB, Coventry[1]	100.0
E.ON UK Directors Limited, GB, Coventry[2]	100.0
E.ON UK Energy Markets Limited, GB, Coventry[1]	100.0
E.ON UK Energy Services Limited, GB, Coventry[2]	100.0
E.ON UK Heat Limited, GB, Coventry[1]	100.0
E.ON UK Holding Company Limited, GB, Coventry[1]	100.0
E.ON UK Industrial Shipping Limited, GB, Coventry[2]	100.0
E.ON UK Infrastructure Services Limited, GB, Coventry[1]	100.0
E.ON UK Pension Trustees Limited, GB, Coventry[2]	100.0
E.ON UK plc, GB, Coventry[1]	100.0
E.ON UK Property Services Limited, GB, Coventry[2]	100.0
E.ON UK PS Limited, GB, Coventry[2]	100.0
E.ON UK Secretaries Limited, GB, Coventry[2]	100.0
E.ON UK Steven's Croft Limited, GB, Coventry[1]	100.0
E.ON UK Trustees Limited, GB, Coventry[2]	100.0
E.ON US Corporation, US, Wilmington[1]	100.0

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Name, location	Stake (%)
E.ON US Energy LLC, US, Wilmington[1]	100.0
E.ON US Holding GmbH, DE, Düsseldorf[1, 8]	100.0
E.ON Varme Danmark ApS, DK, Frederiksberg[1]	100.0
E.ON Värme Sverige AB, SE, Malmö[1]	100.0
E.ON Verwaltungs AG Nr. 1, DE, Munich[2]	100.0
E.ON-CAPNET S.R.L., IT, Milan[2]	90.0
E+ Operatie Noord-Oost BV, NL, Zwolle[1]	100.0
E3 Haustechnik GmbH, DE, Magdeburg[2]	100.0
East Midlands Electricity Distribution Holdings, GB, Coventry[2]	100.0
East Midlands Electricity Share Scheme Trustees Limited, GB, Coventry[2]	100.0
EBERnetz GmbH & Co. KG, DE, Ebersberg[6]	49.0
EBY Immobilien GmbH & Co KG, DE, Regensburg[2]	100.0
EBY Port 1 GmbH, DE, Munich[1, 8]	100.0
EBY Port 3 GmbH, DE, Regensburg[1]	100.0
ECO2 Solutions Group Limited, GB, Kidderminster[4]	49.0
Economy Power Limited, GB, Coventry[1]	100.0
EDT Energie Werder GmbH, DE, Werder (Havel)[2]	100.0
EE2 Erneuerbare Energien GmbH & Co. KG, DE, Lützen[2]	100.0
EfD Energie-für-Dich GmbH, DE, Potsdam[6]	49.0
EFG Erdgas Forchheim GmbH, DE, Forchheim[6]	24.9
EFR GmbH, DE, Munich[6]	39.9
EG.D Montáže, s.r.o., CZ, České Budějovice[2]	51.0
eg.d, s.r.o., CZ, Prague[2]	100.0
EGD-Energiewacht Facilities B.V., NL, Assen[1]	100.0
ElbEnergie GmbH, DE, Seevetal[1]	100.0
ELE - GEW Photovoltaikgesellschaft mbH, DE, Gelsenkirchen[6]	49.0
ELE Verteilnetz GmbH, DE, Gelsenkirchen[1]	100.0
Elektrizitätsnetzgesellschaft Grünwald mbH & Co. KG, DE, Grünwald[6]	49.0
Elektrizitätswerk Heinrich Schirmer GmbH, DE, Schauenstein[6]	49.0
Elektrizitätswerk Landsberg Gesellschaft mit beschränkter Haftung, DE, Landsberg am Lech[2]	100.0
Elektrizitätswerk Schwandorf GmbH, DE, Schwandorf[2]	100.0
ELE-RAG Montan Immobilien Erneuerbare Energien GmbH, DE, Bottrop[6]	50.0
ELE-Scholven-Wind GmbH, DE, Gelsenkirchen[6]	30.0
Elmregia GmbH, DE, Schöningen[6]	49.0
ELMŰ DSO Holding Korlátolt Felelősségű Társaság, HU, Budapest[1]	100.0
ELMŰ Hálózati Elosztó Kft., HU, Budapest[1]	100.0
ELMŰ-ÉMÁSZ Energiakereskedő Kft., HU, Budapest[1]	100.0
Elmű-Émász Energiaszolgáltató Zrt., HU, Budapest[1]	100.0
ELMŰ-ÉMÁSZ Energiatároló Kft., HU, Budapest[1]	100.0
ELMŰ-ÉMÁSZ Solutions Kft., HU, Budapest[1]	100.0
ELMŰ-ÉMÁSZ Telco Kft., HU, Budapest[2]	100.0
ELMŰ-ÉMÁSZ Ügyfélszolgálati Kft., HU, Budapest[1]	100.0
ÉMÁSZ Hálózati Kft., HU, Miskolc[1]	100.0
EMG Energimontagegruppen AB, SE, Karlshamn[2]	100.0
Emscher Lippe Energie GmbH, DE, Gelsenkirchen[1, 9]	49.9
Energetyka Cieplna Opolszczyzny S.A., PL, Opole[5]	46.7
Energie BOL GmbH, DE, Ottersweier[6]	49.9
Energie Mechernich GmbH & Co. KG, DE, Mechernich[6]	49.0
Energie Mechernich Verwaltungs-GmbH, DE, Mechernich[6]	49.0
Energie Schmallenberg GmbH, DE, Schmallenberg[6]	44.0
Energie und Wasser Potsdam GmbH, DE, Potsdam[5]	35.0
Energie und Wasser Wahlstedt/Bad Segeberg GmbH & Co. KG (ews), DE, Bad Segeberg[6]	50.1
Energie Vorpommern GmbH, DE, Trassenheide[6]	49.0
Energiedirect B.V., NL, Waalre[1]	100.0
Energiegesellschaft Leimen GmbH & Co.KG, DE, Leimen[2]	74.9
Energiegesellschaft Leimen Verwaltungsgesellschaft mbH, DE, Leimen[2]	74.9
energielösung GmbH, DE, Regensburg[2]	100.0
energienatur Gesellschaft für Erneuerbare Energien mbH, DE, Siegburg[6]	44.0
Energienetz Neufahrn/Eching GmbH & Co. KG, DE, Neufahrn bei Freising[6]	49.0
Energienetze Bayern GmbH, DE, Regensburg[1]	100.0
Energienetze Berlin GmbH, DE, Berlin[1]	100.0
Energienetze Großostheim GmbH & Co. KG, DE, Großostheim[6]	25.1
Energienetze Holzwickede GmbH, DE, Holzwickede[6]	25.1
Energienetze Ingolstadt GmbH, DE, Regensburg[2]	100.0
Energienetze Schaafheim GmbH, DE, Regensburg[2]	100.0
Energiepartner Dörth GmbH, DE, Dörth[6]	49.0
Energiepartner Elsdorf GmbH, DE, Elsdorf[6]	40.0
Energiepartner Hermeskeil GmbH, DE, Hermeskeil[6]	20.0
Energiepartner Kerpen GmbH, DE, Kerpen[6]	49.0
Energiepartner Niederzier GmbH, DE, Niederzier[6]	49.0
Energiepartner Projekt GmbH, DE, Essen[6]	49.0
Energiepartner Solar Kreuztal GmbH, DE, Kreuztal[6]	40.0
Energie-Pensions-Management GmbH, DE, Hanover[2]	70.0
EnergieRegion Taunus - Goldener Grund - GmbH & Co. KG, DE, Bad Camberg[6]	49.0
EnergieRevolte GmbH, DE, Düren[2]	100.0
Energieversorgung Alzenau GmbH (EVA), DE, Alzenau[6]	69.5
Energieversorgung Bad Bentheim GmbH & Co. KG, DE, Bad Bentheim[6]	25.1
Energieversorgung Bad Bentheim Verwaltungs-GmbH, DE, Bad Bentheim[6]	25.1
Energieversorgung Beckum GmbH & Co. KG, DE, Beckum (Westf.)[6]	34.0
Energieversorgung Beckum Verwaltungs-GmbH, DE, Beckum (Westf.)[6]	34.0

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Name, location	Stake (%)
Energieversorgung Buching-Trauchgau (EBT) Gesellschaft mit beschränkter Haftung, DE, Halblech[6]	50.0
Energieversorgung Guben GmbH, DE, Guben[5]	45.0
Energieversorgung Horstmar/Laer GmbH & Co. KG, DE, Horstmar[6]	49.0
Energieversorgung Hürth GmbH, DE, Hürth[6]	24.9
Energieversorgung Kranenburg Netze GmbH & Co. KG, DE, Kranenburg[6]	25.1
Energieversorgung Kranenburg Netze Verwaltungs GmbH, DE, Kranenburg[6]	25.1
Energieversorgung Marienberg GmbH, DE, Marienberg[6]	49.0
Energieversorgung Niederkassel GmbH & Co. KG, DE, Niederkassel[6]	49.0
Energieversorgung Oberhausen Aktiengesellschaft, DE, Oberhausen[5, 11]	10.0
Energieversorgung Putzbrunn GmbH & Co. KG, DE, Putzbrunn[6]	50.0
Energieversorgung Putzbrunn Verwaltungs GmbH, DE, Putzbrunn[6]	50.0
Energieversorgung Sehnde GmbH, DE, Sehnde[6]	30.0
Energieversorgung Timmendorfer Strand GmbH & Co. KG, DE, Timmendorfer Strand[2]	51.0
Energieversorgung Vechelde GmbH & Co. KG, DE, Vechelde[6]	49.0
Energiewacht Facilities B.V., NL, Zwolle[1]	100.0
Energiewacht Groep B.V., NL, Meppel[1]	100.0
Energiewacht N.V., NL, Veendam[1]	100.0
Energiewacht West Nederland B.V., NL, Assen[1]	100.0
Energie-Wende-Garching GmbH & Co. KG, DE, Garching[6]	50.0
Energie-Wende-Garching Verwaltungs-GmbH, DE, Garching[6]	50.0
Energiewerke Isernhagen GmbH, DE, Isernhagen[6]	49.0
Energiewerke Osterburg GmbH, DE, Osterburg (Altmark)[6]	49.0
Energiewerken B.V., NL, Almere[1]	100.0
energis GmbH, DE, Saarbrücken[1]	71.9
energis-Netzgesellschaft mbH, DE, Saarbrücken[1]	100.0
Energotel, a.s., SK, Bratislava[6]	20.0
Energy Collection Services Limited, GB, Coventry[2]	100.0
Energy Ventures GmbH, DE, Saarbrücken[2]	100.0
energy4u GmbH & Co. KG, DE, Siegburg[6]	49.0
Enerjisa Enerji A.Ş., TR, Istanbul[4]	40.0
Enerjisa Üretim Santralleri A.Ş., TR, Istanbul[4]	50.0
enermarket GmbH, DE, Frankfurt am Main[6]	60.0
ENERVENTIS GmbH & Co. KG, DE, Saarbrücken[6]	25.1
Enervolution GmbH, DE, Bochum[2]	100.0
ENNI Energie & Umwelt Niederrhein GmbH, DE, Moers[5]	20.0
Ense Stromnetz GmbH & Co. KG, DE, Ense[6]	25.1
ENTRO GmbH Marktbergel, DE, Marktbergel[6]	24.2
envia Mitteldeutsche Energie AG, DE, Chemnitz[1]	58.6
envia SERVICE GmbH, DE, Cottbus[1]	100.0
envia TEL GmbH, DE, Markkleeberg[1]	100.0

Name, location	Stake (%)
envia THERM GmbH, DE, Bitterfeld-Wolfen[1]	100.0
enviaM Beteiligungsgesellschaft Chemnitz GmbH, DE, Chemnitz[1]	100.0
enviaM Beteiligungsgesellschaft mbH, DE, Essen[1]	100.0
enviaM Erneuerbare Energien Verwaltungsgesellschaft mbH, DE, Lützen[2]	100.0
enviaM Neue Energie Management GmbH, DE, Lützen[2]	100.0
enviaM Zweite Neue Energie Management GmbH, DE, Lützen[2]	100.0
eprimo GmbH, DE, Neu-Isenburg[1]	100.0
EPS Polska Holding Sp. z o.o., PL, Warsaw[1]	100.0
Erdgasversorgung Industriepark Leipzig Nord GmbH, DE, Leipzig[6]	50.0
Erdgasversorgung Schwalmtal GmbH & Co. KG, DE, Viersen[6]	50.0
Erdgasversorgung Schwalmtal Verwaltungs-GmbH, DE, Viersen[6]	50.0
e-regio GmbH & Co. KG, DE, Euskirchen[5]	40.5
Ergon Energia S.r.l. in liquidazione, IT, Milan[6]	50.0
Ergon Overseas Holdings, GB, Coventry[1]	100.0
Erneuerbare Energien Rheingau-Taunus GmbH, DE, Bad Schwalbach[6]	25.1
ErwärmBAR GmbH, DE, Eberswalde[6]	50.0
eShare.one GmbH, DE, Dortmund[6]	25.1
ESK GmbH, DE, Dortmund[2]	100.0
ESN EnergieSystemeNord GmbH, DE, Schwentinental[2]	55.0
ESN Sicherheit und Zertifizierung GmbH, DE, Schwentinental[2]	100.0
Essent Belgium N.V., BE, Kontich[1]	100.0
Essent Energie Verkoop Nederland B.V., NL, 's-Hertogenbosch[1]	100.0
Essent EnergieBewust Holding B.V., NL, 's-Hertogenbosch[1]	100.0
Essent Energy Group B.V., NL, Arnhem[1]	100.0
Essent IT B.V., NL, Arnhem[1]	100.0
Essent N.V., NL, 's-Hertogenbosch[1]	100.0
Essent Nederland B.V., NL, Arnhem[1]	100.0
Essent Retail Energie B.V., NL, 's-Hertogenbosch[1]	100.0
Essent Rights B.V., NL, 's-Hertogenbosch[1]	100.0
Essent Sales Portfolio Management B.V., NL, 's-Hertogenbosch[1]	100.0
Észak-magyarországi Áramszolgáltató Zrt., HU, Miskolc[1]	100.0
EuroSkyPark GmbH, DE, Saarbrücken[1]	51.0
EVG Energieversorgung Gemünden GmbH, DE, Gemünden am Main[6]	49.0
EVIP GmbH, DE, Bitterfeld-Wolfen[1]	100.0
evm Windpark Höhn GmbH & Co. KG, DE, Höhn[6]	33.2
EWIS BV, NL, Ede[1]	100.0
EWR Aktiengesellschaft, DE, Worms[5, 11]	1.3
EWR Dienstleistungen GmbH & Co. KG, DE, Worms[5]	25.0
EWR GmbH, DE, Remscheid[5]	20.0
ews Verwaltungsgesellschaft mbH, DE, Bad Segeberg[6]	50.2
EWV Baesweiler GmbH & Co. KG, DE, Baesweiler[6]	45.0
EWV Baesweiler Verwaltungs GmbH, DE, Baesweiler[6]	45.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2020)

Name, location	Stake (%)
EWV Energie- und Wasser-Versorgung GmbH, DE, Stolberg/Rhld.[1]	53.7
EZV Energie- und Service GmbH & Co. KG Untermain, DE, Wörth am Main[6]	28.9
EZV Energie- und Service Verwaltungsgesellschaft mbH, DE, Wörth am Main[6]	28.8
Falkenbergs Biogas AB, SE, Malmö[2]	65.0
FAMIS GmbH, DE, Saarbrücken[1]	100.0
FAMOS - Facility Management Osnabrück GmbH, DE, Osnabrück[6]	49.0
Fernwärmeversorgung Freising Gesellschaft mit beschränkter Haftung (FFG), DE, Freising[6]	50.0
Fernwärmeversorgung Saarlouis- Steinrausch Investitionsgesellschaft mbH, DE, Saarlouis[2]	100.0
Fernwärmeversorgung Zwönitz GmbH (FVZ), DE, Zwönitz[6]	50.0
FEV Europe GmbH, DE, Essen[1, 8]	100.0
FEV Future Energy Ventures Israel Ltd, IL, Tel Aviv[1]	100.0
FEV GP S.a.r.l, LU, Munsbach[2]	100.0
FEV US LLC, US, Palo Alto[1]	100.0
FEVA Infrastrukturgesellschaft mbH, DE, Wolfsburg[6]	49.0
FIDELIA Holding LLC, US, Wilmington[1]	100.0
FITAS Verwaltung GmbH & Co. Dritte Vermietungs-KG, DE, Pullach im Isartal[2]	90.0
FITAS Verwaltung GmbH & Co. REGIUM-Objekte KG, DE, Pullach im Isartal[2]	90.0
Foton Technik Sp. z o.o., PL, Warsaw[1]	100.0
Fraku Installaties B.V., NL, Venlo[1]	100.0
Fraku Service B.V., NL, Venlo[1]	100.0
Free Electrons LLC, US, Palo Alto[2]	100.0
Freiberger Stromversorgung GmbH (FSG), DE, Freiberg[6]	30.0
Fresh Energy GmbH i. L., DE, Berlin[2]	52.8
FSO GmbH & Co. KG, DE, Oberhausen[4]	50.0
FSO Verwaltungs-GmbH, DE, Oberhausen[6]	50.0
FUCATUS Vermietungsgesellschaft mbH & Co. Objekt Recklinghausen Kommanditgsellschaft, DE, Düsseldorf[2]	94.0
Fundacja innogy w Polsce, PL, Warsaw[2]	100.0
Future Energy Ventures Fund I SCA SICAV-RAIF, LU, Munsbach[2]	100.0
Future Energy Ventures GmbH, DE, Berlin[2]	100.0
Future Energy Ventures Management GmbH, DE, Essen[1, 8]	100.0
G&L Gastro-Service GmbH, DE, Augsburg[6]	35.0
Gas- und Wasserwerke Bous - Schwalbach GmbH, DE, Bous[5]	49.0
GASAG AG, DE, Berlin[5]	36.9
Gasgesellschaft Kerken Wachtendonk mbH, DE, Kerken[6]	49.0
GasLINE Telekommunikationsnetz-Geschäftsführungsgesellschaft deutscher Gasversorgungsunternehmen mbH, DE, Straelen[6]	20.0
GasLINE Telekommunikationsnetzgesellschaft deutscher Gasversorgungsunternehmen mbH & Co. KG, DE, Straelen[5]	20.0
Gas-Netzgesellschaft Bedburg GmbH & Co. KG, DE, Bedburg[6]	25.1
Gas-Netzgesellschaft Elsdorf GmbH & Co. KG, DE, Elsdorf[6]	25.1

Name, location	Stake (%)
Gas-Netzgesellschaft Kolpingstadt Kerpen GmbH & Co. KG, DE, Kerpen[6]	25.1
Gas-Netzgesellschaft Kreisstadt Bergheim GmbH & Co. KG, DE, Bergheim[6]	25.1
Gasnetzgesellschaft Laatzen-Süd mbH, DE, Laatzen[6]	49.0
Gasnetzgesellschaft Mettmann mbH & Co. KG, DE, Mettmann[6]	25.1
Gas-Netzgesellschaft Rheda-Wiedenbrück GmbH & Co. KG, DE, Rheda-Wiedenbrück[6]	49.0
Gas-Netzgesellschaft Rheda-Wiedenbrück Verwaltungs-GmbH, DE, Rheda-Wiedenbrück[6]	49.0
Gasnetzgesellschaft Warburg GmbH & Co. KG, DE, Warburg[6]	49.0
Gasnetzgesellschaft Windeck mbH & Co. KG, DE, Siegburg[2]	100.0
Gasnetzgesellschaft Wörrstadt mbH & Co. KG, DE, Saulheim[6]	49.0
Gasnetzgesellschaft Wörrstadt Verwaltung mbH, DE, Saulheim[6]	49.0
Gasversorgung Bad Rodach GmbH, DE, Bad Rodach[6]	50.0
Gasversorgung Ebermannstadt GmbH, DE, Ebermannstadt[6]	50.0
Gasversorgung im Landkreis Gifhorn GmbH, DE, Gifhorn[1]	95.0
Gasversorgung Unterfranken Gesellschaft mit beschränkter Haftung, DE, Würzburg[5]	49.0
Gasversorgung Wismar Land GmbH, DE, Lübow[6]	49.0
Gasversorgung Wunsiedel GmbH, DE, Wunsiedel[6]	50.0
GasWacht Friesland Facilities B.V., NL, Leeuwarden[1]	100.0
Geas Energiewacht B.V., NL, Enschede[1]	100.0
Gelsenberg GmbH & Co. KG, DE, Düsseldorf[1, 8]	100.0
Gelsenberg Verwaltungs GmbH, DE, Düsseldorf[2]	100.0
Gelsenwasser Beteiligungs-GmbH, DE, Munich[2]	100.0
Gemeindewerke Bissendorf Netze GmbH & Co. KG, DE, Bissendorf[6]	49.0
Gemeindewerke Bissendorf Netze Verwaltungs-GmbH, DE, Bissendorf[6]	49.0
Gemeindewerke Everswinkel GmbH, DE, Everswinkel[6]	45.0
Gemeindewerke Gräfelfing GmbH & Co. KG, DE, Gräfelfing[6]	49.0
Gemeindewerke Gräfelfing Verwaltungs GmbH, DE, Gräfelfing[6]	49.0
Gemeindewerke Namborn, Gesellschaft mit beschränkter Haftung, DE, Namborn[6]	49.0
Gemeindewerke Uetze GmbH, DE, Uetze[6]	49.0
Gemeindewerke Wedemark GmbH, DE, Wedemark[6]	49.0
Gemeindewerke Wietze GmbH, DE, Wietze[6]	49.0
Gemeindewerke Windeck GmbH & Co. KG, DE, Siegburg[2]	100.0
Gemeinnützige Gesellschaft zur Förderung des E.ON Energy Research Center mbH, DE, Aachen[6]	50.0
Gemeinschaftskernkraftwerk Grohnde GmbH & Co. oHG, DE, Emmerthal[1]	100.0
Gemeinschaftskernkraftwerk Grohnde Management GmbH, DE, Emmerthal[2]	83.2
Gemeinschaftskernkraftwerk Isar 2 GmbH, DE, Essenbach[2]	75.0
Gemeinschaftskraftwerk Weser GmbH & Co. oHG., DE, Emmerthal[1]	66.7

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Name, location	Stake (%)
Geotermisk Operaterselskab ApS, DK, Kirke Saby[6]	24.4
Geothermie-Wärmegesellschaft Braunau-Simbach mbH, AT, Braunau am Inn[6]	20.0
Gesellschaft für Energie und Klimaschutz Schleswig-Holstein GmbH, DE, Kiel[6]	33.3
Get Energy Solutions Szolgáltató Kft., HU, Budapest[1]	100.0
GfB, Gesellschaft für Baudenkmalpflege mbH, DE, Idar-Oberstein[6]	20.0
GfS Gesellschaft für Simulatorschulung mbH, DE, Essen[6]	41.7
GHD Bayernwerk Natur GmbH & Co. KG, DE, Dingolfing[2]	75.0
Gichtgaskraftwerk Dillingen GmbH & Co. KG, DE, Dillingen[6]	25.2
GISA GmbH, DE, Halle (Saale)[6]	23.9
GKB Gesellschaft für Kraftwerksbeteiligungen mbH, DE, Cottbus[2]	100.0
GkD Gesellschaft für kommunale Dienstleistungen mbH, DE, Cologne[6]	50.0
GNEE Gesellschaft zur Nutzung erneuerbarer Energien mbH Freisen, DE, Freisen[6]	49.0
GNS Gesellschaft für Nuklear-Service mbH, DE, Essen[6]	48.0
GOLLIPP Bioerdgas GmbH & Co. KG, DE, Gollhofen[6]	50.0
GOLLIPP Bioerdgas Verwaltungs GmbH, DE, Gollhofen[6]	50.0
Gondoskodás-Egymásért Alapítvány, HU, Debrecen[2]	100.0
Gottburg Energie- und Wärmetechnik GmbH & Co. KG i. L., DE, Leck[6]	49.9
Gottburg Verwaltungs GmbH i. L., DE, Leck[6]	49.9
GREEN GECCO Beteiligungsgesellschaft mbH & Co. KG, DE, Troisdorf[6]	20.7
GREEN GECCO Beteiligungsgesellschaft-Verwaltungs GmbH, DE, Troisdorf[6]	20.7
GREEN Gesellschaft für regionale und erneuerbare Energie mbH, DE, Stolberg/Rhld.[6]	49.2
Green Sky Energy Limited, GB, Coventry[1]	100.0
Green Solar Herzogenrath GmbH, DE, Herzogenrath[6]	45.0
Green Urban Energy GmbH, DE, Berlin[6]	50.0
greenergetic Energie Service GmbH & Co. KG, DE, Bielefeld[2]	100.0
greenergetic Energie Service Management GmbH, DE, Bielefeld[2]	100.0
Greenergetic GmbH, DE, Bielefeld[2]	100.0
greenited GmbH, DE, Hamburg[6]	50.0
Greenplug GmbH, DE, Hamburg[6]	49.0
greenXmoney.com GmbH i. L., DE, Neu-Ulm[2]	100.0
GrønGas Partner A/S, DK, Hirtshals[6]	50.0
GSH Green Steam Hürth GmbH, DE, Munich[1]	100.0
GWG Grevenbroich GmbH, DE, Grevenbroich[1]	60.0
GWG Kommunal GmbH, DE, Grevenbroich[2]	89.9
Hams Hall Management Company Limited, GB, Coventry[6]	44.8
HanseGas GmbH, DE, Quickborn[1]	100.0
HanseWerk AG, DE, Quickborn[1]	66.5
HanseWerk Natur GmbH, DE, Hamburg[1]	100.0
Harzwasserwerke GmbH, DE, Hildesheim[5]	20.8
HaseNetz GmbH & Co. KG, DE, Gehrde[6]	25.1
Havelstrom Zehdenick GmbH, DE, Zehdenick[6]	49.0
HCL Netze GmbH & Co. KG, DE, Herzebrock-Clarholz[6]	25.1
Heizkraftwerk Zwickau Süd GmbH & Co. KG, DE, Zwickau[6]	40.0
Heizungs- und Sanitärbau WIJA GmbH, DE, Bad Neuenahr-Ahrweiler[2]	100.0
Heizwerk Holzverwertungsgenossenschaft Stiftland eG & Co. oHG, DE, Neualbenreuth[6]	50.0
Hennef (Sieg) Netz GmbH & Co. KG, DE, Hennef[6]	49.0
Hermann Stibbe Verwaltungs-GmbH, DE, Wunstorf[2]	100.0
HGC Hamburg Gas Consult GmbH, DE, Hamburg[2]	100.0
hmstr GmbH, DE, Saarbrücken[6]	25.1
HOCHTEMPERATUR-KERNKRAFTWERK GmbH (HKG). Gemeinsames europäisches Unternehmen, DE, Hamm[6]	26.0
Hof Promotion B.V., NL, Eindhoven[1]	100.0
Holsteiner Wasser GmbH, DE, Neumünster[6]	50.0
Home.ON GmbH, DE, Aachen[2]	100.0
HSL Laibacher GmbH, DE, Wiesen[2]	100.0
Hub2Go GmbH, DE, Hamburg[6]	49.0
Huisman Warmtetechniek B.V., NL, Stadskanaal[1]	100.0
iamsmart GmbH i. L., DE, Essen[2]	100.0
Improbed AB, SE, Malmö[2]	100.0
Improvers B.V., NL, 's-Hertogenbosch[1]	100.0
Improvers Community B.V., NL, Utrecht[1]	100.0
Induboden GmbH, DE, Düsseldorf[2]	100.0
Induboden GmbH & Co. Grundstücksgesellschaft oHG, DE, Essen[2]	100.0
Industriekraftwerk Greifswald GmbH, DE, Kassel[6]	49.0
Industry Development Services Limited, GB, Coventry[2]	100.0
InfraServ - Bayernwerk Gendorf GmbH, DE, Burgkirchen a.d.Alz[6]	50.0
Infrastrukturgesellschaft Stadt Nienburg/Weser mbH, DE, Nienburg/Weser[6]	49.9
innogy Benelux Holding B.V., NL, 's-Hertogenbosch[1]	100.0
innogy Beteiligungsholding GmbH, DE, Essen[1, 8]	100.0
Innogy Business Services UK Limited, GB, Swindon[1]	100.0
innogy chargetech GmbH, DE, Essen[2]	100.0
innogy Commodity Markets GmbH, DE, Essen[1]	100.0
innogy Consulting & Ventures Americas, LLC, US, Boston[2]	100.0
innogy Consulting & Ventures Czech Republic s.r.o., CZ, Prague[2]	100.0
innogy Consulting & Ventures Holdings LLC, US, Boston[2]	100.0
innogy Consulting & Ventures NL B.V., NL, Eindhoven[2]	100.0
innogy Consulting & Ventures UK Ltd., GB, London[2]	100.0
innogy Consulting GmbH, DE, Essen[2]	100.0
innogy Consulting U.S. LLC, US, Boston[2]	100.0
innogy Direkt GmbH, DE, Dortmund[1]	100.0
INNOGY E-MOBILITY LIMITED, GB, London[2]	100.0

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Name, location	Stake (%)
innogy eMobility Solutions GmbH, DE, Dortmund[1]	100.0
innogy e-mobility US LLC, US, Delaware[1]	100.0
innogy Energy Belgium BVBA, BE, Hove[1]	100.0
innogy Finance B.V., NL, 's-Hertogenbosch[1]	100.0
innogy Fünfzehnte Vermögensverwaltungs GmbH, DE, Essen[2]	100.0
innogy Hungária Tanácsadó Kft., HU, Budapest[1]	100.0
innogy Innovation UK Ltd., GB, London[2]	100.0
innogy International Middle East, AE, Dubai[6]	49.0
innogy International Participations N.V., NL, 's-Hertogenbosch[1]	100.0
innogy Middle East & North Africa Ltd., AE, Dubai[2]	100.0
innogy Neunte Vermögensverwaltungs GmbH, DE, Essen[2]	100.0
innogy Polska Development Sp. z o.o., PL, Warsaw[2]	100.0
innogy Polska IT Support Sp. z o.o., PL, Warsaw[1]	100.0
innogy Polska Operations Sp. z o.o., PL, Warsaw[2]	100.0
innogy Polska S.A., PL, Warsaw[1]	100.0
innogy Polska Solutions Sp. z o.o., PL, Warsaw[1]	100.0
innogy SE, DE, Essen[1]	100.0
innogy SE Service s.r.o., CZ, Prague[2]	100.0
innogy Sechzehnte Vermögensverwaltungs GmbH, DE, Essen[2]	100.0
innogy Slovensko s.r.o., SK, Bratislava[1]	100.0
innogy Solutions s.r.o., SK, Bratislava[2]	100.0
innogy South East Europe s.r.o., SK, Bratislava[2]	100.0
innogy Stoen Operator Sp. z o.o., PL, Warsaw[1]	100.0
innogy Sustainable Solutions LLC, US, Boston[2]	100.0
innogy Vierzehnte Vermögensverwaltungs GmbH, DE, Essen[2]	100.0
innogy Zweite Vermögensverwaltungs GmbH, DE, Essen[1, 8]	100.0
innogy Zwölfte Vermögensverwaltungs GmbH, DE, Essen[2]	100.0
innogy.C3 GmbH, DE, Essen[6]	25.1
INS Insider Navigation Systems GmbH, AT, Vienna[6]	20.8
Installatietechniek Totaal B.V., NL, Leeuwarden[1]	100.0
Intelligent Maintenance Systems Limited, GB, Milton Keynes[6]	25.0
IPP ESN Power Engineering GmbH, DE, Kiel[2]	51.0
Isar Loisach Stromnetz GmbH & Co. KG, DE, Wolfratshausen[6]	49.0
Isoprofs B.V., NL, Meijel[1]	100.0
Isoprofs België BVBA, BE, Hasselt[1]	100.0
It's a beautiful world B.V., NL, Amersfoort[1]	100.0
iWATT s.r.o., SK, Košice[2]	80.0
Jihočeská plynárenská, a.s., CZ, České Budějovice[2]	100.0
Kalmar Energi Försäljning AB, SE, Kalmar[6]	40.0
Kalmar Energi Holding AB, SE, Kalmar[4]	50.0
Kavernengesellschaft Staßfurt mbH, DE, Staßfurt[6]	50.0
KAWAG AG & Co. KG, DE, Pleidelsheim[6]	49.0
KAWAG Netze GmbH & Co. KG, DE, Abstatt[6]	49.0
KAWAG Netze Verwaltungsgesellschaft mbH, DE, Abstatt[6]	49.0

Name, location	Stake (%)
KDT Kommunale Dienste Tholey GmbH, DE, Tholey[6]	49.0
Kemkens B.V., NL, Oss[5]	49.0
Kemsley CHP Limited, GB, Coventry[1]	100.0
KEN Geschäftsführungsgesellschaft mbH, DE, Neunkirchen[2]	65.0
KEN GmbH & Co. KG, DE, Neunkirchen[2]	53.6
Kernkraftwerk Brokdorf GmbH & Co. oHG, DE, Hamburg[1]	80.0
Kernkraftwerk Brunsbüttel GmbH & Co. oHG, DE, Hamburg[5]	33.3
Kernkraftwerk Krümmel GmbH & Co. oHG, DE, Hamburg[3]	50.0
Kernkraftwerk Stade GmbH & Co. oHG, DE, Hamburg[1]	66.7
Kernkraftwerke Isar Verwaltungs GmbH, DE, Essenbach[1]	100.0
KEVAG Telekom GmbH, DE, Koblenz[6]	50.0
KEW Kommunale Energie- und Wasserversorgung Aktiengesellschaft, DE, Neunkirchen[5]	28.6
KGW - Kraftwerk Grenzach-Wyhlen GmbH, DE, Munich[1]	100.0
Kite Power Systems Limited, GB, Chelmsford[6]	26.6
KlickEnergie GmbH & Co. KG, DE, Neuss[6]	65.0
KlickEnergie Verwaltungs-GmbH, DE, Neuss[6]	65.0
Klíma És Hűtéstechnológiai Tervező, Szerelő És Kereskedelmi Kft., HU, Budapest[1]	100.0
Komáromi Kogenerációs Erőmű Kft., HU, Budapest[2]	100.0
KommEnergie Erzeugungs GmbH, DE, Eichenau[6]	100.0
KommEnergie GmbH, DE, Eichenau[6]	55.0
Kommunale Dienste Marpingen Gesellschaft mit beschränkter Haftung, DE, Marpingen[6]	49.0
Kommunale Energieversorgung GmbH Eisenhüttenstadt, DE, Eisenhüttenstadt[6]	49.0
Kommunale Klimaschutzgesellschaft Landkreis Celle gemeinnützige GmbH, DE, Celle[6]	25.0
Kommunale Klimaschutzgesellschaft Landkreis Uelzen gemeinnützige GmbH, DE, Celle[6]	25.0
Kommunale Netzgesellschaft Steinheim a. d. Murr GmbH & Co. KG, DE, Steinheim an der Murr[6]	49.0
Kommunalwerk Rudersberg GmbH & Co. KG, DE, Rudersberg[6]	49.9
Kommunalwerk Rudersberg Verwaltungs-GmbH, DE, Rudersberg[6]	49.9
Konnektor B.V., NL, Amsterdam[1]	100.0
Konsortium Energieversorgung Opel beschränkt haftende oHG, DE, Karlstein[4, 10]	66.7
Koprivnica Opskrba d.o.o., HR, Koprivnica[1]	100.0
Koprivnica Plin d.o.o., HR, Koprivnica[1]	100.0
Kraftwerk Burghausen GmbH, DE, Munich[1]	100.0
Kraftwerk Hattorf GmbH, DE, Munich[1]	100.0
Kraftwerk Marl GmbH, DE, Munich[1]	100.0
Kraftwerk Plattling GmbH, DE, Munich[1]	100.0
Kraftwerk Wehrden Gesellschaft mit beschränkter Haftung, DE, Völklingen[6]	33.3
KSG Kraftwerks-Simulator-Gesellschaft mbH, DE, Essen[6]	41.7
KSP Kommunaler Service Püttlingen GmbH, DE, Püttlingen[6]	40.0

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KTA Kältetechnischer Anlagenbau GmbH, DE, Garbsen[2]	100.0
Kurgan Grundstücks-Verwaltungsgesellschaft mbH & Co. oHG i.L., DE, Grünwald[2]	90.0
KVK Kompetenzzentrum Verteilnetze und Konzessionen GmbH, DE, Cologne[6]	74.9
KWS Kommunal-Wasserversorgung Saar GmbH, DE, Saarbrücken[2]	100.0
LandE GmbH, DE, Wolfsburg[1]	69.6
LANDWEHR Wassertechnik GmbH, DE, Schöppenstedt[2]	100.0
Lech Energie Gersthofen GmbH & Co. KG, DE, Gersthofen[2]	100.0
Lech Energie Verwaltung GmbH, DE, Augsburg[2]	100.0
Lechwerke AG, DE, Augsburg[1]	89.9
Leitungs- und Kanalservice Bauer GmbH, DE, Schönbrunn i. Steigerwald[2]	100.0
Leitungspartner GmbH, DE, Düren[1]	100.0
Lemonbeat GmbH, DE, Dortmund[2]	100.0
LEW Anlagenverwaltung Gesellschaft mit beschränkter Haftung, DE, Gundremmingen[1]	100.0
LEW Beteiligungsgesellschaft mbH, DE, Gundremmingen[1]	100.0
LEW Netzservice GmbH, DE, Augsburg[1]	100.0
LEW Service & Consulting GmbH, DE, Augsburg[1]	100.0
LEW TelNet GmbH, DE, Neusäß[1]	100.0
LEW Verteilnetz GmbH, DE, Augsburg[1]	100.0
LEW Wasserkraft GmbH, DE, Augsburg[1]	100.0
Licht Groen B.V., NL, Amsterdam[1]	100.0
Lichtverbund Straßenbeleuchtung GmbH, DE, Helmstedt[2]	89.8
Lighting for Staffordshire Holdings Limited, GB, Coventry[1]	60.0
Lighting for Staffordshire Limited, GB, Coventry[1]	100.0
Liikennevirta Oy, FI, Helsinki[6]	34.3
Lillo Energy NV, BE, Brussels[6]	50.0
Limfjordens Bioenergi ApS, DK, Frederiksberg[6]	50.0
Livisi GmbH, DE, Essen[1]	100.0
Local Energies, a.s., CZ, Zlín - Malenovice[2]	100.0
Lößnitz Netz GmbH & Co. KG, DE, Lößnitz[6]	74.9
LSW Energie Verwaltungs-GmbH, DE, Wolfsburg[6]	57.0
LSW Holding GmbH & Co. KG, DE, Wolfsburg[5, 10]	57.0
LSW Holding Verwaltungs-GmbH, DE, Wolfsburg[6]	57.0
LSW Netz Verwaltungs-GmbH, DE, Wolfsburg[6]	57.0
Luna Lüneburg GmbH, DE, Lüneburg[6]	49.0
MAINGAU Energie GmbH, DE, Obertshausen[5]	46.6
Matrix Control Solutions Limited, GB, Coventry[1]	100.0
MDE Service GmbH, DE, Gersthofen[6]	24.9
medl GmbH, DE, Mülheim an der Ruhr[5]	39.0
Mehr Ampere GmbH, DE, Lappersdorf[6]	25.1
Melle Netze GmbH & Co. KG, DE, Melle[6]	50.0
MEON Pensions GmbH & Co. KG, DE, Essen[1, 8]	100.0
MEON Verwaltungs GmbH, DE, Essen[2]	100.0
MeteringSüd GmbH & Co. KG, DE, Augsburg[6]	34.0
Midlands Electricity Limited, GB, Coventry[2]	100.0
MINUS 181 GmbH, DE, Parchim[6]	25.1
MITGAS Mitteldeutsche Gasversorgung GmbH, DE, Halle (Saale)[1]	75.4
Mitteldeutsche Netzgesellschaft Gas HD mbH, DE, Halle (Saale)[2]	100.0
Mitteldeutsche Netzgesellschaft Gas mbH, DE, Halle (Saale)[1]	100.0
Mitteldeutsche Netzgesellschaft mbH, DE, Chemnitz[2]	100.0
Mitteldeutsche Netzgesellschaft Strom mbH, DE, Halle (Saale)[1]	100.0
Mittlere Donau Kraftwerke AG, DE, Landshut[6]	40.0
MNG Stromnetze GmbH & Co. KG, DE, Lüdinghausen[6]	25.1
MNG Stromnetze Verwaltungs GmbH, DE, Lüdinghausen[6]	25.1
Montcogim - Plinara d.o.o., HR, Sveta Nedelja[1]	100.0
MONTCOGIM-SISAK d.o.o., HR, Sisak[2]	100.0
Moslavina Plin d.o.o., HR, Kutina[2]	100.0
Mosoni-Duna Menti Szélerőmű Kft., HU, Budapest[2]	100.0
Murrhardt Netz AG & Co. KG, DE, Murrhardt[6]	49.0
MWE Mecklenburgische Wärme- und Energiedienstleistungen GmbH, DE, Wismar[6]	50.0
MZEC - OPAŁ Sp. z o.o., PL, Chojnice[2]	100.0
MZEC SP. z o.o., PL, Szczecin[2]	100.0
Nadácia VSE Holding, SK, Košice[2]	100.0
Nahwärme Ascha GmbH, DE, Ascha[2]	90.0
Naturstrom Betriebsgesellschaft Oberhonnefeld mbH, DE, Koblenz[6]	25.0
Nebelhornbahn-Aktiengesellschaft, DE, Oberstdorf[6]	20.1
Nederland Isoleert B.V., NL, Amersfoort[1]	100.0
Nederland Verkoopt B.V., NL, Amersfoort[1]	100.0
Netz- und Wartungsservice (NWS) GmbH, DE, Schwerin[2]	100.0
Netzanschluss Mürow Oberdorf GbR, DE, Bremerhaven[6]	34.8
Netzgesellschaft Bad Münder GmbH & Co. KG, DE, Bad Münder[6]	49.0
Netzgesellschaft Barsinghausen GmbH & Co. KG, DE, Barsinghausen[6]	49.0
Netzgesellschaft Bedburg Verwaltungs-GmbH, DE, Bedburg[6]	49.0
Netzgesellschaft Betzdorf GmbH & Co. KG, DE, Betzdorf[6]	49.0
Netzgesellschaft Bühlertal GmbH & Co. KG, DE, Bühlertal[6]	49.9
Netzgesellschaft Elsdorf Verwaltungs-GmbH, DE, Elsdorf[6]	49.0
Netzgesellschaft Gehrden mbH, DE, Gehrden[6]	49.0
Netzgesellschaft GmbH & Co. KG Bad Homburg v. d. Höhe, DE, Bad Homburg v. d. Höhe[6]	45.7
Netzgesellschaft Grimma GmbH & Co. KG, DE, Grimma[6]	49.0
Netzgesellschaft Hemmingen mbH, DE, Hemmingen[6]	49.0
Netzgesellschaft Hennigsdorf Strom mbH, DE, Hennigsdorf[6]	50.0
Netzgesellschaft Hildesheimer Land GmbH & Co. KG, DE, Giesen[6]	49.0
Netzgesellschaft Hildesheimer Land Verwaltung GmbH, DE, Giesen[6]	49.0

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Name, location	Stake (%)
Netzgesellschaft Hohen Neuendorf Strom GmbH & Co. KG, DE, Hohen Neuendorf[6]	49.0
Netzgesellschaft Horn-Bad Meinberg GmbH & Co. KG, DE, Horn-Bad Meinberg[6]	49.0
Netzgesellschaft Hüllhorst GmbH & Co. KG, DE, Hüllhorst[6]	49.0
Netzgesellschaft Kelkheim GmbH & Co. KG, DE, Kelkheim[6]	49.0
Netzgesellschaft Korb GmbH & Co. KG, DE, Korb[6]	49.9
Netzgesellschaft Korb Verwaltungs-GmbH, DE, Korb[6]	49.9
Netzgesellschaft Kreisstadt Bergheim Verwaltungs-GmbH, DE, Bergheim[6]	49.0
Netzgesellschaft Lauf GmbH & Co. KG, DE, Lauf[6]	49.9
Netzgesellschaft Lennestadt GmbH & Co. KG, DE, Lennestadt[6]	25.1
Netzgesellschaft Leutenbach GmbH & Co. KG, DE, Leutenbach[6]	49.9
Netzgesellschaft Leutenbach Verwaltungs-GmbH, DE, Leutenbach[6]	49.9
Netzgesellschaft Maifeld GmbH & Co. KG, DE, Polch[6]	49.0
Netzgesellschaft Maifeld Verwaltungs GmbH, DE, Polch[6]	49.0
Netzgesellschaft Marl mbH & Co. KG, DE, Marl[6]	25.1
Netzgesellschaft Osnabrücker Land GmbH & Co. KG, DE, Bohmte[4]	50.0
Netzgesellschaft Ottersweier GmbH & Co. KG, DE, Ottersweier[6]	49.9
Netzgesellschaft Panketal GmbH, DE, Panketal[2]	100.0
Netzgesellschaft Rheda-Wiedenbrück GmbH & Co. KG, DE, Rheda-Wiedenbrück[6]	49.0
Netzgesellschaft Rheda-Wiedenbrück Verwaltungs-GmbH, DE, Rheda-Wiedenbrück[6]	49.0
Netzgesellschaft Rietberg-Langenberg GmbH & Co. KG, DE, Rietberg[6]	25.1
Netzgesellschaft Ronnenberg GmbH & Co. KG, DE, Ronnenberg[6]	49.0
Netzgesellschaft S-1 GmbH, DE, Helmstedt[2]	100.0
Netzgesellschaft Schwerin mbH (NGS), DE, Schwerin[6]	40.0
Netzgesellschaft Stuhr/Weyhe mbH i. L., DE, Helmstedt[2]	100.0
Netzgesellschaft Südwestfalen mbH & Co. KG, DE, Netphen[6]	49.0
Netzgesellschaft Syke GmbH, DE, Syke[6]	49.0
Netzgesellschaft W-1 GmbH, DE, Helmstedt[2]	100.0
Neumünster Netz Beteiligungs-GmbH, DE, Neumünster[1]	50.1
NEW AG, DE, Mönchengladbach[1, 9]	40.0
NEW b_gas Eicken GmbH, DE, Schwalmtal[2]	100.0
New Cogen Sp. z o.o., PL, Warsaw[2]	100.0
NEW Netz GmbH, DE, Geilenkirchen[1]	100.0
NEW Niederrhein Energie und Wasser GmbH, DE, Mönchengladbach[1]	100.0
NEW NiederrheinWasser GmbH, DE, Viersen[1]	100.0
NEW Re GmbH, DE, Mönchengladbach[2]	95.5
NEW Smart City GmbH, DE, Mönchengladbach[2]	100.0
NEW Tönisvorst GmbH, DE, Tönisvorst[1]	98.7
NEW Viersen GmbH, DE, Viersen[1]	100.0
NEW Windenergie Verwaltung GmbH, DE, Mönchengladbach[2]	100.0
NEW Windpark Linnich GmbH & Co. KG, DE, Mönchengladbach[2]	100.0
NEW Windpark Viersen GmbH & Co. KG, DE, Mönchengladbach[2]	100.0
NFPA Holdings Limited, GB, Newcastle upon Tyne[6]	25.0
NiersEnergieNetze GmbH & Co. KG, DE, Kevelaer[6]	51.0
NiersEnergieNetze Verwaltungs-GmbH, DE, Kevelaer[6]	51.0
NIS Norddeutsche Informations-Systeme Gesellschaft mbH, DE, Schwentinental[2]	100.0
NORD-direkt GmbH, DE, Neumünster[2]	100.0
NordNetz GmbH, DE, Quickborn[2]	100.0
Novenerg limited liability company for energy activities, HR, Zagreb[6]	50.0
Novo Innovations Limited, GB, Coventry[2]	100.0
Npower Business and Social Housing Limited, GB, Swindon[1]	100.0
Npower Commercial Gas Limited, GB, Swindon[1]	100.0
Npower Financial Services Limited, GB, Swindon[1]	100.0
Npower Gas Limited, GB, Swindon[1]	100.0
Npower Group Limited, GB, Swindon[1]	100.0
Npower Limited, GB, Swindon[1]	100.0
Npower Northern Limited, GB, Swindon[1]	100.0
Npower Northern Supply Limited, GB, Swindon[2]	100.0
Npower Yorkshire Limited, GB, Swindon[1]	100.0
Npower Yorkshire Supply Limited, GB, Swindon[1]	100.0
NRF Neue Regionale Fortbildung GmbH, DE, Halle (Saale)[2]	100.0
Oberland Stromnetz GmbH & Co. KG, DE, Murnau a. Staffelsee[6]	33.9
ocean5 Business Software GmbH, DE, Kiel[6]	50.2
Oebisfelder Wasser und Abwasser GmbH, DE, Oebisfelde[6]	49.0
Oer-Erkenschwick Netz GmbH & Co. KG, DE, Oer-Erkenschwick[6]	49.0
OIE Aktiengesellschaft, DE, Idar-Oberstein[1]	100.0
OMNI Energy Kft., HU, Kiskunhalas[6]	50.0
OOO E.ON Connecting Energies, RU, Moscow[6]	50.0
Orcan Energy AG, DE, Munich[6]	33.6
Oschatz Netz GmbH & Co. KG, DE, Oschatz[2]	74.9
Oschatz Netz Verwaltungs GmbH, DE, Oschatz[2]	100.0
Oskarshamn Energi AB, SE, Oskarshamn[4]	50.0
Ostwestfalen Netz GmbH & Co. KG, DE, Bad Driburg[6]	25.1
OurGreenCar Sweden AB, SE, Malmö[6]	30.0
PannonWatt Energetikai Megoldások Zrt., HU, Győr[6]	49.9
pear.ai Inc., US, San Francisco[6]	40.0
PEG Infrastruktur AG, CH, Zug[13]	100.0
Peißenberger Kraftwerksgesellschaft mit beschränkter Haftung, DE, Peißenberg[2]	100.0
Peißenberger Wärmegesellschaft mbH, DE, Peißenberg[2]	100.0
Perstorps Fjärrvärme AB, SE, Perstorp[6]	50.0
PFALZWERKE AKTIENGESELLSCHAFT, DE, Ludwigshafen am Rhein[5]	26.7
PIS Progress Sp. z o.o., PL, Piła[2]	100.0
Placense Ltd., IL, Caesarea[6]	40.0

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Name, location	Stake (%)
Plin-Projekt d.o.o., HR, Nova Gradiška[2]	100.0
Plus Shipping Services Limited, GB, Swindon[1]	100.0
Portfolio EDL GmbH, DE, Helmstedt[1, 8]	100.0
Powergen Holdings B.V., NL, Rotterdam[1]	100.0
Powergen International, GB, Coventry[1]	100.0
Powergen Limited, GB, Coventry[2]	100.0
Powergen Luxembourg Holdings S.À R.L., LU, Luxembourg[1]	100.0
Powergen Power No. 1 Limited, GB, Coventry[2]	100.0
Powergen Power No. 2 Limited, GB, Coventry[2]	100.0
Powergen Serang Limited, GB, Coventry[2]	100.0
Powergen UK Investments, GB, Coventry[2]	100.0
Powerhouse B.V., NL, Almere[1]	100.0
Powerhouse Energy Solutions S.L., ES, Madrid[2]	100.0
prego services GmbH, DE, Saarbrücken[6]	50.0
PRENU Projektgesellschaft für Rationelle Energienutzung in Neuss mit beschränkter Haftung, DE, Neuss[6]	50.0
PreussenElektra GmbH, DE, Hanover[1]	100.0
Projecta 14 GmbH, DE, Saarbrücken[5]	50.0
Propan Rheingas GmbH, DE, Brühl[6]	27.5
Propan Rheingas GmbH & Co Kommanditgesellschaft, DE, Brühl[6]	29.6
PS Energy UK Limited, GB, Swindon[1]	100.0
Purena Consult GmbH, DE, Wolfenbüttel[2]	100.0
Purena GmbH, DE, Wolfenbüttel[1]	94.1
QDTE GmbH, DE, Sarstedt[2]	100.0
QKOH GmbH, DE, Sarstedt[6]	50.0
QSEE GmbH, DE, Sarstedt[2]	100.0
Qualitas-AMS GmbH, DE, Siegen[2]	100.0
Rain Biomasse Wärmegesellschaft mbH, DE, Rain[6]	64.9
Rampion Renewables Limited, GB, Coventry[5]	39.9
Rauschbergbahn Gesellschaft mit beschränkter Haftung, DE, Ruhpolding[2]	77.4
RDE Regionale Dienstleistungen Energie GmbH & Co. KG, DE, Veitshöchheim[2]	100.0
RDE Verwaltungs-GmbH, DE, Veitshöchheim[2]	100.0
Recargo Inc., US, El Segundo[1]	100.0
Recklinghausen Netzgesellschaft mbH & Co. KG, DE, Recklinghausen[5]	49.9
Recklinghausen Netz-Verwaltungsgesellschaft mbH, DE, Recklinghausen[6]	49.0
Refarmed ApS, DK, Copenhagen[6]	20.0
REGAS GmbH & Co KG, DE, Regensburg[6]	50.0
REGAS Verwaltungs-GmbH, DE, Regensburg[6]	50.0
REGENSBURGER ENERGIE- UND WASSERVERSORGUNG AG, DE, Regensburg[6]	35.5
Regionetz GmbH, DE, Aachen[1, 9]	49.2
RegioNetzMünchen GmbH & Co. KG, DE, Garching[6]	50.0
RegioNetzMünchen Verwaltungs GmbH, DE, Garching[6]	50.0
Regnitzstromverwertung Aktiengesellschaft, DE, Erlangen[6]	33.3
Renergie Stadt Wittlich GmbH, DE, Wittlich[6]	30.0
rEVUlution GmbH, DE, Essen[2]	100.0
REWAG REGENSBURGER ENERGIE- UND WASSERVERSORGUNG AG & CO KG, DE, Regensburg[5]	35.5
Rhegio Dienstleistungen GmbH, DE, Rhede[6]	24.9
Rhein-Ahr-Energie Netz GmbH & Co. KG, DE, Grafschaft[6]	25.1
RheinEnergie AG, DE, Cologne[5]	20.0
Rheinland Westfalen Energiepartner GmbH, DE, Essen[2]	100.0
Rhein-Main-Donau GmbH, DE, Landshut[5]	22.5
Rhein-Sieg Netz GmbH, DE, Siegburg[1]	100.0
rhenag Rheinische Energie Aktiengesellschaft, DE, Cologne[1]	66.7
RHENAGBAU Gesellschaft mit beschränkter Haftung, DE, Cologne[2]	100.0
RIWA GmbH Gesellschaft für Geoinformationen, DE, Kempten (Allgäu)[6]	33.3
R-KOM Regensburger Telekommunikationsgesellschaft mbH & Co. KG, DE, Regensburg[6]	20.0
R-KOM Regensburger Telekommunikationsverwaltungsgesellschaft mbH, DE, Regensburg[6]	20.0
RL Besitzgesellschaft mbH, DE, Monheim am Rhein[1]	100.0
RL Beteiligungsverwaltung beschr. haft. OHG, DE, Monheim am Rhein[1]	100.0
RURENERGIE GmbH, DE, Düren[6]	30.1
Rüthen Gasnetz GmbH & Co. KG, DE, Rüthen[6]	25.1
RWW Rheinisch-Westfälische Wasserwerksgesellschaft mbH, DE, Mülheim an der Ruhr[1]	79.8
S.C. Salgaz S.A., RO, Salonta[2]	53.8
Safekont GmbH, DE, Munich[2]	100.0
Safetec Entsorgungs- und Sicherheitstechnik GmbH, DE, Heidelberg[2]	100.0
Safetec-Swiss GmbH, CH, Würenlingen[2]	100.0
Sandersdorf-Brehna Netz GmbH & Co. KG, DE, Sandersdorf-Brehna[6]	49.0
SARIO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Würzburg KG, DE, Düsseldorf[2, 12]	0.0
Scharbeutzer Energie- und Netzgesellschaft mbH & Co. KG, DE, Scharbeutz[2]	51.0
SchlauTherm GmbH, DE, Saarbrücken[2]	75.0
Schleswig-Holstein Netz AG, DE, Quickborn[1]	75.5
Schleswig-Holstein Netz Verwaltungs-GmbH, DE, Quickborn[1]	100.0
SEC A Sp. z o.o., PL, Szczecin[2]	100.0
SEC B Sp. z o.o., PL, Szczecin[2]	100.0
SEC C Sp. z o.o., PL, Szczecin[2]	100.0
SEC Chojnice Sp. z o.o, PL, Szczecin[2]	100.0
SEC Choszczno Sp. z o.o., PL, Choszczno[2]	100.0
SEC D Sp. z o.o., PL, Szczecin[2]	100.0

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Name, location	Stake (%)
SEC E Sp. z o.o., PL, Szczecin[2]	100.0
SEC Energia Sp. z o.o., PL, Szczecin[2]	100.0
SEC F Sp. z o.o., PL, Szczecin[2]	100.0
SEC G Sp. z o.o., PL, Szczecin[2]	100.0
SEC H Sp. z o.o., PL, Szczecin[2]	100.0
SEC I Sp. z o.o., PL, Szczecin[2]	100.0
SEC J Sp. z o.o., PL, Szczecin[2]	100.0
SEC K Sp. z o.o., PL, Szczecin[2]	100.0
SEC L Sp. z o.o., PL, Szczecin[2]	100.0
SEC M Sp. z o.o., PL, Szczecin[2]	100.0
SEC N Sp. z o.o., PL, Szczecin[2]	100.0
SEC NewGrid Sp. z o.o., PL, Szczecin[2]	100.0
SEC O Sp. z o.o., PL, Szczecin[2]	100.0
SEC Obrót Sp. z o.o., PL, Szczecin[2]	100.0
SEC P Sp. z o.o., PL, Szczecin[2]	100.0
SEC R Sp. z o.o., PL, Szczecin[2]	100.0
SEC Region Sp. z o.o., PL, Szczecin[2]	100.0
SEC Serwis Sp. z o.o., PL, Szczecin[2]	100.0
SEG Solarenergie Guben GmbH & Co. KG, DE, Guben[6]	25.1
SEG Solarenergie Guben Management GmbH, DE, Lützen[2]	100.0
Selm Netz GmbH & Co. KG, DE, Selm[6]	25.1
SEN Solarenergie Nienburg GmbH & Co. KG, DE, Lützen[2]	100.0
SERVICE plus GmbH, DE, Neumünster[2]	100.0
SERVICE plus Recycling GmbH, DE, Neumünster[2]	100.0
Shamrock Energie GmbH, DE, Herne[6]	40.0
SHW/RWE Umwelt Aqua Vodogradnja d.o.o., HR, Zagreb[6]	50.0
Siegener Versorgungsbetriebe GmbH, DE, Siegen[6]	24.9
Skandinaviska Kraft AB, SE, Halmstad[2]	100.0
Skive GreenLab Biogas ApS, DK, Frederiksberg[6]	50.0
ŠKO-ENERGO FIN, s.r.o., CZ, Mladá Boleslav[5]	42.5
ŠKO-ENERGO, s.r.o., CZ, Mladá Boleslav[6]	21.0
Smart Energy Plattling GmbH, DE, Munich[2]	100.0
SmartSim GmbH, DE, Essen[6]	24.0
Söderåsens Bioenergi AB, SE, Malmö[2]	63.3
Solar Energy Group S.p.A., IT, Pordenone[1]	100.0
Solar Noord B.V., NL, Stadskanaal[1]	100.0
Solar Service S.r.l., IT, Pordenone[2]	100.0
Solar Supply Sweden AB, SE, Karlshamn[2]	100.0
SolarProjekt Mainaschaff GmbH, DE, Mainaschaff[6]	50.0
Solnet d.o.o., HR, Zagreb[1]	100.0
Sønderjysk Biogas Bevtoft A/S, DK, Vojens[6]	50.0
Sønderjysk Biogas Løgumkloster ApS, DK, Bevtoft[6]	50.0
SPIE Energy Solutions Harburg GmbH, DE, Hamburg[6]	35.0
SPX, s.r.o., SK, Zilina[6]	33.0
SSW - Stadtwerke St. Wendel GmbH & Co KG., DE, St. Wendel[5]	49.5
SSW Stadtwerke St. Wendel Geschäftsführungsgesellschaft mbH, DE, St. Wendel[6]	49.5
Stadtentwässerung Schwerte GmbH, DE, Schwerte[6]	48.0
Städtische Betriebswerke Luckenwalde GmbH, DE, Luckenwalde[6]	29.0
Städtische Werke Borna GmbH, DE, Borna[6]	36.8
Städtische Werke Magdeburg GmbH & Co. KG, DE, Magdeburg[5]	26.7
Städtische Werke Magdeburg Verwaltungs-GmbH, DE, Magdeburg[6]	26.7
Städtisches Wasserwerk Eschweiler GmbH, DE, Eschweiler[6]	24.9
Stadtnetze Neustadt a. Rbge. GmbH & Co. KG, DE, Neustadt a. Rbge.[6]	24.9
Stadtnetze Neustadt a. Rbge. Verwaltungs-GmbH, DE, Neustadt a. Rbge.[6]	24.9
Stadtversorgung Pattensen GmbH & Co. KG, DE, Pattensen[6]	49.0
Stadtversorgung Pattensen Verwaltung GmbH, DE, Pattensen[6]	49.0
Stadtwerk Verl Netz GmbH & Co. KG, DE, Verl[6]	25.1
Stadtwerke - Strom Plauen GmbH & Co. KG, DE, Plauen[6]	49.0
Stadtwerke Ahaus GmbH, DE, Ahaus[6]	36.0
Stadtwerke Aschersleben GmbH, DE, Aschersleben[6]	35.0
Stadtwerke Aue - Bad Schlema GmbH, DE, Aue-Bad Schlema[6]	24.5
Stadtwerke Bad Bramstedt GmbH, DE, Bad Bramstedt[6]	36.0
Stadtwerke Barth GmbH, DE, Barth[6]	49.0
Stadtwerke Bayreuth Energie und Wasser GmbH, DE, Bayreuth[5]	24.9
Stadtwerke Bergen GmbH, DE, Bergen[6]	49.0
Stadtwerke Bernburg GmbH, DE, Bernburg (Saale)[5]	45.0
Stadtwerke Bitterfeld-Wolfen GmbH, DE, Bitterfeld-Wolfen[6]	40.0
Stadtwerke Blankenburg GmbH, DE, Blankenburg[6]	30.0
Stadtwerke Bogen GmbH, DE, Bogen[6]	41.0
Stadtwerke Burgdorf GmbH, DE, Burgdorf[6]	49.0
Stadtwerke Dillingen/Saar GmbH, DE, Dillingen[6]	49.0
Stadtwerke Duisburg Aktiengesellschaft, DE, Duisburg[5]	20.0
Stadtwerke Dülmen Dienstleistungs- und Beteiligungs-GmbH & Co. KG, DE, Dülmen[4]	50.0
Stadtwerke Dülmen Verwaltungs-GmbH, DE, Dülmen[6]	50.0
Stadtwerke Düren GmbH, DE, Düren[1, 9]	49.9
Stadtwerke Ebermannstadt Versorgungsbetriebe GmbH, DE, Ebermannstadt[6]	25.0
Stadtwerke Eggenfelden GmbH, DE, Eggenfelden[6]	49.0
Stadtwerke Emmerich GmbH, DE, Emmerich am Rhein[6]	24.9
Stadtwerke Essen Aktiengesellschaft, DE, Essen[5]	29.0
Stadtwerke Frankfurt (Oder) GmbH, DE, Frankfurt (Oder)[5]	39.0
Stadtwerke Garbsen GmbH, DE, Garbsen[6]	24.9
Stadtwerke Geesthacht GmbH, DE, Geesthacht[6]	24.9
Stadtwerke Geldern GmbH, DE, Geldern[6]	49.0
Stadtwerke Gescher GmbH, DE, Gescher[6]	25.1

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2020)

Name, location	Stake (%)
Stadtwerke GmbH Bad Kreuznach, DE, Bad Kreuznach[5]	24.5
Stadtwerke Goch Netze GmbH & Co. KG, DE, Goch[6]	25.1
Stadtwerke Goch Netze Verwaltungsgesellschaft mbH, DE, Goch[6]	25.1
Stadtwerke Haan GmbH, DE, Haan[6]	25.1
Stadtwerke Husum GmbH, DE, Husum[6]	49.9
Stadtwerke Kamp-Lintfort GmbH, DE, Kamp-Lintfort[5]	49.0
Stadtwerke Kerpen GmbH & Co. KG, DE, Kerpen[6]	25.1
Stadtwerke Kirn GmbH, DE, Kirn/Nahe[6]	49.0
Stadtwerke Langenfeld GmbH, DE, Langenfeld[6]	20.0
Stadtwerke Lingen GmbH, DE, Lingen (Ems)[4]	40.0
Stadtwerke Lübz GmbH, DE, Lübz[6]	25.0
Stadtwerke Ludwigsfelde GmbH, DE, Ludwigsfelde[6]	29.0
Stadtwerke Meerane GmbH, DE, Meerane[6]	24.5
Stadtwerke Merseburg GmbH, DE, Merseburg[5]	40.0
Stadtwerke Merzig Gesellschaft mit beschränkter Haftung, DE, Merzig[5]	49.9
Stadtwerke Neunburg vorm Wald Strom GmbH, DE, Neunburg vorm Wald[6]	24.9
Stadtwerke Nordfriesland GmbH, DE, Niebüll[6]	49.9
Stadtwerke Oberkirch GmbH, DE, Oberkirch[6]	33.3
Stadtwerke Olching Stromnetz GmbH & Co. KG, DE, Olching[6]	49.0
Stadtwerke Olching Stromnetz Verwaltungs GmbH, DE, Olching[6]	49.0
Stadtwerke Parchim GmbH, DE, Parchim[6]	25.2
Stadtwerke Premnitz GmbH, DE, Premnitz[6]	35.0
Stadtwerke Pritzwalk GmbH, DE, Pritzwalk[6]	49.0
Stadtwerke Ratingen GmbH, DE, Ratingen[5]	24.8
Stadtwerke Reichenbach/Vogtland GmbH, DE, Reichenbach im Vogtland[6]	24.5
Stadtwerke Ribnitz-Damgarten GmbH, DE, Ribnitz-Damgarten[6]	39.0
Stadtwerke Roßlau Fernwärme GmbH, DE, Dessau-Roßlau[6]	49.0
Stadtwerke Saarlouis GmbH, DE, Saarlouis[5]	49.0
Stadtwerke Schwarzenberg GmbH, DE, Schwarzenberg/Erzgeb.[6]	27.5
Stadtwerke Schwedt GmbH, DE, Schwedt/Oder[6]	37.8
Stadtwerke Siegburg GmbH & Co. KG, DE, Siegburg[6]	49.0
Stadtwerke Steinfurt, Gesellschaft mit beschränkter Haftung, DE, Steinfurt[6]	33.0
Stadtwerke Tornesch GmbH, DE, Tornesch[6]	49.0
Stadtwerke Unna GmbH, DE, Unna[6]	24.0
Stadtwerke Velbert GmbH, DE, Velbert[5]	30.4
Stadtwerke Vilshofen GmbH, DE, Vilshofen[6]	41.0
Stadtwerke Vlotho GmbH, DE, Vlotho[6]	24.9
Stadtwerke Wadern GmbH, DE, Wadern[6]	49.0
Stadtwerke Waltrop Netz GmbH & Co. KG, DE, Waltrop[6]	25.1
Stadtwerke Weilburg GmbH, DE, Weilburg[6]	20.0
Stadtwerke Weißenfels Gesellschaft mit beschränkter Haftung, DE, Weißenfels[6]	24.5

Name, location	Stake (%)
Stadtwerke Werl GmbH, DE, Werl[6]	25.1
Stadtwerke Wesel Strom-Netzgesellschaft mbH & Co. KG, DE, Wesel[6]	25.0
Stadtwerke Wismar GmbH, DE, Wismar[5]	49.0
Stadtwerke Wittenberge GmbH, DE, Wittenberge[6]	22.7
Stadtwerke Wolfenbüttel GmbH, DE, Wolfenbüttel[6]	26.0
Stadtwerke Wolmirstedt GmbH, DE, Wolmirstedt[6]	49.4
Stadtwerke Wülfrath Netz GmbH & Co. KG, DE, Wülfrath[2]	100.0
Stadtwerke Zeitz Gesellschaft mit beschränkter Haftung, DE, Zeitz[6]	24.8
STAWAG Abwasser GmbH, DE, Aachen[2]	100.0
STAWAG Infrastruktur Monschau GmbH & Co. KG, DE, Monschau[2]	100.0
STAWAG Infrastruktur Monschau Verwaltungs GmbH, DE, Monschau[2]	100.0
STAWAG Infrastruktur Simmerath GmbH & Co. KG, DE, Simmerath[2]	100.0
STAWAG Infrastruktur Simmerath Verwaltungs GmbH, DE, Simmerath[2]	100.0
STEAG Windpark Ullersdorf GmbH & Co. KG, DE, Jamlitz[6]	20.8
Stibbe Kälte-Klima-Technik GmbH & Co. KG, DE, Garbsen[2]	100.0
Strom Germering GmbH, DE, Germering[2]	90.0
Stromnetz Diez GmbH und Co.KG, DE, Diez[6]	25.1
Stromnetz Diez Verwaltungsgesellschaft mbH, DE, Diez[6]	25.1
Stromnetz Euskirchen GmbH & Co. KG, DE, Euskirchen[6]	25.1
Stromnetz Friedberg GmbH & Co. KG, DE, Friedberg[6]	49.0
Stromnetz Gersthofen GmbH & Co. KG, DE, Gersthofen[6]	49.0
Stromnetz Günzburg GmbH & Co. KG, DE, Günzburg[6]	49.0
Stromnetz Günzburg Verwaltungs GmbH, DE, Günzburg[6]	49.0
Stromnetz Hallbergmoos GmbH & Co. KG, DE, Hallbergmoos[6]	49.0
Stromnetz Hallbergmoos Verwaltungs GmbH, DE, Hallbergmoos[6]	49.0
Stromnetz Hofheim GmbH & Co. KG, DE, Hofheim am Taunus[6]	49.0
Stromnetz Hofheim Verwaltungs GmbH, DE, Hofheim am Taunus[6]	49.0
Stromnetz Kulmbach GmbH & Co. KG, DE, Kulmbach[6]	49.0
Stromnetz Kulmbach Verwaltungs GmbH, DE, Kulmbach[6]	49.0
Stromnetz Neckargemünd GmbH, DE, Neckargemünd[6]	49.9
Stromnetz Pulheim GmbH & Co. KG, DE, Pulheim[6]	25.1
Stromnetz Pullach GmbH, DE, Pullach im Isartal[6]	49.0
Stromnetz Traunreut GmbH & Co. KG, DE, Traunreut[6]	49.0
Stromnetz Traunreut Verwaltungs GmbH, DE, Traunreut[6]	49.0
Stromnetz Verbandsgemeinde Katzenelnbogen GmbH & Co. KG, DE, Katzenelnbogen[6]	49.0
Stromnetz Verbandsgemeinde Katzenelnbogen Verwaltungs-gesellschaft mbH, DE, Katzenelnbogen[6]	49.0
Stromnetz VG Diez GmbH und Co. KG, DE, Altendiez[6]	49.0
STROMNETZ VG DIEZ Verwaltungsgesellschaft mbH, DE, Altendiez[6]	49.0
Stromnetz Weiden i.d.OPf. GmbH & Co. KG, DE, Weiden i.d.OPf.[6]	49.0

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Name, location	Stake (%)
Stromnetz Weilheim GmbH & Co. KG, DE, Regensburg[2]	100.0
Stromnetz Weilheim Verwaltungs GmbH, DE, Regensburg[2]	100.0
Stromnetz Würmtal GmbH & Co. KG, DE, Planegg[2]	74.5
Stromnetz Würmtal Verwaltungs GmbH, DE, Planegg[2]	100.0
Stromnetze Peiner Land GmbH, DE, Ilsede[6]	49.0
Stromnetzgesellschaft Bad Salzdetfurth - Diekholzen mbH & Co. KG, DE, Bad Salzdetfurth[6]	49.0
Stromnetzgesellschaft Barsinghausen GmbH & Co. KG, DE, Barsinghausen[6]	49.0
Strom-Netzgesellschaft Bedburg GmbH & Co. KG, DE, Bedburg[6]	25.1
Stromnetzgesellschaft Bramsche mbH & Co. KG, DE, Bramsche[6]	25.1
Stromnetzgesellschaft Datteln GmbH & Co. KG, DE, Datteln[6]	49.0
Strom-Netzgesellschaft Elsdorf GmbH & Co. KG, DE, Elsdorf[6]	25.1
Stromnetzgesellschaft Gescher GmbH & Co. KG, DE, Gescher[6]	25.1
Strom-Netzgesellschaft Kolpingstadt Kerpen GmbH & Co. KG, DE, Kerpen[6]	25.1
Strom-Netzgesellschaft Kreisstadt Bergheim GmbH & Co. KG, DE, Bergheim[6]	25.1
Stromnetzgesellschaft Mettmann mbH & Co. KG, DE, Mettmann[6]	25.1
Stromnetzgesellschaft Neuenhaus mbH & Co. KG, DE, Neuenhaus[6]	49.0
Stromnetzgesellschaft Neuenhaus Verwaltungs-GmbH, DE, Neuenhaus[6]	49.0
Stromnetzgesellschaft Neunkirchen-Seelscheid mbH & Co. KG, DE, Neunkirchen-Seelscheid[6]	49.0
Stromnetzgesellschaft Schwalmtal mbH & Co. KG, DE, Schwalmtal[6]	51.0
Stromnetzgesellschaft Seelze GmbH & Co. KG, DE, Seelze[6]	49.0
Stromnetzgesellschaft Siegen GmbH & Co.KG, DE, Siegen[6]	25.1
Strom-Netzgesellschaft Voerde mbH & Co. KG, DE, Voerde[6]	25.1
Stromnetzgesellschaft Windeck mbH & Co. KG, DE, Siegburg[6]	49.9
Stromnetzgesellschaft Wunstorf GmbH & Co. KG, DE, Wunstorf[6]	49.0
Stromversorgung Angermünde GmbH, DE, Angermünde[6]	49.0
Stromversorgung Penzberg GmbH & Co. KG, DE, Penzberg[6]	49.0
Stromversorgung Pfaffenhofen a. d. Ilm GmbH & Co. KG, DE, Pfaffenhofen[6]	49.0
Stromversorgung Pfaffenhofen a. d. Ilm Verwaltungs GmbH, DE, Pfaffenhofen[6]	49.0
Stromversorgung Ruhpolding Gesellschaft mit beschränkter Haftung, DE, Ruhpolding[2]	100.0
Stromversorgung Unterschleißheim GmbH & Co. KG, DE, Unterschleißheim[6]	49.0
Stromversorgung Unterschleißheim Verwaltungs GmbH, DE, Unterschleißheim[6]	49.0
Stromverwaltung Schwalmtal GmbH, DE, Schwalmtal[6]	51.0
strotög GmbH Strom aus Töging, DE, Töging am Inn[6]	50.0
StWB Stadtwerke Brandenburg an der Havel GmbH & Co. KG, DE, Brandenburg an der Havel[5]	36.8
StWB Verwaltungs GmbH, DE, Brandenburg an der Havel[6]	36.8
SüdWasser GmbH, DE, Erlangen[2]	100.0
Südwestfalen Netz-Verwaltungsgesellschaft mbH, DE, Netphen[6]	49.0
Südwestsächsische Netz GmbH, DE, Crimmitschau[2]	100.0
Süwag Energie AG, DE, Frankfurt am Main[1]	77.6
Süwag Grüne Energien und Wasser AG & Co. KG, DE, Frankfurt am Main[1]	100.0
Süwag Management GmbH, DE, Frankfurt am Main[2]	100.0
Süwag Vertrieb AG & Co. KG, DE, Frankfurt am Main[1]	100.0
SVH Stromversorgung Haar GmbH, DE, Haar[6]	50.0
SVI-Stromversorgung Ismaning GmbH, DE, Ismaning[6]	25.1
SVO Holding GmbH, DE, Celle[1]	50.1
SVO Vertrieb GmbH, DE, Celle[1]	100.0
SVS-Versorgungsbetriebe GmbH, DE, Stadtlohn[4]	30.0
SWG Glasfaser Netz GmbH, DE, Geesthacht[6]	33.4
SWL-energis Netzgesellschaft mbH & Co. KG., DE, Saarbrücken[2]	100.0
SWL-energis-Geschäftsführungs-GmbH, DE, Saarbrücken[2]	100.0
SWN Stadtwerke Neustadt GmbH, DE, Neustadt bei Coburg[6]	25.1
SWS Energie GmbH, DE, Stralsund[5]	49.0
SWT trilan GmbH, DE, Trier[6]	26.0
SWTE Netz GmbH & Co. KG, DE, Ibbenbüren[5]	33.0
SWTE Netz Verwaltungsgesellschaft mbH, DE, Ibbenbüren[6]	33.0
Syna GmbH, DE, Frankfurt am Main[1]	100.0
Szczecińska Energetyka Cieplna Sp. z o.o., PL, Szczecin[1]	66.5
Szombathelyi Erőmű Zrt., HU, Budapest[2]	80.0
Szombathelyi Távhőszolgáltató Kft., HU, Szombathely[6]	25.0
Tankey B.V., NL, 's-Hertogenbosch[5]	42.5
Technische Werke Naumburg GmbH, DE, Naumburg (Saale)[6]	47.0
Tegel Energie GbR, DE, Berlin[6]	50.0
The Power Generation Company Limited, GB, Coventry[2]	100.0
Thermondo GmbH, DE, Berlin[6]	20.3
TNA Talsperren- und Grundwasser-Aufbereitungs- und Vertriebsgesellschaft mbH, DE, Nonnweiler[6]	22.8
TRANSELEKTRO, s.r.o., SK, Košice[6]	25.5
TraveNetz GmbH, DE, Lübeck[5]	25.1
Triangeln 10 i Norrköping Fastighets AB, SE, Malmö[2]	100.0
Triangeln 11 AB, SE, Malmö[2]	100.0
Triangeln 15 i Norrköping Fastighets AB, SE, Malmö[2]	100.0
Trinkwasserverbund Niederrhein TWN GmbH, DE, Grevenbroich[6]	33.3
Trocknungsanlage Zolling GmbH & Co. KG, DE, Zolling[6]	33.3
Trocknungsanlage Zolling Verwaltungs GmbH, DE, Zolling[6]	33.3
TWE Technische Werke der Gemeinde Ensdorf GmbH, DE, Ensdorf[6]	49.0
TWL Technische Werke der Gemeinde Losheim GmbH, DE, Losheim am See[6]	49.9
TWM Technische Werke der Gemeinde Merchweiler Gesellschaft mit beschränkter Haftung, DE, Merchweiler[6]	49.0

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TWRS Technische Werke der Gemeinde Rehlingen-Siersburg GmbH, DE, Rehlingen-Siersburg[6]	35.0
TWS Technische Werke der Gemeinde Saarwellingen GmbH, DE, Saarwellingen[6]	51.0
Überlandwerk Krumbach Gesellschaft mit beschränkter Haftung, DE, Krumbach[1]	74.6
Überlandwerk Leinetal GmbH, DE, Gronau[6]	48.0
Überlandwerk Mittelbaden GmbH & Co. KG, DE, Lahr[4]	37.8
Überlandwerk Mittelbaden Verwaltungs-GmbH, DE, Lahr[6]	37.8
Ultra-Fast Charging Venture Scandinavia ApS, DK, Copenhagen[6]	50.0
Umspannwerk Miltzow-Mannhagen GbR, DE, Sundhagen[6]	26.8
Union Grid s.r.o., CZ, Prague[6]	34.0
UNTERE ILLER AKTIENGESELLSCHAFT, DE, Landshut[6]	40.0
Untermain EnergieProjekt AG & Co. KG., DE, Kelsterbach[6]	49.0
Untermain Erneuerbare Energien GmbH, DE, Raunheim[6]	25.0
URANIT GmbH, DE, Jülich[4]	50.0
Utility Debt Services Limited, GB, Coventry[2]	100.0
Vandebron B.V., NL, Amsterdam[1]	100.0
Vandebron Energie B.V., NL, Amsterdam[1]	100.0
Vandebron Services B.V., NL, Amsterdam[1]	100.0
VEBA Electronics LLC, US, Wilmington[1]	100.0
VEBACOM Holdings LLC, US, Wilmington[2]	100.0
Veiligebuurt B.V., NL, Enschede[6]	49.9
VEM Neue Energie Muldental GmbH & Co. KG, DE, Markkleeberg[6]	50.0
Versorgungsbetrieb Waldbüttelbrunn GmbH, DE, Waldbüttelbrunn[6]	49.0
Versorgungsbetriebe Helgoland GmbH, DE, Helgoland[6]	49.0
Versorgungskasse Energie (VVaG) i. L., DE, Hanover[6]	69.6
Versuchsatomkraftwerk Kahl GmbH, DE, Karlstein[6]	20.0
Verteilnetz Plauen GmbH, DE, Plauen[1]	100.0
Verteilnetze Energie Weißenhorn GmbH & Co.KG, DE, Weißenhorn[6]	35.0
Verwaltungsgesellschaft Dorsten Netz mbH, DE, Dorsten[6]	49.0
Verwaltungsgesellschaft Energie Weißenhorn GmbH, DE, Weißenhorn[6]	35.0
Verwaltungsgesellschaft Energieversorgung Timmendorfer Strand mbH, DE, Timmendorfer Strand[2]	51.0
Verwaltungsgesellschaft GKW Dillingen mbH, DE, Dillingen[6]	25.2
Verwaltungsgesellschaft Scharbeutzer Energie- und Netzgesellschaft mbH, DE, Scharbeutz[2]	51.0
"Veszprém-Kogeneráció" Energiatermelő Zrt., HU, Budapest[2]	100.0
Visioncash, GB, Coventry[1]	100.0
Visualix GmbH, DE, Berlin[6]	25.0
VKB-GmbH, DE, Neunkirchen[1]	50.0
Volta Limburg B.V., NL, Schinnen[1]	100.0
Volta Participaties 1 BV, NL, Schinnen[1]	100.0
Volta Service B.V., NL, Schinnen[1]	100.0
Volta Solar B.V., NL, Heerlen[1]	100.0
Volta Solar VOF, NL, Heerlen[1]	60.0
VOLTARIS GmbH, DE, Maxdorf[6]	50.0
VSE - Windpark Merchingen GmbH & Co. KG, DE, Saarbrücken[2]	100.0
VSE - Windpark Merchingen VerwaltungsGmbH, DE, Saarbrücken[2]	100.0
VSE Agentur GmbH, DE, Saarbrücken[2]	100.0
VSE Aktiengesellschaft, DE, Saarbrücken[1]	51.4
VSE Call centrum s.r.o., SK, Košice[2]	100.0
VSE Ekoenergia, s.r.o., SK, Košice[2]	100.0
VSE NET GmbH, DE, Saarbrücken[1]	100.0
VSE Verteilnetz GmbH, DE, Saarbrücken[1]	100.0
VSE-Stiftung Gemeinnützige Gesellschaft zur Förderung von Bildung, Erziehung, Kunst und Kultur mbH, DE, Saarbrücken[2]	100.0
VWS Verbundwerke Südwestsachsen GmbH, DE, Lichtenstein/Sa.[1]	97.9
Východoslovenská distribucná, a.s., SK, Košice[1]	100.0
Východoslovenská energetika a.s., SK, Košice[1]	100.0
Východoslovenská energetika Holding a.s., SK, Košice[1, 9]	49.0
Wärmeenergie Verwaltungs GmbH, DE, Essen[2]	100.0
Wärmeversorgung Limburg GmbH, DE, Limburg an der Lahn[6]	50.0
Wärmeversorgung Mücheln GmbH, DE, Mücheln[6]	49.0
Wärmeversorgung Schenefeld GmbH, DE, Schenefeld[6]	40.0
Wärmeversorgung Schwaben GmbH, DE, Augsburg[2]	100.0
Wärmeversorgung Wachau GmbH, DE, Markkleeberg[6]	49.0
Wärmeversorgung Würselen GmbH, DE, Stolberg/Rhld.[2]	100.0
Wärmeversorgungsgesellschaft Königs Wusterhausen mbH, DE, Königs Wusterhausen[2]	50.1
Wasser- und Abwassergesellschaft Vienenburg mbH, DE, Goslar[6]	49.0
Wasserkraft Baierbrunn GmbH, DE, Unterschleißheim[6]	50.0
Wasserkraft Farchet GmbH, DE, Bad Tölz[2]	60.0
Wasserkraftnutzung im Landkreis Gifhorn GmbH, DE, Müden/Aller[6]	50.0
Wasser-Netzgesellschaft Kolpingstadt Kerpen GmbH & Co. KG, DE, Kerpen[6]	25.1
Wasserverbund Niederrhein Gesellschaft mit beschränkter Haftung, DE, Moers[6]	38.5
Wasserversorgung Main-Taunus GmbH, DE, Frankfurt am Main[6]	49.0
Wasserversorgung Sarstedt GmbH, DE, Sarstedt[6]	49.0
Wasserwirtschafts- und Betriebsgesellschaft Grafenwöhr GmbH, DE, Grafenwöhr[6]	29.0
Wasserzweckverband der Gemeinde Nalbach, DE, Nalbach[6]	49.0
WB Wärme Berlin GmbH, DE, Schönefeld[6]	51.0
WEA Schönerlinde GbR mbH Kiepsch & Bosse & Beteiligungsges. e.disnatur mbH, DE, Berlin[2]	70.0
WeAre GmbH, DE, Berlin[6]	20.0
weeenergie GmbH, DE, Dresden[6]	40.0
Weissmainkraftwerk Röhrenhof Aktiengesellschaft, DE, Bad Berneck[2]	93.5

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2020)

Name, location	Stake (%)
WEK Windenergie Kolkwitz GmbH & Co. KG, DE, Kolkwitz[2]	100.0
Welver Netz GmbH & Co. KG, DE, Welver[6]	49.0
Wendelsteinbahn Gesellschaft mit beschränkter Haftung, DE, Brannenburg am Inn[2]	100.0
Wendelsteinbahn Verteilnetz GmbH, DE, Brannenburg am Inn[2]	100.0
werkkraft GmbH, DE, Munich[6]	50.0
Werne Netz GmbH & Co. KG, DE, Werne[6]	49.0
Westenergie AG, DE, Essen[1]	100.0
Westenergie Aqua GmbH, DE, Mülheim an der Ruhr[1, 8]	100.0
Westenergie Breitband GmbH, DE, Essen[1, 8]	100.0
Westenergie Metering GmbH, DE, Mülheim an der Ruhr[1]	100.0
Westenergie Rheinhessen Beteiligungs GmbH, DE, Essen[1, 8]	100.0
Westerwald-Netz GmbH, DE, Betzdorf-Alsdorf[1]	100.0
Westnetz Asset Komplementär GmbH, DE, Essen[2]	100.0
Westnetz GmbH, DE, Dortmund[1]	100.0
Westnetz Immobilien GmbH & Co. KG, DE, Essen[1]	100.0
Westnetz Kommunikationsleitungen GmbH & Co. KG, DE, Essen[1]	100.0
WET Windenergie Trampe GmbH & Co. KG, DE, Lützen[2]	100.0
WEVG Salzgitter GmbH & Co. KG, DE, Salzgitter[1]	50.2
WEVG Verwaltungs GmbH, DE, Salzgitter[2]	50.2
WGK Windenergie Großkorbetha GmbH & Co. KG, DE, Lützen[2]	75.0
whp Tiefbaugesellschaft mbH & Co. KG, DE, Mönchengladbach[2]	100.0
Willems Koeltechniek B.V., NL, Beek[1]	100.0
Windenergie Briesensee GmbH, DE, Neu Zauche[6]	31.5
Windenergie Frehne GmbH & Co. KG, DE, Lützen[6]	41.0
Windenergie Leinetal 2 Verwaltungs GmbH, DE, Freden (Leine)[2]	100.0
Windenergie Leinetal GmbH & Co. KG, DE, Freden (Leine)[6]	26.2
Windenergie Leinetal Verwaltungs GmbH, DE, Freden (Leine)[6]	24.9
Windenergie Merzig GmbH, DE, Merzig[6]	20.0
Windenergie Osterburg GmbH & Co. KG, DE, Osterburg (Altmark)[6]	49.0
Windenergie Osterburg Verwaltungs GmbH, DE, Osterburg (Altmark)[6]	49.0
Windenergie Schermbeck-Rüste GmbH & Co.KG, DE, Schermbeck[6]	20.3
Windenergiepark Heidenrod GmbH, DE, Heidenrod[6]	45.0
WINDENERGIEPARK WESTKÜSTE GmbH, DE, Kaiser-Wilhelm-Koog[2]	80.0
Windkraft Hochheim GmbH & Co. KG, DE, Lützen[2]	90.0
Windkraft Jerichow-Mangelsdorf I GmbH & Co. KG, DE, Burg[6]	25.1
Windmüllerei LMP GmbH & Co. KG, DE, Jürgenshagen[2]	100.0
Windpark Anhalt-Süd (Köthen) OHG, DE, Potsdam[2]	83.3
Windpark Büschdorf GmbH, DE, Perl[2]	51.0
Windpark Eschweiler Beteiligungs GmbH, DE, Stolberg/Rhld.[6]	55.1
Windpark Losheim-Britten GmbH, DE, Losheim am See[6]	50.0
Windpark Lützen GmbH & Co. KG, DE, Lützen[2]	100.0
Windpark Lützen Infrastruktur GmbH & Co. KG (since 2021 SEW Solarenergie Weißenfels GmbH & Co. KG), DE, Lützen[2]	100.0
WINDPARK Mutzschen OHG, DE, Potsdam[2]	77.8
Windpark Naundorf OHG, DE, Potsdam[2]	66.7
Windpark Nohfelden-Eisen GmbH, DE, Nohfelden[6]	50.0
Windpark Oberthal GmbH, DE, Oberthal[6]	35.0
Windpark Paffendorf GmbH & Co. KG, DE, Bergheim[6]	49.0
Windpark Perl GmbH, DE, Perl[6]	42.0
Windpark Verwaltungsgesellschaft mbH, DE, Lützen[2]	100.0
Windpark Wadern-Felsenberg GmbH, DE, Wadern[2]	100.0
WKH Windkraft Hochheim Management GmbH, DE, Lützen[2]	100.0
WLN Wasserlabor Niederrhein GmbH, DE, Mönchengladbach[6]	45.0
WPB Windpark Börnicke GmbH & Co. KG, DE, Lützen[2]	100.0
WPF Windpark Frankenheim GmbH & Co. KG (since 2021 SPG Solarpark Guben GmbH & Co. KG), DE, Lützen[2]	100.0
WPK Windpark Kraasa GmbH & Co. KG, DE, Lützen[2]	100.0
WTTP B.V., NL, Arnhem[1]	100.0
WUN Pellets GmbH, DE, Wunsiedel[6]	25.1
WVG - Warsteiner Verbundgesellschaft mbH, DE, Warstein[6]	25.1
WVL Wasserversorgung Losheim GmbH, DE, Losheim am See[6]	49.9
WVM Wärmeversorgung Maßbach GmbH, DE, Maßbach[6]	22.2
WVW Wasser- und Energieversorgung Kreis St. Wendel Gesellschaft mit beschränkter Haftung, DE, St. Wendel[6]	28.1
WWS Wasserwerk Saarwellingen GmbH, DE, Saarwellingen[6]	49.0
WWW Wasserwerk Wadern GmbH, DE, Wadern[6]	49.0
xtechholding GmbH, DE, Berlin[6]	28.4
Zagrebacke otpadne vode d.o.o., HR, Zagreb[4]	48.5
Zagrebacke otpadne vode-upravljanje i pogon d.o.o., HR, Zagreb[6]	29.0
Západoslovenská energetika a.s. (ZSE), SK, Bratislava[4]	49.0
Zenit-SIS GmbH i.L., DE, Düsseldorf[2]	100.0
ZonnigBeheer B.V., NL, Lelystad[1]	100.0
Zwickauer Energieversorgung GmbH, DE, Zwickau[5]	27.0

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Disclosures Pursuant to Section 313 (2) HGB of Companies in Which Equity Investments Are Held (as of December 31, 2020)

Name, location	Stake (%)
Consolidated investment funds	
ASF, DE, Düsseldorf[1]	100.0
HANSEFONDS, DE, Düsseldorf[1]	100.0
MI-FONDS 178, DE, Frankfurt am Main[1]	100.0
MI-FONDS F55, DE, Frankfurt am Main[1]	100.0
MI-FONDS G55, DE, Frankfurt am Main[1]	100.0
MI-FONDS J55, DE, Frankfurt am Main[1]	100.0
MI-FONDS K55, DE, Frankfurt am Main[1]	100.0
OB 2, DE, Düsseldorf[1]	100.0
OB 5, DE, Düsseldorf[1]	100.0

Name, location	Stake (%)	Equity € in millions	Earnings € in millions
Investments Pursuant to Section 313 (2) No. 5 HGB			
BEW Bergische Energie- und Wasser-Gesellschaft mit beschränkter Haftung, DE, Wipperfürth[7]	19.5	34.0	5.3
Energieversorgung Limburg Gesellschaft mit beschränkter Haftung, DE, Limburg an der Lahn[7]	10.0	28.5	3.8
e-werk Sachsenwald GmbH, DE, Reinbek[7]	16.0	30.1	4.3
Herzo Werke GmbH, DE, Herzogenaurach[7]	19.9	20.3	–
infra fürth gmbh, DE, Fürth[7]	19.9	77.1	–
Nord Stream AG, CH, Zug[7, 14]	15.5	3,001.6	424.4
PSI Software AG, DE, Berlin[7]	17.8	85.8	5.0
Stadtwerke Bamberg Energie- und Wasserversorgungs GmbH, DE, Bamberg[7]	10.0	30.1	–
Stadtwerke Detmold GmbH, DE, Detmold[7]	12.5	31.5	–
Stadtwerke Hof Energie+Wasser GmbH, DE, Hof[7]	19.9	22.1	–
Stadtwerke Meerbusch GmbH, DE, Meerbusch[7]	7.4	25.3	5.8
Stadtwerke Neuss Energie und Wasser GmbH, DE, Neuss[7]	17.5	88.3	2.2
Stadtwerke Straubing Strom und Gas GmbH, DE, Straubing[7]	19.9	15.8	–
Stadtwerke Wertheim GmbH, DE, Wertheim[7]	10.0	20.5	–
Stadtwerke Willich Gesellschaft mit beschränkter Haftung, DE, Willich[7]	7.4	14.3	5.9
SWT Stadtwerke Trier Versorgungs-GmbH, DE, Trier[7]	18.7	55.7	10.5

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Other Information

Declaration of the Management Board

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

Essen, March 15, 2021

The Management Board

Teyssen

Birnbaum

König

Spieker

Wildberger

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

Independent Auditor's Report

To E.ON SE, Essen

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of E.ON SE, Essen, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2020, and the consolidated statement of income, consolidated statement of recognized income and expenses, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of E.ON SE, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] and § 315d HGB.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Subsequent accounting relating to the acquisition of innogy's network and sales businesses in financial year 2019
❷ Recoverability of goodwill

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

❶ Subsequent accounting relating to the acquisition of innogy's network and sales businesses in financial year 2019

① Pursuant to the agreements entered into between E.ON and RWE on March 12, 2018, on September 18, 2019 E.ON obtained control within the meaning of IFRS 10 of the network and sales businesses of innogy SE. The acquisition was accounted for as a business combination using the acquisition method in accordance with IFRS 3. The preliminary fair value measurement of the identifiable assets acquired and liabilities assumed, as initially carried out in financial year 2019, was finalized and retrospectively adjusted at the acquisition date within the measurement period of one year provided for in IFRS 3. The new knowledge and information obtained during the measurement period resulted in an adjustment of the acquired net assets less non-controlling interests to a total of EUR -1.0 billion. The consideration transferred, which also contained a cash payment subject to contractually agreed price adjustments, was measured in the total amount of EUR 14.7 billion as of the end of the measurement period. Consequently, the business combination resulted in goodwill of EUR 15.7 billion. For the purposes of impairment testing, in financial year 2020 this was allocated in accordance with IAS 36 to the existing cash-generating units or groups of cash-generating units that are expected to benefit from the synergies generated by the business combination and that have already included the innogy businesses since the segments were reorganized as of January 1, 2020.

Due to the highly complex nature of the transaction as a whole, the associated complex calculation of the consideration transferred, the estimation uncertainties and the scope of discretion in measuring the assets acquired and liabilities assumed, as well as the overall material effect of the amounts involved in the acquisition on the net assets, liabilities, financial position and financial performance, the subsequent accounting relating to the acquisition of innogy's network and sales businesses in financial year 2019 was of particular significance in the context of our audit.

② As part of our audit, we assessed the effects of the new knowledge and information obtained within the measurement period in accordance with IFRS 3 on the first-time consolidation of innogy as of September 18, 2019. One focus was on the contractually agreed purchase price adjustments as part of the consideration transferred. We assessed these pursuant to the contractual bases, the settlement agreement between E.ON SE and RWE AG in the 2020 financial year and the payments made. Furthermore, we assessed the final recognition and measurement of the assets and liabilities underlying the business combination. This included their identification, the application of consistent accounting and measurement policies, and their fair value accounting as of the date of first-time consolidation. In this context, one focal point for our audit was to address the final external reports for the purchase price allocation. As well as assessing the external appraiser's professional qualifications, we also assessed the appropriateness of, among other things, the models on which the valuations were based, and the valuation inputs and assumptions used. Given the special features relating to the calculation of the fair values in the context of the business combination, our internal valuation specialists assisted in the process. Furthermore, we assessed the calculation of the final goodwill and its allocation to the cash-generating units or groups of cash-generating units for the purposes of impairment testing. Our focus in this context was on the proper allocation of the goodwill to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies generated by acquiring innogy's network and sales businesses. As part of our audit, we critically assessed the synergy planning underlying the allocation, the assumptions forming the basis, and the assignment of direct and indirect synergies. Furthermore, we critically assessed the methodological approach and verified the mathematical correctness of the model underlying the allocation. Other focal points of our audit were to assess the disclosures in the notes required under IFRS 3 and the presentation as part of segment reporting. In relation to the reorganization of the segments, we assessed in particular whether the innogy companies were allocated to the E.ON reporting segments in accordance with the requirements of IFRS 8.

Overall, we were able to satisfy ourselves that the acquisition was appropriately presented in the financial statements (including the retrospective adjustments made in financial year 2020 in the context of the measurement period under IFRS 3), that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented, and that the corresponding disclosures in the notes are appropriate.

③ The Company's disclosures relating to subsequent consolidation are contained in notes 5 and 33 to the consolidated financial statements.

❷ Recoverability of goodwill

① In the consolidated financial statements of E.ON SE as of December 31, 2020, goodwill amounting to EUR 17.8 billion is reported under the "Goodwill" balance sheet item. In the third quarter of 2020, the EUR 15.7 billion in goodwill arising from the acquisition of innogy's network and sales businesses was allocated to the existing cash-generating units or groups of cash-generating units for the purposes of impairment testing and subsequently tested for impairment together with the existing goodwill in the context of the annual impairment test.

Goodwill is tested for impairment on a regular basis in the fourth quarter of each year, or when there are indications of impairment, to determine any possible need for write-downs. The Company allocates goodwill to cash-generating units or groups of cash-generating units that are generally equivalent to the E.ON Group's operating segments. In the context of the impairment test, the carrying amount of the relevant cash-generating units or groups of cash-generating units – including goodwill – is compared with the corresponding recoverable amount. The basis of valuation in the context of an impairment test is the present value of the future cash flows from the cash-generating unit or group of cash-generating units, which are determined using discounted cash flow models. The cash flows are based on the E.ON Group's medium-term planning for financial years 2021 to 2023. For the purposes of assessing the recoverability of goodwill, the three-year detailed planning period is generally extended by another two years and is then extrapolated based on assumptions about long-term growth rates in perpetual annuity. By doing so, expectations about future market developments and assumptions about the development of macroeconomic and regulatory drivers as well as the expected impact of the ongoing COVID-19 pandemic on the Group's business are also taken into account. The discount rate used is the weighted average cost of capital for the relevant cash-generating unit or group of cash-generating units in each case. The impairment test determined that no impairment was necessary on the existing goodwill in financial year 2020.

The result of this measurement depends to a large extent on the executive directors' estimates of the amount of future cash flows, the discount rate applied and the growth rate. The assumptions about the long-term development of the underlying contributions to earnings and the relevant regulatory influencing factors are also of particular importance. Due to the complexity of the measurement and the considerable uncertainties relating to the underlying assumptions, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed, among other things, whether the measurement model for performing impairment testing properly reflects the conceptual requirements of the relevant standards and whether the calculations in the models were correctly performed. The critical assessment of the key assumptions underlying the measurements was the focal point of our audit. We evaluated the appropriateness of the future cash flows used for the measurement by reconciling this data against general and sector-specific market expectations and by comparing it with the current budgets in the Group investment, finance and HR plan for 2021 prepared by the executive directors and approved by the supervisory board on December 15, 2020 as well as the medium-term planning for financial years 2022 and 2023 prepared by the executive directors and acknowledged by the supervisory board. Among other things, we assessed how the long-term growth rates used for perpetual annuities were derived from the observable market data and market expectations, and reconciled this with the cost of capital applied. We also assessed the parameters used to determine the discount rate applied, and evaluated the measurement model. In addition, we compared the assumptions about the long-term development of the contributions to earnings and the relevant regulatory influencing factors against sector-specific expectations. In this context, we also assessed the executive directors' estimate as to the impact of the COVID-19 pandemic on the Group's business and evaluated how this was taken into consideration in calculating the future cash flows. Within the context of our assessment of the recoverability of goodwill, we also evaluated whether the costs for corporate overheads were properly determined, allocated, and included in the impairment tests of the respective cash-generating units or groups of cash-generating units. Finally, we assessed the calculation of the carrying amounts of the cash-generating units or groups of cash-generating units and their comparison against the respective recoverable amount.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures relating to the recoverability of goodwill are contained in note 15 to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report, and the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file EON_SE_KA_zLB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents
The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor by the annual general meeting on May 28, 2020. We were engaged by the supervisory board on June 5, 2020. We have been the group auditor of the E.ON SE, Essen, without interruption since the Company first met the requirements as a public-interest entity within the meaning of § 319a Abs. 1 Satz 1 HGB in the financial year 1965.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Aissata Touré.

Düsseldorf, March 16, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Markus Dittmann	Aissata Touré
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting

To E.ON SE, Essen

We have performed a limited assurance engagement on the combined separate non-financial report pursuant to §§ (Articles) 289b Abs. (paragraph) 3 and 315b Abs. 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of E.ON SE, Essen (hereinafter the "Company") for the period from 1 January to 31 December 2020 (hereinafter the "Non-financial Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial 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 Non-financial 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 Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of in-formation or expert opinions, referred to in the Non-financial Report.

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 Company's Non-financial Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

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.

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 Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- Identification of the likely risks of material misstatement of the Non-financial Report
- Analytical evaluation of selected disclosures in the Non-financial Report
- Survey regarding local data gathering and approval of GHG emissions FY19 in order to obtain an understanding of how the data has been gathered in the first place and how potential sources of error have been dealt with (e.g. incomplete or wrong data)
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the non-financial information

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 Company's Non-financial Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

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 about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Essen, March 15, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Markus Dittmann	Hendrik Fink
Wirtschaftsprüfer	Wirtschaftsprüfer
German public auditor	German public auditor

Boards

Supervisory Board (and Information on Other Directorships)

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

Erich Clementi
Deputy Chairman of the Supervisory Board, E.ON SE
→ Deutsche Lufthansa AG[1] (since May 5, 2020)

Andreas Scheidt (until May 28, 2020)
Deputy Chairman of the Supervisory Board, E.ON SE
Unified Service Sector Union, ver.di

Christoph Schmitz (since February 1, 2020)
Deputy Chairman of the Supervisory Board, E.ON SE;
Member of the National Executive Board, Unified Service Sector Union, ver.di;
Director of the Federal Divisions for Financial Services, Utilities and Waste Management, Media, Arts and Industry, Telecommunications and IT
→ innogy SE[2] (since June 2, 2020, formerly E.ON Verwaltungs SE, until December 31, 2020)
→ AXA Konzern AG
→ Ruhrfestspiele Recklinghausen GmbH

Clive Broutta (until January 31, 2020)
Full-time Representative of the General, Municipal, Boilermakers, and Allied Trade Union (GMB)

Klaus Fröhlich
Former member of the Board of Management,
Bayerische Motoren Werke AG

Ulrich Grillo
Chairman of the Board of Management, Grillo-Werke AG
→ Rheinmetall AG[1] (Chairman)
→ Grillo Zinkoxid GmbH[2]
→ Zinacor S.A.[2]

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

Monika Krebber
Deputy Chairperson of the General Works Council, innogy SE (until December 31, 2020)
→ innogy SE[2] (until June 2, 2020, merger into E.ON Verwaltungs SE)
→ innogy SE[2] (since June 2, 2020, formerly E.ON Verwaltungs SE, until December 31, 2020)

Eugen-Gheorghe Luha
Chairman of Gaz România (Romanian Federation of Gas Unions);
Chairman of Romanian employee representatives;
Member of the SE Works Council, E.ON SE

Stefan May
Deputy Chairman of the E.ON Group Works Council;
Chairman of the Joint Works Council, Westenergie AG/Westnetz GmbH (since October 1, 2020, formerly Joint Works Council, Westnetz GmbH);
Chairman of the Works Council of the Münster Region of Westnetz GmbH
→ innogy SE[2] (until June 2, 2020, merger into E.ON Verwaltungs SE)
→ innogy SE[2] (since June 2, 2020, formerly E.ON Verwaltungs SE, until December 31, 2020)
→ Westenergie AG[2] (since October 1, 2020, formerly innogy Westenergie GmbH)
→ innogy Westenergie GmbH[2] (until September 30, 2020)
→ E.ON Pensionsfonds AG[2] (since May 1, 2020)

Szilvia Pinczésné Márton
Chairperson of the Works Council, E.ON Dél-dunántúli Áramhálózati Zrt.;
Member of the SE Works Council, E.ON SE

Miroslav Pelouch (since May 28, 2020)
Deputy Chairman of the European Works Council of E.ON SE;
Chairman of the Association of Grass-Roots Organisations of the ECHO Energy Sector Trade Union Federation in E.ON's companies in the Czech Republic;
Member of the Executive Committee of the ECHO Trade Union Federation
→ E.ON Energie a.s.[2]
→ EG.D a.s.[2] (since January 1, 2021, formerly E.ON Distribuce a.s.)

Unless otherwise indicated, information is as of December 31, 2020, or as of the date on which membership in the E.ON SE Supervisory Board ended.
→ Directorships/memberships in other statutory supervisory boards.
→ Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.
[1]Listed company.
[2]E.ON Group directorships/memberships.

René Pöhls
Deputy Chairman of the SE Works Council, E.ON SE;
Chairman of the SE Works Council, innogy SE (until June 2, 2020);
Deputy Chairman of the Group Works Council, E.ON SE ;
Chairman of the Group Works Council, envia Mitteldeutsche Energie AG;
Chairman of the Joint General Works Council and the Joint Works Council Halle/Kabelsketal, envia Mitteldeutsche Energie AG, MITGAS Mitteldeutsche Gasversorgung GmbH, Mitteldeutsche Netzgesellschaft Strom mbH, and Mitteldeutsche Netzgesellschaft Gas mbH
→ innogy SE[2] (until June 2, 2020, merger into E.ON Verwaltungs SE)
→ envia Mitteldeutsche Energie AG[2]

Andreas Schmitz
Attorney
→ HSBC Trinkaus & Burkhardt AG[1] (until December 31, 2020), (Chairman until November 27, 2020)
→ Scheidt & Bachmann GmbH (Chairman)
→ Commerzbank AG (since January 1, 2021)

Dr. Rolf Martin Schmitz
CEO, RWE AG
→ RWE Generation SE[2] (Chairman)
→ RWE Power AG[2] (Chairman)
→ RWE Renewables GmbH[2] (since October 15, 2020)
→ RWE Supply & Trading GmbH[2]
→ Amprion GmbH (until April 30, 2020)
→ TÜV Rheinland AG
→ Jaeger Grund GmbH & Co. KG (Jaeger Gruppe, Chairman)
→ Kärntner Energieholding Beteiligungs GmbH
→ KELAG-Kärntner Elektrizitäts-AG

Fred Schulz
Chairman of the SE Works Council, E.ON SE;
Deputy Chairman of the E.ON Group Works Council;
Chairman of the Combined Works Council, E.DIS AG;
Chairman of the Works Council, E.DIS Netz GmbH-East Region
→ E.DIS AG[2]
→ Szczecińska Energetyka Cieplna Sp. z o.o.[2]

Dr. Karen de Segundo
Attorney

Elisabeth Wallbaum
Expert, SE Works Council E.ON SE and E.ON Group Works Council

Deborah Wilkens
Management consultant

Ewald Woste
Management consultant
→ Bayernwerk AG[2]
→ GASAG AG
→ GreenCom Networks AG
→ Deutsche Energie-Agentur GmbH (dena)
→ Energie Steiermark AG

Albert Zettl
Deputy Chairman of the SE Works Council, E.ON SE;
Chairman of the E.ON Group Works Council;
Chairman of the Division Works Council, Bayernwerk AG;
Chairman of the Eastern Bavaria Works Council, Bayernwerk Netz GmbH
→ Bayernwerk AG[2]
→ E.ON Pensionsfonds AG[2] (since May 1, 2020)
→ Versorgungskasse Energie VVaG i. L.

Supervisory Board Committees

Executive Committee
Dr. Karl-Ludwig Kley, Chairman
Christoph Schmitz, Deputy Chairman (since May 28, 2020)
Andreas Scheidt, Deputy Chairman (until May 28, 2020)
Erich Clementi
Ulrich Grillo
Fred Schulz
Albert Zettl

Audit and Risk Committee
Andreas Schmitz, Chairman
Fred Schulz, Deputy Chairman
Caroline Dybeck Happe (until December 31, 2020)
Ulrich Grillo (since January 1, 2021)
René Pöhls
Elisabeth Wallbaum
Deborah Wilkens

Innovation and Sustainability Committee
Dr. Karen de Segundo, Chairperson
Stefan May, Deputy Chairman
Clive Broutta (until January 31, 2020)
Klaus Fröhlich
Monika Krebber (since February 5, 2020)
Eugen-Gheorghe Luha
Ewald Woste

Nomination Committee
Dr. Karl-Ludwig Kley, Chairman
Erich Clementi, Deputy Chairman
Dr. Karen de Segundo

Unless otherwise indicated, information is as of December 31, 2020, or as of the date on which membership in the E.ON SE Supervisory Board ended.
→ Directorships/memberships in other statutory supervisory boards.
→ Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.
[1]Listed company.
[2]E.ON Group directorships/memberships.

Management Board (and Information on Other Directorships)

Dr. Johannes Teyssen
Born in 1959 in Hildesheim, Germany
Chairman of the Management Board since 2010
Member of the Management Board since 2004
Strategy & Innovation, Human Resources, Communications & Political Affairs, Legal, Compliance & Corporate Security, Corporate Culture, Corporate Audit, Sustainability, Health/ Safety, and Environment
→ innogy SE[2] (Chairman, until June 2, 2020, merger into E.ON Verwaltungs SE)
→ BP plc.[1] (since January 1, 2021)
→ Nord Stream AG

Dr.-Ing. Leonhard Birnbaum
Born in 1967 in Ludwigshafen, Germany
Member of the Management Board of E.ON SE since 2013
innogy integration project, Nuclear Coordination, Inhouse Consulting
Member of the Management Board, innogy SE
(Chairman, until June 2, 2020, merger into E.ON Verwaltungs SE)
→ innogy SE[2] (Chairman, since June 2, 2020, formerly E.ON Verwaltungs SE)
→ E.ON Italia S.p.A.[2] (until June 26, 2020)
→ Georgsmarienhütte Holding GmbH

Dr. Thomas König
Born in 1965 in Finnentrop, Germany
Member of the Management Board since 2018
Energy Networks (including Turkey), Supply Chain
→ Avacon AG[2] (Chairman)
→ Bayernwerk AG[2] (Chairman)
→ E.DIS AG[2] (Chairman, until April 29, 2020)
→ envia Mitteldeutsche Energie AG[2] (since May 7, 2020)
→ HanseWerk AG[2] (Chairman, until April 30, 2020)
→ Westenergie AG[2] (since October 1, 2020, formerly innogy Westenergie GmbH)
→ innogy Westenergie GmbH[2] (from February 13, 2020, until September 30, 2020)
→ E.ON Česká republika s.r.o.[2] (Chairman)
→ EG.D a.s.[2] (Chairman, formerly E.ON Distribuce a.s.)
→ E.ON Hungária Zrt.[2] (Chairman)
→ E.ON Sverige AB[2] (Chairman until March 10, 2020)
→ Rheinenergie AG (since October 1, 2020)
→ Stadtwerke Essen AG (since June 25, 2020)
→ Essener Wirtschaftsförderungsgesellschaft mbH (since June 2, 2020)

Dr. Marc Spieker
Born in 1975 in Essen, Germany
Member of the Management Board since 2017
Finance, Investor Relations, Mergers & Acquisitions, Accounting, Controlling, Risk Management, Tax, S4 Transformation
→ E.ON Verwaltungs SE[2] (Chairman, until June 1, 2020)
→ innogy SE[2] (until June 2, 2020, merger into E.ON Verwaltungs SE)
→ Süwag Energie AG[2] (since June 22, 2020)
→ Westenergie AG[2] (since October 1, 2020, formerly innogy Westenergie GmbH)
→ innogy Westenergie GmbH[2] (from February 13, 2020, until September 30, 2020)
→ Nord Stream AG

Dr. Karsten Wildberger
Born in 1969 in Gießen, Germany
Member of the Management Board since 2016
Retail and Customer Solutions, Market Excellence, Energy Management, Marketing, Digital Transformation & IT
→ E.ON Digital Technology GmbH[2] (Chairman)
→ E.ON Energie A.S.[2] (Chairman)
→ E.ON Italia S.p.A.[2] (since June 26, 2020)
→ E.ON Sverige AB[2]
→ Essent N.V.[2] (Chairman, since September 3, 2020)

Unless otherwise indicated, information is as of December 31, 2020, or as of the date on which membership in the E.ON SE Management Board ended.
→ Directorships/memberships in other statutory supervisory boards.
→ Directorships/memberships in comparable domestic and foreign supervisory bodies of commercial enterprises.
[1]Listed company.
[2]E.ON Group directorships/memberships.

Summary of Financial Highlights[1, 2]

€ in millions	2016	2017	2018	2019[6]	2020
Sales and earnings					
Sales	38,173	37,965	30,084	41,284	60,944
Adjusted EBITDA[3]	4,939	4,955	4,840	5,564	6,905
Adjusted EBIT[3]	3,112	3,074	2,989	3,220	3,776
Net income/Net loss	-16,007	4,180	3,524	1,792	1,270
Net income/Net loss attributable to shareholders of E.ON SE	-8,450	3,925	3,223	1,550	1,017
Adjusted net income[3]	904	1,427	1,505	1,526	1,638
Value measures					
ROCE (%)	10.4	10.6	10.4	8.3	6.2
Asset and capital structure					
Non-current assets	46,296	40,164	30,883	75,786	75,484
Current assets	17,403	15,786	23,441	22,294	19,901
Total assets	63,699	55,950	54,324	98,080	95,385
Equity	1,287	6,708	8,518	13,248	9,055
Capital stock	*2,001*	*2,201*	*2,201*	*2,641*	*2,641*
Minority interests without controlling influence	*2,342*	*2,701*	*2,760*	*4,149*	*4,130*
Non-current liabilities	39,287	35,198	30,545	58,982	61,761
Provisions	*19,618*	*18,001*	*15,706*	*20,669*	*21,384*
Financial liabilities	*10,435*	*9,922*	*8,323*	*27,572*	*29,423*
Other liabilities and other	*9,234*	*7,275*	*6,516*	*10,741*	*10,954*
Current liabilities	23,125	14,044	15,261	25,850	24,569
Provisions	*12,008*	*2,041*	*2,117*	*4,019*	*3,904*
Financial liabilities	*3,792*	*3,099*	*1,563*	*3,841*	*3,418*
Other liabilities and other	*7,325*	*8,904*	*11,581*	*17,990*	*17,247*
Total assets and liabilities	63,699	55,950	54,324	98,080	95,385
Cash flow, investments and financial ratios					
Cash provided by operating activities of continuing operations[4]	2,961	-2,952	2,853	2,965	5,313
Cash-effective investments	3,169	3,308	3,523	5,515	4,171
Equity ratio (%)	2	12	16	14	9
Economic net debt (at year-end)	26,320	19,248	16,580	38,895	40,736
Cash provided by operating activities of continuing operations as a percentage of sales	7.8	–	9.5	7.2	8.7
Stock and E.ON SE long-term ratings					
Earnings per share attributable to shareholders of E.ON SE (€)	-4.33	1.84	1.49	0.68	0.40
Dividend per share[5] (€)	0.21	0.30	0.43	0.46	0.47
Dividend payout	410	650	932	1,199	1,225
Moody's	Baa1	Baa2	Baa2	Baa2	Baa2
Standard & Poor's	BBB+	BBB	BBB	BBB	BBB
Employees					
Employees at year-end	43,138	42,699	43,302	78,948	78,126

[1]Adjusted for discontinued operations. · [2]Line items from the Consolidated Statements of Income for 2016 and line items from the Consolidated Balance Sheets for 2016 were adjusted to exclude Uniper. · [3]Adjusted for non-operating effects. [4]From January 1, 2018 to September 18, 2019 Renewables Segment and from September 18, 2019 to October 30, 2020 innogy business in the Czech Republic included in full in each case. · [5]For the respective financial year; the 2020 figure is management's proposed dividend. · [6]Values for 2019 adjusted for subsequent effects from innogy purchase price allocation and from the disclosure of so-called "failed own use contracts"

Contact

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Financial Calendar

May 11, 2021	**Quarterly Statement: January – March 2021**
May 19, 2021	**2021 Annual Shareholders Meeting**
August 11, 2021	**Half-Year Financial Report: January – June 2021**
November 10, 2021	**Quarterly Statement: January – September 2021**
March 16, 2022	**Release of the 2021 Annual Report**
May 11, 2022	**Quarterly Statement: January – March 2022**
May 12, 2022	**2022 Annual Shareholders Meeting**
August 10, 2022	**Half-Year Financial Report: January – June 2022**
November 9, 2022	**Quarterly Statement: January – September 2022**

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Only the German version of this Annual Report is legally binding.

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