



Sustainability Report 2021

e.on

E.ON Hungária

Contents

Welcome from the CEO	3	Our employees.....	55
About the report	5	Customers.....	74
Material topics.....	6	Our suppliers.....	77
Strategy and sustainability	8	Future generations.....	78
Corporate strategy.....	8	NGOs.....	78
Sustainability strategy.....	9	Responsible corporate governance	79
Contributing to the UN Sustainable Development Goal.....	14	Group-level changes in 2021.....	79
Business in the service of sustainability	15	The corporate governance structure.....	80
Distribution network activities.....	16	Managing economic, environmental and social impacts.....	80
Customer solutions.....	20	Managing climate risks.....	81
Infrastructure investments.....	24	Compliance and business ethics.....	81
Climate and environmental protection	25	Respect for human rights.....	86
Climate protection.....	26	Tax policy.....	86
Environmental protection.....	30	Data protection.....	89
Social engagement	46	Appendices	90
Cooperation.....	46	Our member companies.....	90
Brand campaigns, sponsorship activities.....	48	The operational data of the EHU Companies.....	92
Donation, support.....	52	GRI-index	95
Industry organisations.....	53	List of abbreviations	110
Stakeholders	54	Imprint	113
Stakeholder survey.....	54		



Welcome from the CEO



Dear Reader,

As I am writing these lines, we are in the middle of an international energy crisis in which two fundamental questions are intensifying in Europe, the solutions to which have been taken for granted for decades: how to keep energy affordable and how to secure sufficient supply? Hence, we are living in times in which sustainability goals might seem to be no longer as important as they were before the crisis. I believe that this would be a mistake. Our concerns of today should not distract us from the future. Climate change will still be there after the crisis, and the future of energy supply will fundamentally impact the living conditions of our children and grandchildren.

Yet what we should realise is that the current crisis also presents opportunities, as it urges us to think more consciously about energy. What we observe all over Europe is that the energy crisis accelerates the achievement of long-term sustainability goals. We expect this trend to continue for the long term, as the necessary investments for this change will also have to be made on a long term basis. Although we are living in challenging and unpredictable times, with an ongoing war in our neighbourhood and with a shadow of economic recession cast across Europe, I am still optimistic about the future if we get this right.

The energy industry has become indispensable to solving the greatest challenge facing humanity in the 21st century, namely, that of climate change. I am proud that my colleagues and I in the E.ON Hungária are actively involved in this responsible work on a daily basis, and as one of Hungary's leading energy market operators we can play a pioneering role in creating the sustainable energy conditions for the future.

E.ON Hungária and its parent company, E.ON SE, have made sustainability a strategic priority. As the operator of Europe's largest energy network, supplying energy to 51 million customers, we believe that we have a responsibility to make sustainable energy solutions available to as many of our customers as possible, supporting not only the achievement of climate goals, but also our customers' personal sustainability efforts, whether they are conscious households, innovative small businesses or large corporations with huge manufacturing capacity. **Connecting everyone to good energy is our primary goal – this means providing people, communities and businesses with affordable and sustainable power and gas in the long term.**

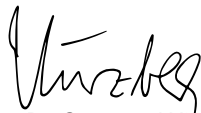
We are in a fortunate position, because for us sustainability is not simply a strategy: our business is already inherently sustainable. E.ON is building its business model around a precise strategy of operating electricity and gas networks and sustainable energy solutions. At the same time, we also consider it important that not only is our business strategy sustainable, but also that the Group's operations reflect our commitment. This is why we have decided to prepare the EHU Companies' first independent sustainability strategy and publish this sustainability report.

Our sustainability strategy has three main pillars. The **focus on corporate governance** provides a solid foundation for sustainability in the Group's operations. An important element of this pillar was the development of a more detailed sustainability strategy, and the placing of the function itself under the Strategic and Sustainability Directorate.

Another key pillar of our sustainability strategy, not surprisingly, is that of **climate protection**. We believe in a fossil-free future, and this is what guides our daily operations. Our energy networks play a central role in enabling the connection of renewable sources, and hence they represent a backbone for decarbonising society. On the consumer solution side, we help our customers achieve zero emissions with energy-efficient, green, and smart solutions, whether these are e-mobility, advanced energy-efficient cooling and heating solutions, or solar PV systems. We aim to be the green energy provider of the future, while at the same time transforming our own operations around climate objectives: joining the international E.ON Group's commitment to reducing the direct and indirect greenhouse gas emissions of the entire international E.ON Group by 75 percent by 2030, and by 100 percent by 2040.

Our third pillar focuses on **supporting our colleagues and a diverse society**. Without our colleagues, our business would not be able to function, nor would sustainability be possible. Their safety and health remain our top priority.

Sustainability considerations cannot be built into our daily operations overnight: we still have much work to do, and a long way to go. Our first report presents the first steps of this long journey: it describes our successes, but also mentions the challenges we are facing. We want to provide a transparent and honest picture of our performance and progress to our readers, clients, colleagues, and partners, because we do not want to walk this road alone. We believe in the power of community, in working together, and we envisage taking a common path. So I ask you now, dear reader, to join us on this journey. For a sustainable future.



Dr. Guntram Würzberg
E.ON Hungária Zrt.
Chairman-CEO

About the report

[GRI 2-2] [GRI 2-3]

This document is the first stand-alone Sustainability Report of the EHU Companies, sharing corporate sustainability information with the readers for the 2021 calendar year. As part of our strategy, we have set for ourselves the goal of reporting annually on our sustainability performance from now on, in order to make our Group's operations even more transparent. We have prepared our report in accordance with the standards framework of the internationally recognised Global Reporting Initiative. Unless otherwise indicated, the data and information in this report provide information about the consolidated companies of the E.ON Hungaria Group's financially consolidated companies (hereinafter referred to as the EHU Companies).

Member companies covered by the report:

The E.ON Hungária Group's core companies:

E.ON Gazdasági Szolgáltató Kft.
E.ON Hungária Zrt.
E.ON Ügyfélszolgálati Kft.

The companies of the E.ON Hungária Group's Energy Networks business unit, that is, the electricity and gas distribution network companies:

E.ON Dél-dunántúli Áramhálózati Zrt.
E.ON Dél-dunántúli Gázhálózati Zrt.
E.ON Észak-dunántúli Áramhálózati Zrt.
E.ON Közép-dunántúli Gázhálózati Zrt.
ELMŰ Hálózati Kft.

Companies related to the Customer Solutions business line of the E.ON Hungária Group:

E.ON Energiamegoldások Kft.
ELMŰ-ÉMÁSZ Solutions Kft.
ELMŰ-ÉMÁSZ Energiakereskedő Kft.
ELMŰ-ÉMÁSZ Energiaszolgáltató Zrt.
E.ON Áramszolgáltató Kft.¹
E.ON Energiatermelő Kft.
ELMŰ-ÉMÁSZ Energiatároló Kft.

Characteristics of the Sustainability Report:

Coverage	E.ON Hungária Group's financially consolidated companies
Reporting period	01.01.2021 – 31.12.2021
Reporting standard	GRI Standards 2021
Reporting frequency	Annual

The report is published exclusively online in line with sustainability principles.

1. E.ON Áramszolgáltató Kft. was sold on the 14th of April, 2022, and is no longer a member of the EHU Companies at the time of preparation of this report.



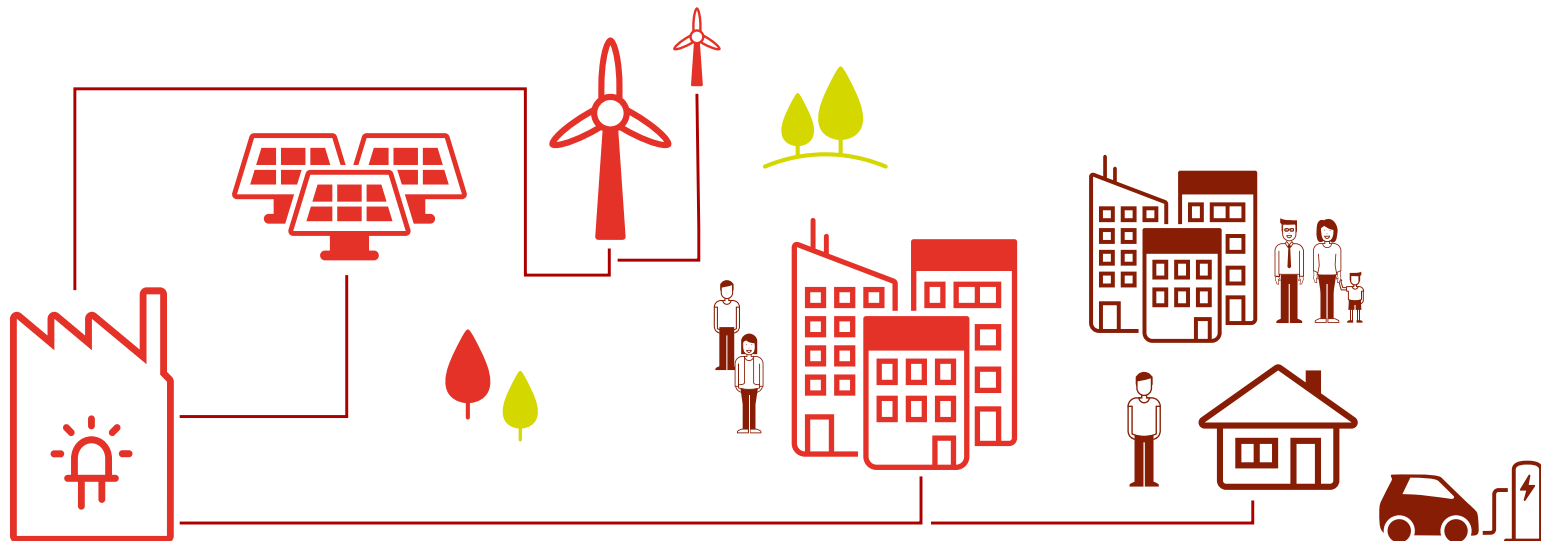
Material topics

[GRI 2-14] [GRI 2-29] [GRI 3-3]

In compiling the report - in accordance with the requirements of the GRI standard - we have focused on materiality, the involvement of stakeholders, completeness, accuracy, comparability, timeliness, reliability, balance, and the presentation of the context of sustainability. To support the preparation of the Sustainability Report, the EHU Companies have conducted a series of stakeholder surveys. The identification of relevant concerned organisations and interested parties (in short, stakeholders) for the group was preceded by a series of consultations in order to identify our key stakeholders. The research was conducted in the following groups: employees, customers, NGOs, and members of the future generation. Stakeholders were involved and their views on sustainability were sought in order to take into account the interests and suggestions of the groups concerned in our future sustainability efforts.

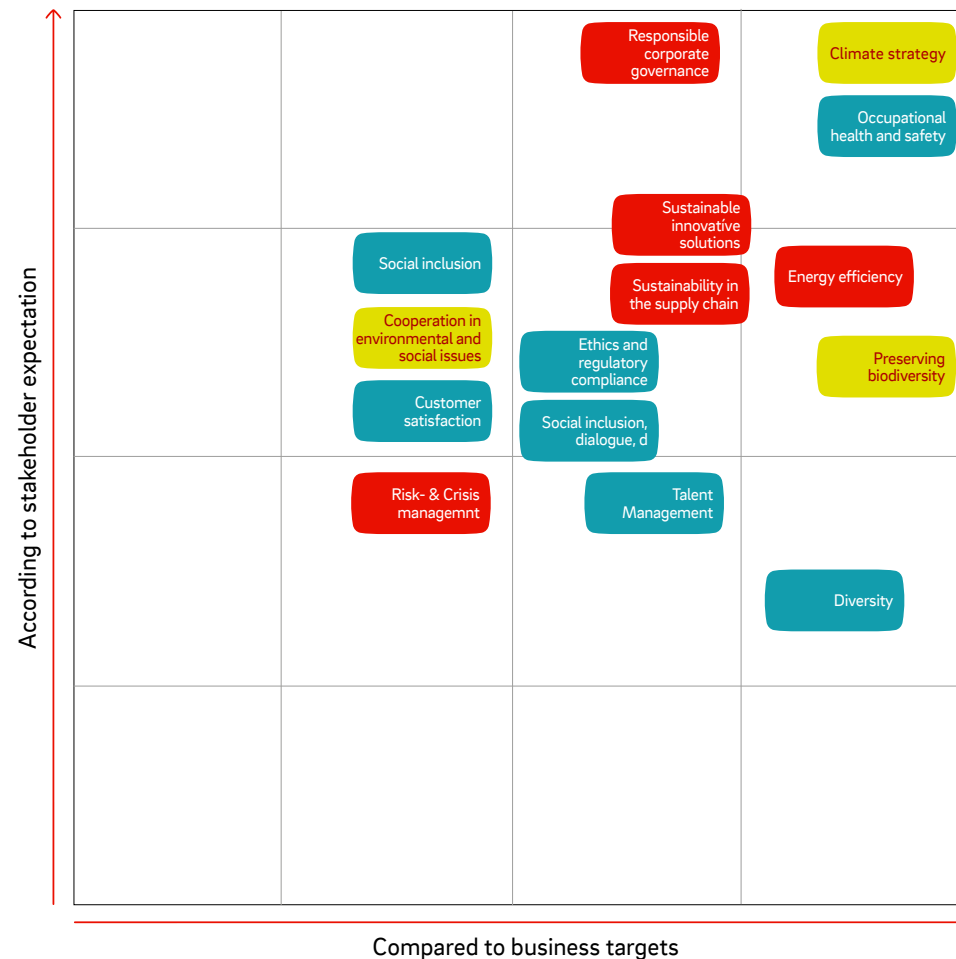
We also conducted a so-called materiality survey for the first stand-alone report of the group. The EHU Companies' materiality analysis helps identify the sustainability issues that are important and topical for the company group and our stakeholders, and guides the interests of the stakeholder groups through the business processes and strategic goals.

In identifying and prioritising the key topics, we have taken into account the results of the stakeholder survey, the focus areas highlighted by the members of the Management Board, which includes the Chairman-CEO and Deputy CEOs of E.ON Hungária Zrt., the key commitments of the core sustainability strategy of the international E.ON Group, and the objectives of our sustainability strategy, which was prepared in 2021.



Materiality ranking of the EHU Companies' sustainability topics, 2021

- M** Climate strategy
- M** Occupational health and safety
- M** Preserving biodiversity
- M** Responsible corporate governance
- M** Diversity
- M** Sustainable, innovative solutions
- M** Energy efficiency in business operations and for consumers
- M** Sustainability in the supply chain
- M** Customer satisfaction
- M** Compliance and regulatory compliance
- K** Community involvement, dialogue
- K** Talent management
- K** Social inclusion
- K** Cooperation in environmental and social issues
- K** Risk and crisis management



M: high priority, K: medium priority ■ environmental ■ social ■ corporate governance topic

Following the methodology of our materiality survey, and based on the feedback of our internal and external stakeholders, as well as the priorities of the sustainability strategy, a sequence developed in relation to the individual topics. Our report presents the topics with medium and high materiality ratings. The fact that a topic that is otherwise important for the overall operation of the EHU Companies may not have been included in the list, or has only received a medium rating, does not mean that we do not address it. Our materiality methodology builds on feedback from our stakeholders and the key objectives of the sustainability strategy. If an area is relevant to only one of the groups concerned, this may result in a lower ranking for a topic that is otherwise vital to the company's operations.

Strategy and sustainability

Corporate strategy

[GRI 2-22]

The EHU Companies renewed their corporate strategy in 2021, with growth, digitalisation, and sustainability as its three main pillars. In developing the strategy, we took into account the core strategy of the international E.ON Group and the expectations set out in the Integrated Management System (IMS) policy. Accordingly, the strategic framework gives priority to sustainability, the key elements of which are reducing the negative impact of our company's activities on the environment and protecting the safety and health of our employees. In addition to these, and in accordance with the IMS policy, the corporate strategy also places great emphasis on customer focus and continuous improvement of our operations.

Our starting point was to clearly define a mission statement that specifies the purpose of our operations, explaining what we intend to achieve together with our colleagues and business partners, as a team. In accordance with domestic and international trends, sustainability has become much more pronounced, or we could say, more prominent for all of us. This represents an advantage for us, because sustainability is also a business opportunity, a key to growth and a social responsibility.

We exert all our energy into working for a more sustainable tomorrow, to support the sustainability aspirations of society and our customers on the road to a carbon neutral future.

Energy transition and electrification pose new challenges to which we aim to respond in a sustainable way, both through our operations and through the green, renewable products and services we offer to our customers and partners. We offer solutions that can significantly reduce our customers' CO₂ emissions. In so doing, we support society's decarbonisation efforts, lead the energy transition, and play an active role in change. Our goal is to build an E.ON that is sustainable in its processes and operations.

The key to the future growth of our group is a significant increase in the performance of our network solutions and customer solutions. We have set ourselves ambitious targets in both segments.


In addition to the security of supply, we emphasise sustainability aspects in our network investments, and we have developed a resilient, state-of-the-art infrastructure. In customer solutions, we provide innovative green energy solutions for both residential and corporate customers, fully meeting complex customer needs and electrification efforts.

The spread of renewable energy and energy efficiency solutions (for example, solar panels and heat pumps) in the residential and industrial sectors, and the grid development projects that will enable them to operate, will shape the coming years. Their fundamental goal is to modernise the infrastructure and prepare the distribution network for the needs of the new energy world, which will require us to be considerably more flexible.



"It is very rare that business and sustainability strategies are organically linked. Our company is in a privileged position: a large part of our business operation is inherently sustainable. We are all working to leave behind a liveable planet for our children, so I am particularly happy to be able to take an active part in this responsible work."

Frigyes Endersz
Director for Strategy and
Sustainability



The EHU Companies are focusing on the opportunities offered by digitalisation. Our goal is to improve the digital customer experience and customer solutions, as well as to develop digital analytical capabilities and increase internal efficiency. Through standardisation, automation, and digital transformation, we are creating a more efficient, secure, and flexible operation. We believe that it is possible to create and continuously develop cutting-edge digital services and products by understanding our customers' requirements, and based on their feedback and the analytical data generated by using our products and services.

Sustainability strategy

Sustainability is a strategic pillar of the international and domestic E.ON group and a value that inspires everything we do. Our group's operations are fundamentally driven by offering sustainable products and services to our customers, and by laying the foundations for becoming more sustainable through network development. We are committed to responsible, transparent, and competent operations to strengthen the trust of our customers, employees, and society in a sustainable E.ON.

We are continuously ensuring the upgrading and smartification of our energy distribution networks to connect as many small and large renewable power plants as possible to our networks, while ensuring the security of supply. Through our energy solutions and services, we work to help our customers achieve greener and more energy efficient everyday lives.

Although energy production accounts for only a small part of our activity, we also have a modest portfolio of power plants. Renewable energy sources represent an increasing share of the EHU Companies' energy production, and our energy distribution networks and customer solutions help us deliver these more easily to our customers. We are convinced that the EHU Companies' operations serve the interests of society and contribute to the success of all our customers.

In addition, we are particularly committed to protecting the health and safety of our employees and partners. Our aim is to create a working environment in which our employees' opinions matter and where they have the opportunity for continuous development.

At the end of 2021, the management of the EHU Companies approved the focus areas of the company's first sustainability strategy, with which we aim to ensure the implementation of sustainability principles both in decision-making and in day-to-day operations. A senior manager will be responsible for each of the sustainability focus areas as a sponsor, supporting the completion of the tasks and ensuring representation on an appropriate level.

Some of the identified focus areas cover activities to which we have already paid special attention in our daily operations, while in other thematic areas this is the first time that we are assessing connection points with sustainability and setting future targets.

The areas identified according to the three pillars of sustainability are as follows:

The environmental dimension	The social dimension	The economic dimension
<ul style="list-style-type: none"> Reducing GHG emissions Digitalisation Mapping and managing climate risks Biodiversity conservation, and bird protection measures 	<ul style="list-style-type: none"> Social inclusion Diversity, equal opportunities Talent management, sustainability training Health and safety at work 	<ul style="list-style-type: none"> Responsible corporate governance with sustainability coordination Innovative, sustainable energy services Sustainable supply chain management Taxonomy compliance Communication with stakeholders, and sustainability reporting



The environmental dimension

Reducing greenhouse gas emissions (GHG emissions)²

We participate in the international E.ON Group's CO₂ emission target setting according to SBTi methodology. As a member of the international group, we aim to reduce our Scope 1-2 emissions by 75% by 2030 and by 100% by 2040, while for Scope 3 emissions we strive to achieve a 100% reduction by 2050 compared to the base year 2019.

Digitalisation with a focus on paperless operation

We can achieve significant savings in both raw material use and emissions by digitising our processes. With digitalisation as a key strategic pillar, we are reviewing our processes with a focus on paperless operation and eliminating paper wherever possible. We will improve our online billing and customer relationship management processes. By 2025, our focus areas will be digital contracting, the operation of self-service systems and building out digital administration in the areas of contracting, customer management, user change, and contract cancellation.

Mapping and managing climate risks

We map the climate risks relevant to our operations and review the possibilities to manage them effectively.

Biodiversity conservation, bird protection measures

Our bird protection activities aim at creating a sustainable and safe network that respects wildlife. Whether it is protection of buzzards, placement of storks' nests, maintenance or making our network bird-friendly, we aim to further expand and capitalise on the experience that we have gained so far in cooperation with our professional partners. We design our newly built networks in a way that is safe for animals, and we are constantly working to make existing ones bird-friendly.

2. For more information on our Scope 1, 2, and 3 emissions and their reporting, see the section on Climate Change.



The social dimension

Social inclusion

A culture of giving, volunteering and sponsorship has always been a key part of our operations. We seek to extend these activities and bring them closer to our core activities and our main sustainability objectives, while maintaining the programmes and good practices of the past. Our aim is to initiate social dialogues with stakeholders, deepen professional cooperation and involve as many of our employees as possible in our programmes.

Diversity, equal opportunities

Diversity is important to us, so we are launching programmes and initiatives to strengthen an accepting and inclusive corporate culture. In addition, we pay special attention to employees with disabilities, women, and people of different age groups, as well as members of the Roma minority, so as to ensure equal opportunities. We believe that it is important to involve all our employees in shaping our inclusive company culture. We believe in personal engagement rather than quotas, but we also believe that it is important to deliver on our commitment to increase the proportion of female leaders in our group to at least 30% at Group level by 2030.

Talent management, sustainability training

We aim to make sustainability not only part of our operations and the related communication, but also of our employees' everyday lives. To this end, one of our goals is to develop training material on sustainability that will reach as many of our employees as possible and increase our group's commitment to this issue. We want all employees to have completed this training by the end of 2025.

In addition to this, our goals are:

- to keep the number of training hours per person per year above ten,
- to organise internal communication and information transfer on sustainability, and
- to increase the number of employees participating in the "Diversity for All" basic training to over 1,000 by the end of 2025.

Health and safety at work

As in our daily operations so far, as well as in our sustainability strategy, we place great emphasis on the issue of occupational health and safety, which is still under the management of the HSE department. Many of our employees work under hazardous conditions. Our aim is to reduce the number of work-related accidents to a minimum and to reduce the number of serious accidents and fatalities to zero, and to keep it that way.



The economic dimension

Responsible corporate governance with sustainability coordination

In parallel with the creation of the strategy, we have decided to raise sustainability-related decisions to a new level. We integrated the sustainability department into the strategic directorate and started creating an operational model based on sustainability coordination. Our aim is to be able to make decisions and set future sustainability targets in 2023 on the basis of the operational model that we have already established.

Innovative, sustainable energy services

We aim to not only reduce our own emissions, but also to offer our customers the opportunity to join us on the path to a net-zero GHG future through our innovative sustainable energy services. Our key objectives here include:

- E-mobility: the number of public e-charging stations operated by the EHU Companies in Hungary to increase to over 600 charging points at more than 300 fuel stations by 2024.
- The number of smart meters to reach 500,000 by 2024, 11% of the total number of meters in the EHU Companies' electricity supply areas.
- The number of Hungarian energy communities established with the EHU Companies to increase to at least ten between 2022 and 2024.
- Further increase of the sustainable cities initiatives with the participation of the EHU Companies, while maintaining the current cooperation, such as the initiative in Székesfehérvár.
- Hydrogen-based energy storage: preparing pilot projects.

Green energy solutions

By expanding our portfolio of sustainable product services, we aim to become a market-leading supplier of green energy, which we plan to achieve through various green schemes: the range of our offers includes the sale of guarantees of origin, long-term green energy purchase agreements (PPAs), actual renewable energy supply and CO₂ portfolio management services.

Under the long-term PPA ("Power Purchasing Agreement") agreements, electricity contracts are concluded on a multiannual basis in the relations of user-power plant, trader-power plant, and trader-user. Delivery means actual green energy delivery directly from the power plant to the user, that is, the trader serves the user from a separate green portfolio, thus ensuring 100% renewable energy delivery. In Hungary, dedicated green energy can currently only be supplied with MEKH recognition (with the issue of a guarantee of origin), so the renewable electricity in our green portfolio is certified with a guarantee of origin that is recognised by MEKH. CO₂ management is part of the service provided under the cooperation, which means that we help the customer achieve full carbon neutrality by providing ongoing advice and, if this is not feasible, setting a target of the lowest possible CO₂ emissions.



Our commitments:

- 20 MWp³ generation capacity served by PPA contracts.
- Green energy service for our customers:
 - Large consumer customer segment: by 2025, 30% of the portfolio volume will be provided from green sources.
 - SME customers: by 2025, 55% of our portfolio volume will come from green resources, and from 2022 we will only sell electricity from green resources to new customers.

Sustainable supply chain management

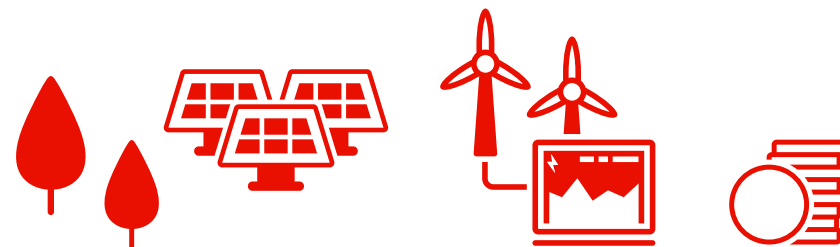
In order to make our procurement more sustainable, in the future we aim to integrate sustainability principles more deeply into our supply chain management. Our aim is twofold: on the one hand, we want to define more sustainable alternatives in our procurement and to apply sustainability considerations in our decisions; on the other hand, we want to further reflect on the assessment, education and of our existing suppliers and the expectations from them.

Taxonomy compliance

The international E.ON Group started to assess in 2021 what percentage of its activities fall under the definition of sustainability activities according to the European Union's Taxonomy Regulation⁴ and what percentage of our assets, investment amounts and revenues are considered sustainable on this basis. In order to be able to provide a clear and reliable statement on this, we commenced preparations in 2021 to classify our existing assets and review our cash flows. Our goal is that the majority of our activities will also fall into the category of sustainable activities according to the methodology of the Taxonomy Regulation.

Sustainability reporting

As part of making our operations more transparent, from now on we will report on our sustainability performance annually in the form of a Sustainability Report, which is prepared in accordance with the guidelines of the internationally accepted GRI Standards Framework. This practice is only partly new for us; the international E.ON Group has been publishing sustainability and other related reports for almost twenty years, in which the Hungarian results and indicators have also been also published in aggregated form. These reports are available [HERE](#).



3. Solar panels are rated according to their peak power output, which they can achieve under ideal conditions. Since real conditions are usually not ideal due to the weather, the actual instantaneous power output of solar panels may be lower than the MWp (Mega Watt Peak) value specified.

4. EU Taxonomy: REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and Amending Regulation (EU) 2019/2088.

Contributing to the UN Sustainable Development Goals

We have prepared our Sustainability strategy in accordance with the UN Sustainable Development Goals⁵ and taking into account the objectives set out therein.

Through our core activities we can make the greatest contribution to the following objectives:

-  Good health and well-being
-  Affordable and clean energy
-  Industry, innovation, and infrastructure
-  Reduced inequalities
-  Sustainable cities and communities
-  Climate action

Our group is also committed to adhering to the ten principles of the UN Global Compact⁶ and integrating those into our business processes.

In 2015, the UN member states developed the global sustainable development goals for 2030, serving peace, development and prosperity following seventeen main guidelines. Achieving the sustainable development goals requires global cooperation, with countries and major companies working together to eradicate poverty and hunger, protect the natural environment (including climate, inland ecosystems and wetlands), reduce social inequalities and build an economy that is based on sustainable and innovative solutions. Progress is continuously monitored by the UN and fully described in an annual report.



5. Read more about the Sustainable Development Goals: <https://sdgs.un.org/goals> vagy <https://www.ksh.hu/sdg>

6. Read more about the UN Global Compact: <https://www.unglobalcompact.org/>



Business in the service of sustainability

[GRI 3-3] [GRI 2-6]



Our business focuses on the operation and management of electricity and natural gas distribution networks and the sale of electricity and gas. The EHU Companies are prepared and committed to supporting the reduction of their customers' carbon footprint in partnership.

As part of our electricity and gas retail activity, we supply users who purchase on the competitive market, but we also place increasing emphasis on the sale of green energy (guarantee of origin and physical green electricity)⁷.

As a committed and expert partner to Hungarian energy consumers, we are modernising the Hungarian energy market through our energy solutions and services. To this end, we are continuously developing our Integrated Management System, based on the values set out in our international Group vision and the objectives formulated in our international and Hungarian strategy. We undertake to meet the expectations related to our operation at the highest possible level. We are committed to complying with external legislation and internal central guidelines and other requirements. We also work closely with internal and external stakeholders in all areas, in particular our employees and employee representatives, our customers, partners, suppliers, public authorities and NGOs.

In our business activities, occupational health protection, sustainable operation, safety, and environmental protection are our most important priorities, so we are continuously developing these areas and making them an integral part of our operation. We strive to reinforce their paramount importance for all our employees as part of our corporate culture.



7. Note: both the ELMŰ-ÉMÁSZ (2021) and E.ON (2022) universal (household and SME) service portfolios have been transferred to MVM.

Distribution network activities

[GRI 203-2]

Our electricity distribution networks

The EHU Companies own and operate the electricity distribution network in almost half of Hungary's territory - in Transdanubia, Budapest and Pest County. This network is necessary so that electricity users can access the electricity they need for their operation at the required voltage level - usually low voltage in the case of households and small companies, and medium or, more rarely, high voltage in the case of companies with high energy needs - and, in the case of power plants, so that they can feed the electricity into the distribution network. An important objective of our strategy is to develop our energy distribution networks to meet the challenges of the new energy world and to ensure that energy supply also remains reliable in the future.

We are making our distribution networks increasingly smart through the installation of sensors and automation. This way, we obtain a more detailed and constantly updated picture of the energy flow, which not only provides better quality data, but also prevents further network expansion by enabling remote intervention. Smart grids form the basis of a number of innovative technological solutions that also help achieve the clean energy transition needed to achieve carbon neutrality. They play a role in being able to handle even momentary changes in energy demand much faster and more efficiently, and they also help the development and spread of virtual power plants (VPPs - Virtual Power Plants) and energy storage solutions. In addition, they play a major role in making the energy distribution network more decentralised and flexible.

The growing demand for electrification, even with smart solutions, requires network development, so the total length of our overhead lines and cables is increasing every year.

The length of our overhead and underground cables:

	2019	2020	2021
Length of our overhead lines and cables [km]	148,332	149,305	149,447



Challenges in the new energy world

The decentralisation of energy production and the placing of it on renewable bases has already begun in Hungary, which is accelerated in one respect by the uncertainty of the supply of fossil energy carriers and the current effects of climate change, and on the financial side by the multifold increase in energy prices and the continuous price reduction of available energy production technologies. At the same time - partly accelerated by the aforementioned effects - the changing habits and expectations of residential, institutional, and industrial users, the demand for carbon neutral transport, the increasing share of electric heating systems and the digitalised transformation supporting electrification may increase and transform the use of the distribution network.

The distribution network licensees (the so-called DSOs - Distribution System Operators) belonging to the EHU Companies perform the operation, maintenance and development tasks related to the distribution network arising in connection with user needs in their area of operation.

In our maintenance and operation activities we place great emphasis on carrying out interventions that guarantee security of supply on the continuously upgraded distribution network elements, supported by an efficient work management system.

In addition to the requirements of the [EU Winter Package directives](#), we have launched a programme to replace high/medium voltage transformers, which is targeted at reducing technological network losses and thus also our indirect carbon emissions.

In response to the new challenges in the energy sector, we are actively involved in the development of the domestic regulatory framework for energy communities, and we are providing technical support for the preparation of several joint pilot projects.

We have also established close professional cooperation with the Zero Carbon Centre.

We consider it important to promote renewable energy production in one of our defining service areas, the capital, which is why we participate in the "Budapest - Powered by the Sun" project supporting the climate strategic objective, within the framework of which the city management wants to reduce Budapest's emissions and energy dependence by installing ten million square metres of solar panels by 2030.

One of the solutions to these challenges is the use of new technologies. Taking advantage of the opportunities offered by the regulatory environment, we operate energy storage units with 540 kVA and 250 kVA capacities at two pilot sites in Zánka and Dúzs, respectively, and we continuously analyse the experience gained to support the transformation of both the directions of technical development and the regulatory environment.



Our distribution network improvements are expected to not only ensure the safe and smooth operation of the network, but to also have a social impact, as network improvements typically have a positive impact on distribution network users. It is important to us that our investments are carried out with only the necessary amount of land use, preferably while preserving or restoring the original state of the environment, and that our buildings fit in with the given environment. Our distribution network investments are carried out in accordance with the law, with the compensation of the property owners involved, taking into account the needs of the customers and local regulations (for example, installing an underground cable instead of an overhead line). During the network installation works, we aim to minimise disruption to the population, pedestrian and vehicle traffic directly affected by the project, for the shortest possible time through efficient preparation.

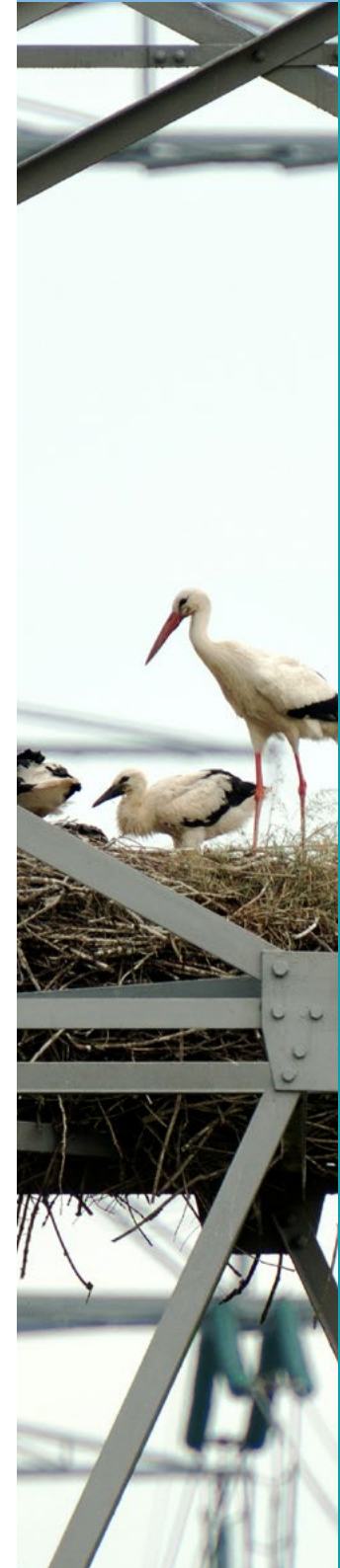
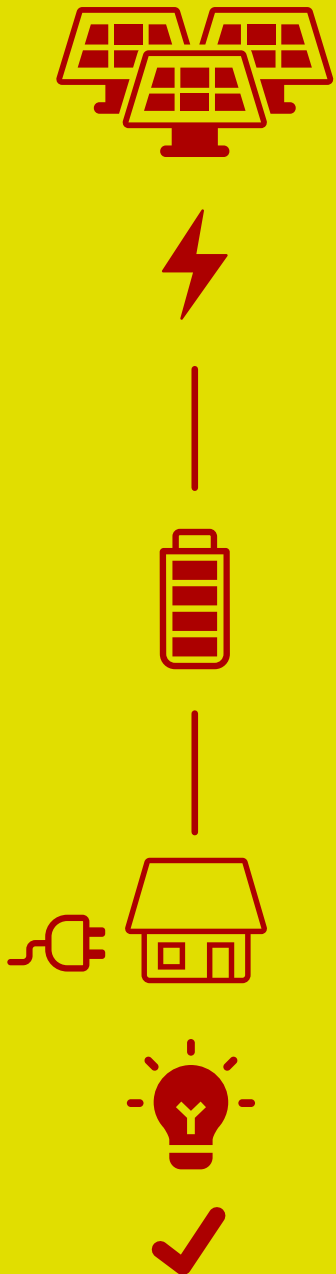
We comply with environmental regulations, and we consult with the relevant authorities, paying particular attention to bird protection regulations. We implement our reconstruction and new distribution network investments in accordance with the bird protection technology standards.

Everyone has the right to have access to reliable and clean energy, and we endeavour to contribute to this as much as we can. In areas of extreme poverty, we are working with local authorities and social service providers to ensure secure electricity supply and receipt: we are rebuilding our distribution networks and installing prepayment meters to improve security of supply and increase energy awareness among consumers. In addition to ongoing collaborations, in 2020 in Tiszabó we launched a sustainable energy support programme, which is unique in Hungary, in order to help families in need. The aim of the model programme is to ensure that every family with a child under three years of age has at least one room that is heated in a manner that is safe to their health and technically secure during the cold winter months⁸.

We treat the government and local governments as key partners, and we take their urban development ideas and expectations into account in our investments. Investments aimed at the creation of jobs, social, health, cultural and sports facilities, as well as community spaces, are treated as priority investments in close cooperation. A good example of this is the two-way electricity supply of the Budapest Multifunctional Sports and Events Hall, which was implemented as a priority government investment in 2021, and has since hosted several prestigious sports events.

We also support the development projects of smaller municipalities with pro bono network replacement work, where necessary. In 2021, the group partly financed the replacement of the existing overhead wire network with an underground cable in the public area in front of the new kindergarten that was built by the municipality in Szokolya as its own investment.

⁸. Read more about our cooperation in Tiszabó in the paragraph on the Hungarian Charity Service of the Order of Malta, in the section on social engagement.



Our natural gas networks

Through its two natural gas network companies, the EHU Companies own, operate, maintain, and develop the natural gas distribution networks in the South and Central Transdanubian region. We ensure that residential and industrial consumers in the region have a secure supply of natural gas from the backbone pipelines crossing Hungary, at the pressure and in the volumes they need. Thanks to the continuous development of the natural gas distribution network, we are able to serve new user needs and improve the quality and technical and safety standards of the existing service.

The indirect effect of the network upgrades, including the reconstruction of the pipeline and pressure regulating stations, is to increase the long-term security of supply for the population buying from the distribution network. In 2021, we made major network development investments in the cities of Zalaegerszeg, Kaposvár, Pécs, Nagykanizsa and Székesfehérvár.

Among the investments associated with new demand for natural gas, the supply of natural gas to social and sports facilities had a positive impact on local communities in 2021. Examples include the Kanizsa Arena, the BMSK training pools (Letenye, Várpalota, Szigetvár), the sports hotel of the The Foundation for Felcsút Football Development or FUNA, the Puskás Ferenc Sports Hotel in Alcsútdoboz, the community centre in Felcsút and the Alsóerdei Sports and Adventure Park in Zalaegerszeg.

Among the investments for new demand, the economy was positively affected in 2021 by the supply of natural gas to industrial parks (the Nagykanizsa NIPÜF industrial park and the Martonvásár NIPÜF industrial park - Caola plant) and industrial companies (for example, the connection of the plants in Dunaföldvár and Ivánca), or by the satisfaction of additional demand.

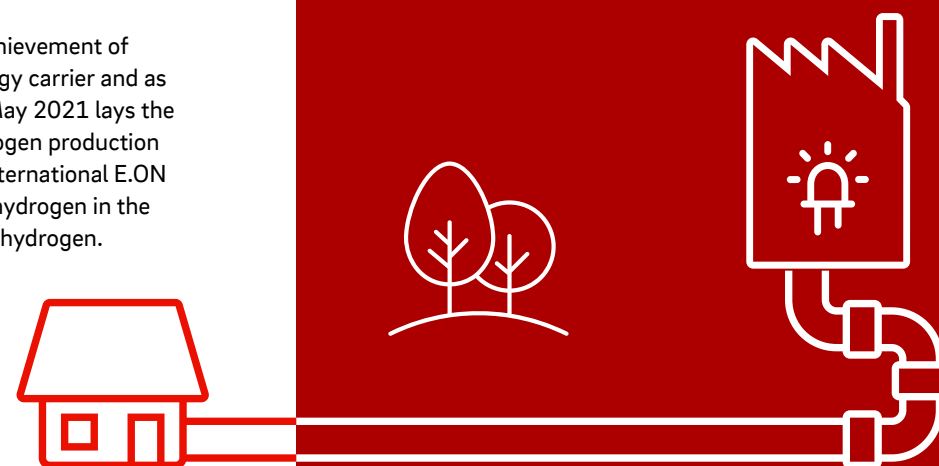
In the implementation of the reconstruction of telemetry and remote monitoring field devices, we are striving to develop renewable (solar) energy supply as much as possible.

Hydrogen

In Europe, hydrogen will play a major role in the transition to green energy and the achievement of decarbonisation targets under the European Union's climate strategy, both as an energy carrier and as an energy storage medium. In Hungary, the National Hydrogen Strategy adopted in May 2021 lays the foundations for the emergence of low-carbon ("blue") and zero-carbon ("green") hydrogen production in Hungary and, in the longer term, for the development of a hydrogen market. The international E.ON Group aims to be one of the driving forces behind the European Union's transition to hydrogen in the coming years. At the EHU Companies, we are also exploring the business potential of hydrogen.

A significant proportion of natural gas is methane, which is itself a greenhouse gas, and its combustion produces a large amount of carbon dioxide. In operating our networks, we strive to reduce methane emissions from leakage as much as possible.

We believe that the natural gas distribution networks will play a role in the development of the carbon-free economy of the future based on, among other things, renewable energy sources, even with the increasing share of electrification. Renewables-based power plants account for an increasing share of the national energy generation capacity, which means that the role of balancing energy is becoming increasingly important. This is largely produced by small and large power plant units operating on a natural gas basis, which can be regulated well, whose reliable natural gas supply must also be ensured in the future. This is why we see the role of natural gas distribution networks as essential in guaranteeing the security of supply.



Customer solutions

E-mobility

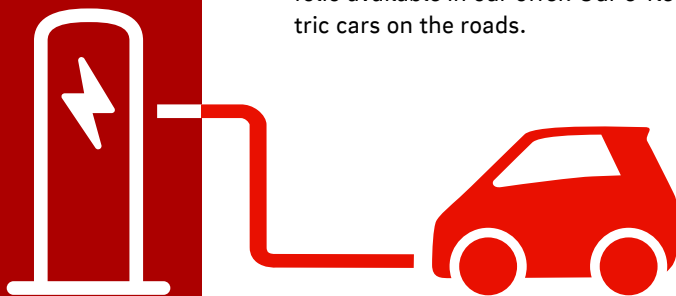
E.ON is committed to e-mobility solutions, both internationally and on the domestic level. In Hungary, we serve customers using electric cars with more than 350 public charging points operated by the EHU Companies members. Since 2021, we have been supplying green energy to our e-charging networks⁹, so the energy used for charging also serves the long-term sustainability purposes, whether they be our alternating current (AC) or direct current (DC) chargers. We plan to expand our country-wide charging network with high capacity (150/300 kW) chargers in the future. With this measure we are helping the further spread of e-cars and “extending” their mileage.

For dedicated e-car drivers, we offer our home charging solution to help them find a balance between leisure and mobility. In our comfort package the consumption of 1 MWh per month is covered from renewable or high-efficiency energy sources, with a Green Future origin guarantee. As part of this, the amount of energy that is used for charging is linked to certified renewable energy production, through MEKH settlement.

For our business and public administration customers, we offer an e-charging solution in which they not only have the opportunity to sustainably operate their own electric vehicle fleet, but can also ensure the charging of e-cars for their customers. This way we encourage our partners to exploit the potential of e-mobility on a wider scale.

Under the EHU Companies' E-Fleet service, our customers can use electric and hybrid cars on long-term lease. We constantly monitor and update the services and vehicle portfolio available in our offer. Our e-fleet service currently has more than two hundred all-electric cars on the roads.

⁹ In most cases, the electricity used at electric car charging stations does not come directly from solar panels or other renewable sources, but from distribution grid connection points near the charging station. The greening of this energy consumed is achieved through the use of guarantees of origin and registration with MEKH. In all cases, the guarantees of origin are backed by renewable energy production or high-efficiency cogeneration.



Virtual power plants and resilience initiatives

When most people hear the words 'power plant', they think of huge industrial facilities. However, there are smaller gas engines, with a floor area of 10-20 m² (and electricity generating equipment that is larger), but which are still considered small power plants by law, due to their output. Due to their size, these units are capable of producing less electricity than their larger counterparts, but at the same time their output can usually be better regulated, which is why the electricity they generate is sold on the regulated market, which ensures the stability of the electricity system. As the share of renewable energy-based power plants continues to grow, the regulatory market is becoming continuously more valuable and playing an increasingly important role in building a carbon-free economy. In order to be able to calculate and trade more efficiently with these regulatory capacities, they are consolidated into a so-called virtual power plant. This way, from the perspective of the energy markets, we may have a virtual power plant with high performance, which can still be regulated within broad limits, while on the operational side, we can ensure the operation of the electricity system by monitoring the coordinated operation of small power plants located in different parts of the country.

Virtual power plants represent an important group of our smart solutions for distribution grid development. We operate gas-fired power plants at ten sites across the country, with a total installed capacity of 62 MW. Some of these are owned by the EHU Companies, while others are part of the portfolio on a partnership basis. These small power plants produce combined heat and power on a natural gas basis, which allows them to produce energy conversion with higher efficiency than normal power plants. Since we are talking about several power generating units, they are relatively well-controllable and can be interconnected by control technology devices to form a virtual power plant (VPP). Because of this ability, the energy generated is sold on the so-called secondary/tertiary regulatory market (the market of flexibility services to the system operator), which ensures the balance of supply and demand that is necessary to operate the electricity system and, with the increasing share of renewable energy generation, it is an increasingly important factor in the continuous maintenance of electricity supply. In the case of adequate heat demand, the heat produced in the power plants

is fed into the system of local district heating providers, thereby ensuring the efficiency of our power plant units of up to 87%, which is significantly higher than conventional power plant units.

The currently existing portfolio of virtual power plants has considerable profit-generating capacity, but it relies heavily on natural gas operated (fossil fuel-based) equipment. As part of our day-to-day operations, we are exploring solutions to make our portfolio greener, taking into account technological feasibility and business considerations.

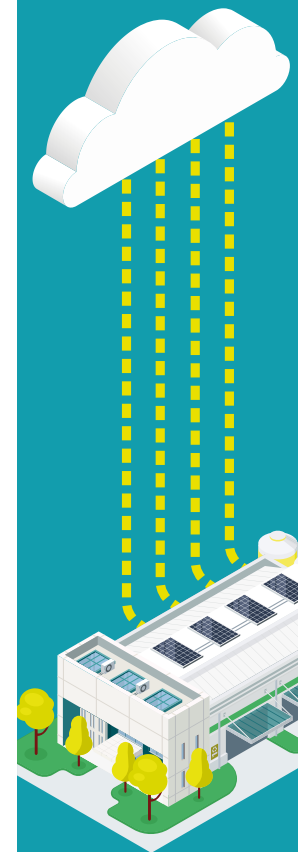
We also prepare our PV (photovoltaic, that is, solar) power plants for controllability: device control helps optimise balancing energy and supports the achievement of distribution network flexibility locally. In addition, we are continuously looking into the possibility of blending hydrogen into gas engine fuels and installing stand-alone energy storage systems. We are also looking to work with renewable energy power plants to integrate them into our virtual power plant.

With regard to sustainability, we see DSR (Demand Side Response) as one of the most promising solutions on the market today, requesting control and intervention for our partners' already existing equipment (which is used for their own business activities) in a predetermined manner, in order to offer the resulting flexibility energy (consumption or consumption reduction) to the system operator¹⁰. This provides our customers with a well-functioning energy management system and the opportunity to optimise their energy use. We launched our first DSR project on the 1st of April 2021, and it went live after a successful pilot.

In parallel, within the framework of the Flex.ON programme, we are examining from a technological point of view how we can serve the local flexibility needs of distribution network companies (DSO¹¹) with innovative devices installed at certain points of the distribution network. These innovative devices (for example, using special transformers, energy storage systems, and line voltage regulation) will be integrated into our existing virtual power plant portfolio, where possible.

10. MAVIR: MAVIR ZRt.; TSO - Transmission System Operator.

11. In natural gas and electricity infrastructure, companies that are registered with the authority as distribution system licensees are called distribution system operators (DSOs). These companies own and operate the so-called distribution network lines, which transport natural gas or electricity from the backbone lines across the country to homes, and they also maintain and develop the network, ensuring a continuous supply of energy to users.





“Carbon-neutral business operation is now an expectation from our customers, investors and partners, who are looking for green solutions in order to remain competitive. The products and services we offer help them with this, whether that includes green energy sales or services that help the spread of e-mobility or increase energy efficiency and create smart homes. We believe in building a more sustainable future together with our partners, because we can only achieve our common goals together.”

Zsolt Jamniczky
Deputy CEO of the E.ON
Hungária Group

Smart meters

Smart meters work in a similar way to a normal electricity meter, yet they are able to communicate with the energy supplier via a two-way data connection, and thus more data can be extracted from them. Users can track on the smart meter display how much energy they have used or fed back into the distribution network if they operate a small household power plant. Remote communication also eliminates the need for someone to personally read the smart meter and report the meter data.

Smart meters can be part of smart homes: users can monitor their electricity use and change their consumption habits, and by using energy consciously, they can even reduce their energy bills and contribute to climate protection.

Users can also track their consumption data online by registering at the website <https://energia.eon-hungaria.hu/>.

Our aim and determination is to have nearly 500,000 smart meters operating in the distribution network in the electricity supply areas of the EHU Companies by 2024.

Future energy home – energy services for sustainability

The energy solutions and services we offer for small and medium-sized businesses and residential customers are called Future Energy Home services. We are shaping them to meet our customers' needs in the spirit of sustainability: we installed more than 16,000 household-sized energy systems between the launch of the service and the year 2021. We divide our energy customer solutions towards sustainability into three categories: sales of solar panels, heat pumps and air conditioners.

Solar panel systems

Solar PVs represent a popular solution for our customers to generate green electricity for themselves. An inverter is used to convert the energy that is generated by the solar panels into electricity, which can then be used in the household. Solar PV systems help customers become independent from rising electricity prices.

In addition, a solar PV system is a cost-effective and time-efficient investment that will benefit our customers in the long term.

In order to optimise consumption, by using the E.ON Home application, our customers can monitor, on a daily, weekly, monthly, and annual basis, the energy production of their solar systems installed with Fronius and SolarEdge inverters by members of the EHU Companies offering energy solutions. They can also request notifications and daily forecasts of their generation data.



Heat pumps (air to air)

A heat pump is a device that we can use to heat and cool places or even produce hot water in our homes in an environmentally conscious way and typically at an optimal cost, compared to traditional solutions. By using this device, we can provide a significant part, approximately 75%, of the energy needed for heating from renewable ambient energy, and only the remaining (approximately) 25% must be covered by electricity. This allows our customers to optimise their monthly expenditure. Our employees support our customers from the time they make a request for a quote to the delivery date, to ensure that the right system is installed in their homes.

Air conditioners

All the air conditioners offered by the EHU Companies can be classified into high energy classes in terms of energy saving. These units operate on the principle of an air-to-air heat pump, that is, they heat the internal air of the room to be heated by extracting heat from the outside air.

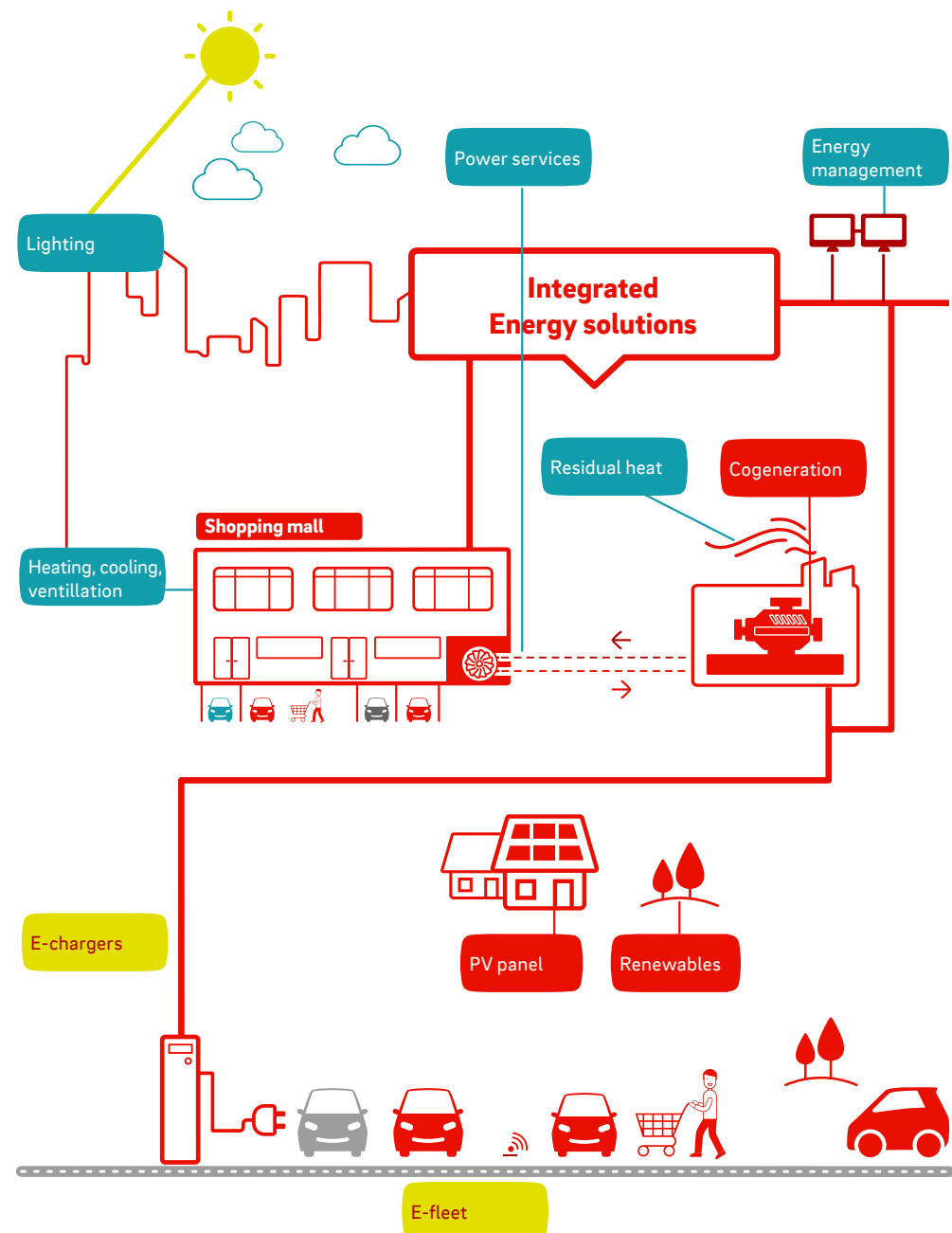
Most of our air conditioners can also be operated via the internet, so our customers can set or check their units remotely, using an application that can be installed on a mobile device.

Among our solar PV systems and air conditioning products, we sold more than 23,000 units to our customers in 2021. We have concluded more than 5,000 sales combined with installation.

Integrated solutions

Complementing our previously presented services with energy efficiency solutions, we have now developed a package of services based on the integrated energy solutions scheme. As part of this, we provide complex energy efficiency services from design through implementation to operation. We perform complex mechanical and architectural implementation of large-scale projects through the design, permitting, implementation and, where necessary, remote supervision of heating, cooling and ventilation, power solutions, residual heat recovery projects, energy management solutions and lighting.

By using our integrated solutions, our customers can find a solution to their complex energy needs in a single contract and in a plannable manner.



The purchase of electricity

Every year, our group is committed to taking increasingly great steps in the direction of sustainability, not only in the development of energy distribution networks, but also in relation to electricity procurement. Renewable power plants, which are part of the EHU Companies' balance group, now account for more than 5% of the electricity consumption needs of the competitive market. This resource is currently generated by wind, solar and small biogas power plants in Hungary.

When purchasing electricity, our customers have the opportunity to purchase a guarantee of origin (GoO, or green certificate) and physical green electricity, with a view to achieving their sustainability targets and the reduction of indirect emissions from their own energy consumption.

A guarantee of origin is a tradable electronic document that certifies to the user, on the basis of objective, transparent and non-discriminatory criteria, that a certain amount of electricity produced by a given generating unit comes from renewable energy sources or from high-efficiency cogeneration (Act LXXXVI of 2007 on Electricity). In 2021, the EHU Companies sold 20.83% of the total guarantees of origin registered by the Hungarian Energy and Public Utility Regulatory Authority.

Our group aims at increasing the share of renewable energy sources that are produced on its own balance sheet as much as possible, and to be able to serve nearly 30% of the consumption of the entire customer base by 2025, and nearly 44% by 2030 with a guarantee of origin for electricity or physical green delivery.

As an energy service provider, we believe it is important to ensure that the composition of the different energy resources we sell to our stakeholders is always available, in accordance with legal requirements. The rules on the collection and provision of data on the origin of electricity sold per primary energy sources are summarised in Article 6 of KHEM Decree No 6/2008 (18.VI.) of the Ministry of Transport, Communication and Energy, and in compliance with this, we have published our energy mix for 2021, which is available [here](#).

Infrastructure investments

[GRI 203-1]

In addition to applying the DNSH principle¹² of the European Union's Taxonomy Regulation (Do No Significant Harm), our goal is always that the given investment brings a positive change to the lives of local communities. To this end, we are building close cooperation with local governments.

Székesfehérvár - cooperation

The Municipality of Székesfehérvár plans to develop a new urban section on an area of approximately 500 hectares.

The new, complete city district will be developed with residential areas, workplaces, public services, commercial functions and educational institutions, and the municipality intends to apply smart solutions to achieve low CO₂ emissions and increasing the use of renewable energy sources.

Within the framework of this cooperation, we will provide the municipality with professional support in connection with the planned energy improvements.

The planned cooperation is still at an early stage, and was signed in September 2021.

Building the electricity grid of the future

In 2020, we launched Danube InGrid, the largest and most forward-looking network development project in North Transdanubia in recent years, in a Hungarian-Slovak partnership supported by the European Union. In the project, which originally cost 50 billion HUF by using domestic funds, the region's electricity network will be developed with solutions built by using state-of-the-art technology and investments in security of supply, responding to the growing penetration of renewable energy sources, while at the same time providing solutions to the ever-increasing energy needs of households and businesses. The first milestones of the network development series, in the settlements of Öttevény, Gyermely and Székesfehérvár, have already been handed over, while in Kisbér, work on a modern, remotely controllable transformer station started in the spring of 2022 as part of a greenfield investment.

In the second phase of the programme, which started in the summer of 2022, priority network upgrades were launched in the service area of ELMŰ Hálózati Kft., a member of the EHU Companies, in Budapest and Pest County.

The total budget for the domestic investments of the Danube InGrid cross-border smart grid project between 2020 and 2028 is 84 billion HUF on the Hungarian side, of which **68 billion HUF** will be invested in our group's networks in North Transdanubia, Budapest and Pest county.

12. The European Union's Taxonomy Regulation sets out six goals to achieve the targets set in the European Green Deal. The principle of Do No Significant Harm (DNSH) means that all activities in support of any of the targets should be designed and implemented in such a way that they do not significantly impede or compromise the achievement of the other five targets.

Climate and environmental protection



Climate protection

[GRI 3-3]

Climate change, which is intensifying and accelerating, represents the greatest global challenge of our time. Changes in our planet's atmosphere, which are caused by greenhouse gases (GHGs) resulting from human activity, are changing the Earth's climate at a rate not seen for thousands of years. Climate change is not a threat in the distant future, but a process that is happening now and which is gaining momentum. However, by radically reducing our emissions as soon as possible, we can mitigate the effects of climate change and even reduce the chances of irreversible processes occurring in the upcoming decades.

In Hungary, we can already feel the effects of climate change. Precipitation patterns have become extreme: prolonged droughts cannot be effectively mitigated by sudden downpours, which often causes flash floods. We are facing increasingly intense and longer summer heatwaves. Since 1901, the number of days when the average temperature rises above 25 degrees Celsius during the course of a year has increased by more than seven. This not only poses a significant health risk, but also creates an increasing demand for energy, and, on top of that, affects our energy consumption habits. In recent years, the peak of electricity use in households has shifted from winter to summer, as the demand for cooling rather than heating is steadily increasing.

In 2021, the European Commission adopted several initiatives as part of the "Fit for 55" regulation package, which promote the European Union's climate goals and contribute to the achievement of carbon neutrality by 2050, and to the reduction of emissions by 55% by 2030 as delineated in the Green Deal. Similarly to our parent company, E.ON SE, **the EHU Companies are also fully committed to the targets set and wishes to play an active role in climate protection efforts.**

As energy providers, we play a key role in creating a low-carbon economy. This will require major structural changes and raising awareness across society. Integrated and flexible systems that are capable of connecting the electricity, gas, cooling-heating, and transport sectors and exploiting the synergies between them must be built. We aim to make the new demands and changing energy sector trends related to this a central element of our operation. This of course represents a huge challenge, as the transformation requires considerable investment, but it is also an excellent opportunity for growth and development while maintaining our competitiveness.

Climate targets

Our commitment to ambitiously reducing our emissions and creating a low-carbon economy in Hungary is demonstrated by the fact that, in addition to being part of the large-scale climate targets endorsed by the international E.ON Group SBTi¹³ (Science Based Targets initiative), we have started to develop our own climate targets and action plans as part of our sustainability strategy in 2021.

At the beginning of June 2022, the SBTi approved the international E.ON Group's 2021 targets and their calculation background, acknowledging that by achieving the targets established according to the methodology included in its guidelines, we, the Hungarian member company, will also contribute to the achievement of the global warming target of 1.5°C, as set out in the Paris Agreement.

The IPCC's target of 1.5°C compared to the average temperature in the period of 1850-1900 ensures that our world as we know it today will not be drastically transformed by climate change.

In the process of planning emission reductions by the international E.ON Group according to the SBTi methodology, our company's GHG emissions were assessed. The following commitments were made:

Compared to the base year of 2019:

- Scope 1 (direct) and Scope 2 (indirect) emissions will be reduced by 75% by 2030, and by 100% by 2040.
- We also aim to reduce our Scope 3 (other indirect) emissions by 100% by 2050.

Our goals regarding the SBTi methodology and the related emission reductions focus on our most significant emissions following the Pareto principle. In terms of our Scope 1 (direct) emissions, these are the direct methane emission from our natural gas distribution network, the possible escape of filling gases from our air conditioning systems, and the leakage of sulphur hexafluoride (SF₆) insulating gas used to operate our electricity distribution network.

In the case of our Scope 2 (indirect) emissions, we set a target primarily for the indirect emissions related to our electricity distribution network losses, while in the case of our Scope 3 (other indirect) emissions, we intend to reduce the emissions related to the consumption of the sold natural gas and electricity by the end user in the future. Our listed emissions account for more than 95% of our total GHG emissions.

In addition to the SBTi methodology, the EHU Companies' sustainability strategy, which is currently being developed and implemented, also addresses other GHG emissions. As part of that, in 2022, we review the sources of the remaining (approximately) 5% of our GHG emissions, and make commitments and launch internal initiatives to reduce them. Reducing the CO₂ emissions of the vehicles in the group's fleet represents a key part of our climate protection objectives. We intend to achieve this by integrating the work organisation and travel habits acquired during the pandemic into our normal operating framework, by continuously modernising the fleet and by training users and introducing incentive schemes.

Naturally, the success of meeting our climate targets cannot be determined from one year to the next, as we have to take into account periodic fluctuations in emissions, but we continuously monitor progress at both domestic and international group level, and if necessary - based on market and research trends - we will reconsider and strengthen our targets. Monitoring progress at both operational and strategic level is the responsibility of the strategy department, while the departments involved in GHG emissions are responsible for reporting.

The problem of climate change is complex, so it is not enough to focus on reducing our emissions, we must also prepare for the negative impacts that are already inevitable. Extreme weather phenomena (such as gale-force winds, hail, flash floods, or extremely high temperatures) pose a significant threat to our networks, especially in the summer. We react to these emergency incidents in a prepared manner, by forming a crisis team and involving rapid response repair teams, when necessary. Long-term impacts endangering the infrastructure are analysed during the investment process and construction works are completed, taking into account the risks involved.

13. The SBTi (Science Based Targets initiative) is an initiative of CDP, the UN Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund for Nature (WWF) to identify and promote best practices in science-based CO₂e target setting and to independently assess the appropriateness of the targets set by companies and the approaches and methodologies used.



Progress and measures in 2021

[GRI 305-1] [GRI 305-2] [GRI 305-3]

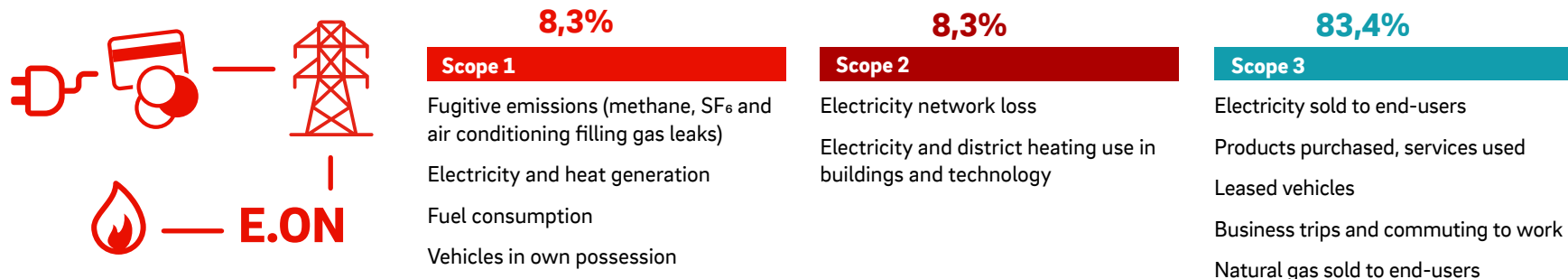
Together with the key players in the electricity sector, we have formulated a recommendation to reduce the use of insulating gases, according to which, from 2026 on, sulphur hexafluoride (SF₆) can be used as an insulating medium only in areas of application where there is no alternative. To comply with this recommendation, the EHU Companies have adapted the requirements for manufacturers and the network for high-voltage and medium-voltage network elements from 2023 so that equipment that is manufactured with alternative insulation materials can also meet the requirements. As a result of the measure, it is expected that SF₆ gas will be used at a decreasing rate in the future in the network constructions that are necessary to serve the growing electricity demand. At our substations, network elements containing approximately 12.7 tonnes of SF₆ gas are currently operating.

Sulphur hexafluoride is a greenhouse gas that is used to insulate electricity distribution grids, and which has a global warming potential (GWP) 23,500 times greater than carbon dioxide, making it the strongest greenhouse gas of any material used by humans. Thus, even though the amount leaking from our systems is negligible in terms of our total emissions, due to its huge global warming potential and long atmospheric residence time, we are addressing it as a priority in our reduction targets.

E.ON is also proactively working at the international group level to calculate its carbon footprint and to set and achieve its emission reduction targets. In order to comply with the target setting criteria under the SBTi methodology, we defined a calculation methodology that can be uniformly applied at the group level and carbon intensity indicators related to electricity consumption for the entire international company group. In order to uniformly determine the carbon intensity data expected in the future, we entrusted the task to an international energy consulting company, so we also used the intensity indicators determined by them during the calculation of the GHG inventory of the EHU Companies. Our greenhouse gas emissions were calculated based on the internationally approved [GHG Protocol](#).

The GHG Protocol divides the emissions of companies into three distinct categories: Scope 1 (direct), Scope 2 (indirect) and Scope 3 (other indirect) emission. Emissions are expressed in carbon dioxide equivalents (CO₂e), in which the mass of each emitted greenhouse gas is taken into account with a value adjusted for its warming potential on the atmosphere.

E.ON's carbon footprint according to the scopes used in the GHG Protocol



Direct emissions include emissions from assets and buildings that are owned or directly controlled by our group. Due to the nature of our operations, this includes methane released into the atmosphere from the operation of our natural gas network, potential leakage of filler gases from our air conditioning systems, and leakage from SF₆ insulating gas used to operate our electricity network. During the reporting period, our Scope 1 emissions have not changed significantly over the last three years, totalling 465,134 tonnes of CO₂e in 2021.

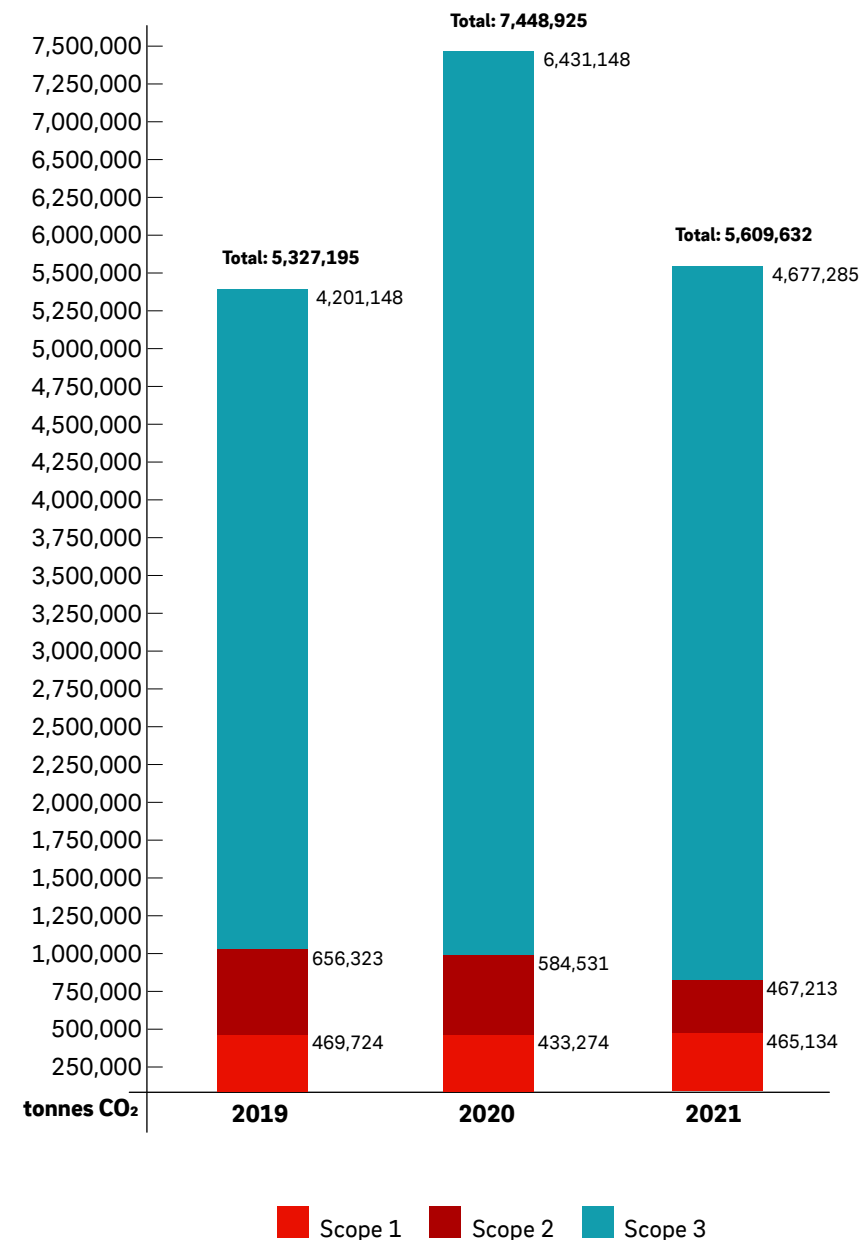
Scope 2 includes emissions that are not physically generated at our own facilities, but where the energy is produced. A significant part of our Scope 2 emissions is made up of electricity network losses. Compared to the base year 2019, our indirect emissions decreased by approximately 29% by 2021, following a significant restructuring of the electricity distribution market and a parallel decrease in the amount of electricity distributed by the EHU Companies. Our Scope 2 emissions for the year therefore totalled 467,213 tonnes of CO₂e.

The largest share of our total emissions – approximately 78.7% - comes from our Scope 3 (other indirect) emissions from our upstream and downstream activities, resulting from the end use of natural gas and electricity purchased by our customers. These account for approximately 95% of our total Scope 3 emissions. The significant difference between years is due to the change in the amount of energy sold to end-users. In addition, emissions from the production of the goods and services we sell are also included here, as well as emissions from business trips, employee commuting and leased vehicles. In the process of mapping Scope 3 emissions, there are cases where data is not available or, if available, is of insufficient quality.

In such cases, in order to provide a more accurate estimate, so-called secondary data is used, based on industry calculations or central statistical data. Our Scope 3 emissions in 2021 totalled 4.6 million tonnes of CO₂e.

Our Scope 1, Scope 2, and Scope 3 emissions between 2019 and 2021

(tonnes of CO ₂ e)	2019	2020	2021	Difference in percentage compared to the base year 2021
Scope 1	469,724	433,274	465,134	-1%
Scope 2	656,323	584,531	467,213	-29%
Scope 3	4,201,148	6,431,120	4,677,285	+11%
Total	5,327,195	7,448,925	5,609,632	-



Reducing emissions

[GRI 305-5]

The EHU Companies are striving to reduce their direct and indirect emissions in a number of areas. By continuously monitoring our natural gas and electricity networks over the coming years, we will map existing methane and sulphur hexafluoride leaks, while at the same time upgrading and modernising our networks in order to reduce future leaks and work towards the introduction of sulphur hexafluoride-free systems.

In order to reduce our emissions related to our passenger vehicles, our group was running several projects in 2021:

Change to return project

The purpose of this project is to transfer the new forms of operation learnt during the pandemic (for example, online meetings) to the standard operational framework, thus reducing the number of programmes involving travel. Targets have been set for the action, including a saving of 20% in annual fleet mileage (million km) and CO₂ emissions compared to the 2019 baseline.

Driving style analysis (DSA)

All the vehicles used by our group for work are equipped with a GPS system, for which we also introduced a diagnostic application, namely, DSA, in 2018. The system prepares a monthly report, which is sent to the stakeholders. The software shows in a transparent way the group of employees who need further education and practical training in order to drive in a more environmentally friendly way.

Practical training on eco driving technique

We provide practical, "economical" driving technique training for the group of employees defined on the basis of the VSE, thereby reducing the fuel consumption of the cars they drive, and therefore also their CO₂ emissions.

Fuel overconsumption, accounting of savings

According to predetermined criteria, we operate a bonus/malus system for employees, the purpose of which is to reward employees who achieve consumption below a set norm for each vehicle, and to make those who consume above the

norm financially responsible. A monthly statement is prepared to account for fuel overconsumption and savings. We also monitor fleet mileage and fuel consumption on a monthly basis.

Purchase on TCO basis

All our vehicle purchases are made on a TCO (Total Cost of Ownership) basis, so we always consider the fuel consumption of the vehicle based on the WLTP standard specified by the manufacturer.

Managers' vehicle catalogue

We provide a company car as a benefit to our senior employees. These cars can be selected from a model catalogue. A key element guiding the compilation of the catalogue is the introduction of modern, hybrid and electric cars, which have already dominated the replacement of managers' cars in recent years. Our goal is for our managers to drive only electric cars from 2030 onwards, and to this end, we will continuously remove non-electric vehicles from our managers' vehicle catalogue until 2025.

Vehicle feet in the sustainability strategy

In order to make the vehicle fleet more environmentally conscious, we are implementing a comprehensive strategic reform, the focus of which is the exploitation of GHG savings based on sustainability and supported by calculations. The working group plans to carry out the calculations in 2022, according to which we would like to start implementing some of the changes approved by the managers from 2023.

Bonus/malus savings and overconsumption in 2021 are shown in the table below:

	Total [HUF]	Technicians' vehicles [HUF]	Motor vehicles over 3.5 t [HUF]	Number of drivers affected
Savings	81,572,629	66,521,238	15,051,391	1,105 persons
Over-consumption	3,997,832	2,455,848	1,541,984	113 persons

Environmental protection

We are committed to avoiding negative environmental impacts arising from our operations, increasing our energy efficiency, reducing the amount of waste, and recycling it at an increasing rate, as well as protecting our environment and biodiversity. Applying the precautionary principle in our activities, we always assess their expected environmental impact. Environmental risk management is performed in accordance with the requirements of the integrated and environment-focused management system. We operate the area according to the **ISO 14001** (environmental management system) and **ISO 50001** (energy management system) standards, and it is our task and responsibility to maintain the operation according to these standards. An internal directive contains the environmental objectives, internal audits, impact register, environmental indicators, and the method of monitoring legislation.

Energy consumption

[GRI 3-3]

Energy management is at the forefront of our environmental efforts, and we have an **ISO 50001** Energy Management System in place to help us become more efficient in our use of energy. Our Integrated Management System policy includes our approach to energy efficiency, in which the EHU Companies are committed to increasing energy efficiency by giving priority to renewable energy sources. We continuously monitor and analyse our own energy consumption. Raising the awareness of our staff is an important element in improving our energy efficiency. **This includes annual mandatory environmental and energy efficiency training for all our employees.**

In order to map utility energy consumption, we use site-level and, where appropriate, device-level (for example, high-performance electric boilers, or liquid coolers) measurement/sub-measurement.

The measured data is analysed with the involvement of an energy expert, taking into account variables (for example, temperature), discrepancies are investigated, and action is taken if necessary.

Each year, we review and, as a result, update stakeholder expectations and the risks to our business processes. In order to mitigate any risks we set targets and action, document them, report regularly for management review, and monitor them. We operate our processes in compliance with the ISO 50001 standard, adherence to which is subject to an annual external audit.

Fossil-based energy generation

In compliance with the Electricity Act¹⁴, E.ON Energiatermelő Kft. has Power plants directly owned by the EHU Companies:

100% ownership of the power generation companies in which the EHU Companies have an interest, that is, conventional and gas-fired heat and power plants.

Power plants directly owned by the EHU Companies:

Nyíregyháza

Three gas engines with a total installed electrical capacity of **4.1 MW** and a thermal capacity of **4.6 MW**. The heat is sold to the local district heating supplier.

Debrecen

Six gas engines with a total installed electrical capacity of **12.0 MW** and a thermal capacity of **13.2 MW**. The heat is sold to the local district heating supplier.

Kaposvár

Four gas engines with a total installed electrical capacity of **4.6 MW** and a thermal capacity of **5.4 MW**. The heat is sold to the local district heating supplier.

Pécs

One gas engine and two hot water boilers. The gas engine has an installed electrical capacity of **1.2 MW** and a thermal capacity of **1.3 MW**. The heat produced is sold to a local consumer.

14. In accordance with EU regulations, the Electricity Act requires operators in the domestic electricity system to unbundle their activities in order to establish an accurate and transparent cost and revenue structure. In accordance with this so-called unbundling rule, the power plants previously owned by the distribution grid companies were 'transferred' to E.ON Energiatermelő Kft.

The EHU Companies have less than 100% ownership in the energy production equipment of five additional sites:

- In the case of Veszprém, three gas engines provide the energy conversion and sell the heat produced to the district heating supplier, with an installed electrical capacity of 8.2 MW and a thermal capacity of 8.7 MW.
- In the case of Szombathely, two gas engines are available with 7.2 MW of installed electrical and 7.1 MW of thermal capacity. The heat generated is taken over by the local district heating company.
- In Hajdúnánás, there is one gas engine with an installed capacity of 0.6 MW of electricity and 0.8 MW of heat, with heat sales to district heating suppliers.
- In Szeged, there are six gas engine sites with 2.8 MW of electricity and 3.0 MW of heat capacity, with sales to district heating suppliers.
- In Karcag, our gas engine site is located on the premises of the local hospital, with 1.1 MW of installed electricity and 1.1 MW of heat capacity. Here, in addition to the electricity generated, the heat is also used by the hospital.

We sold our interests in Hajdúnánás, Szeged and Karcag with effect from the 1st of January, 2022.

In addition to the small power plants that we own, we also have leased and operated equipment:

- We provide complex energy services for the Anna Grand Hotel in Balatonfüred. Heat production is provided on demand with our own boilers and compressor coolers, and we also operate a gas engine rented from the hotel.
- We lease and operate eight gas engines with an electrical capacity of 23.6 MW in Székesfehérvár.
- In Berettyóújfalu, we provide electricity and heat generation by leasing 1.1 MW of gas-engine electricity capacity.

In accordance with the above, the combined installed electricity generation portfolio for the entire group of the EHU Companies amounts to 69.4 MW, while the combined installed heat production portfolio amounts to 48.9 MW. With more than 95% of our heat sales portfolio, that is, 46.8 MW, we serve the thermal energy needs of district heating providers.

Power generation data of our gas engines

	2018	2019	2020	2021
Heat sales - district heating [GJ]	612,063	625,691	644,307	558,762
Electricity supplied (sold) [MWh]	162,544	170,513	180,595	190,219
Energy efficiency	77%	78%	76%	69%

Renewable energy

Renewable energy sources (for example, solar, wind, and geothermal energy) provide alternatives to fossil fuels, which produce significant atmospheric emissions. In July 2021, the European Commission proposed amending the Renewable Energy Directive (RED II) in order to achieve the climate targets. According to this, the share of renewable energy sources in the EU's energy structure would be increased to 40% by 2030. Similarly to our parent company, we also support efforts to promote renewable energy. In addition to enabling Hungarian households and businesses to switch to renewable energy in increasing proportions through our networks, we are also continuously developing our own renewable energy portfolio. The domestic regulatory environment essentially favours solar energy production, so in line with this we place special emphasis on expanding our solar power plant portfolio, but our group also has hydro and wind power plants.





Solar energy is the largest renewable energy source produced and used worldwide. In addition to its clear environmental benefits, its cost-effectiveness also justifies its widespread use. Its use reduces the demand for fossil fuels (for example, crude oil, natural gas and coal) and does not release pollutants into the atmosphere during the production of energy. The cost of producing photovoltaic systems has fallen steadily in recent years. Solar energy will also play a major role in ensuring energy security and energy independence in the future.

Our solar power plants

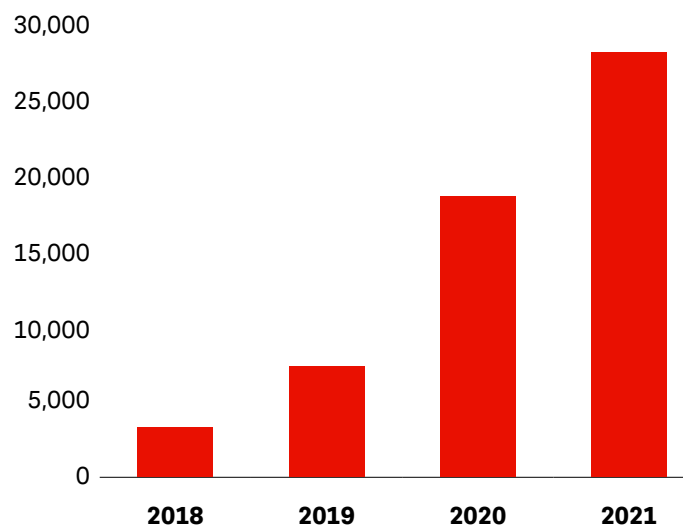
We operate our own solar power plants with a total capacity of 24 MWp at thirteen sites across the country. The smallest has a capacity of 219 kWp, while the largest has one of 12 MWp. With regard to the applied technology, we have installed 200-400 Wp power panels on fixed bases at all our sites, with a total of approximately 78,000 pieces in view of the entire portfolio. We sell part of the energy generated in our power plants through our virtual power plant on the regulatory market and the other part on the base-load electricity market.

In addition to our existing power plants, we are also developing the possibilities of renewable energy production at our own sites. We are currently operating solar panels on the roofs of several of our own and leased properties that qualify as small-scale household power plants. We carry out these installations continuously, and according to our plans, the number of solar panels placed on our own buildings will continue to increase in 2022.

Energy generated by our thermal power plants

	2018	2019	2020	2021
Electricity supplied (sold) [MWh]	2,962	7,502	18,688	27,989

The amount of electricity generated and sold by our solar power plants [MWh]



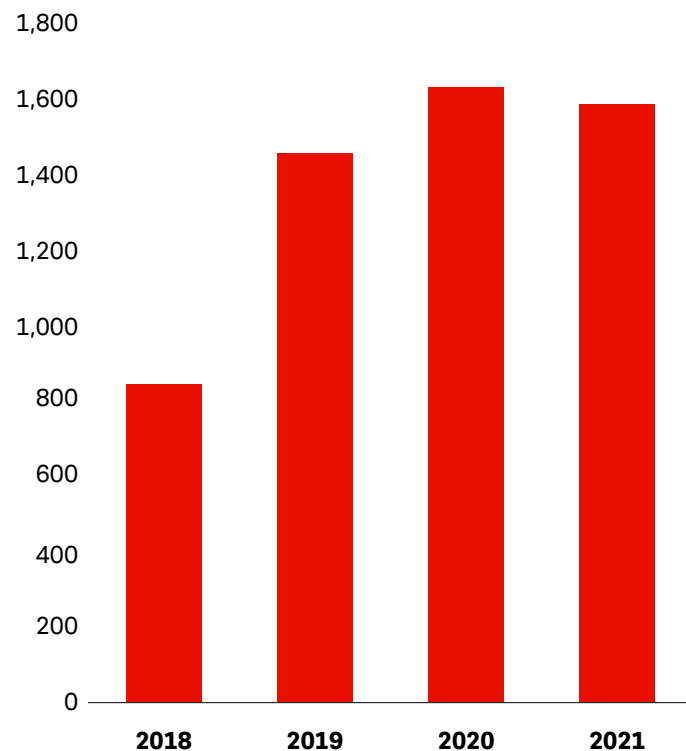
Our wind farms

The EHU Companies own one wind turbine power plant in Mosonszolnok. The power plant has two wind turbine towers, each with a power output of 0.63 MW. The site produces electricity at market prices and also participates in secondary regulation.

Amount of energy produced in our wind power plant

	2018	2019	2020	2021
Electricity supplied (sold) [MWh]	855	1,472	1,636	1,585

Amount of sold electricity produced in our wind power plant [MWh]



Hydropower plants

The EHU Companies have hydropower capacities at two sites, which are operated by a third party under long-term contracts.

The Gibárt hydropower plant was commissioned one hundred and twenty years ago, and its power upgrading and monumental renovation was recently completed by the tenant, ALTEO Nyrt. The plant has a current installed capacity of nearly 1 MW.

The first hydropower plant in Felsődobcsa was also commissioned more than one hundred years ago. Following the renovation of the power plant on the River Hernád more than ten years ago, its output has increased to 940 kW. Our hydropower plants are operated on long-term leases by their tenant, ALTEO Nyrt.

Energy storage

The growth of weather-dependent renewable energy generation is leading to an increasing role for temporary energy storage facilities in the electricity system. The EHU Companies' first battery energy storage system was commissioned in September 2018. Our energy storage facility in Soroksár was the first in Hungary to receive a storage licence from the Hungarian Energy and Public Utility Regulatory Authority. The purpose of its operation is to equalise the current network frequency within the framework of primary regulation. The storage facility has more than 21,000 lithium-ion battery cells with an installed electrical storage capacity of 6,095 MWh and an electrical output of 10 MVA.

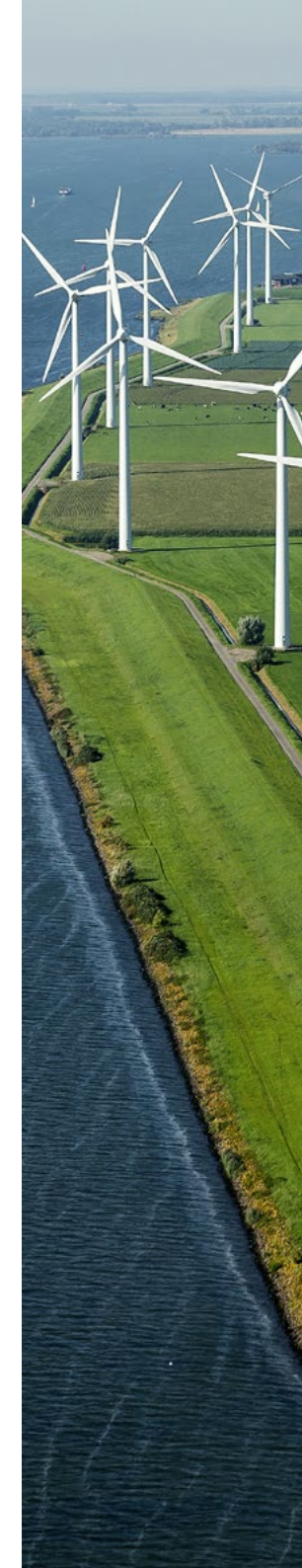
If this storage capacity were placed in an electric car, it could be used to travel roughly once around the world; the amount of energy that could be stored could meet the energy needs of an average household for two and a half years.

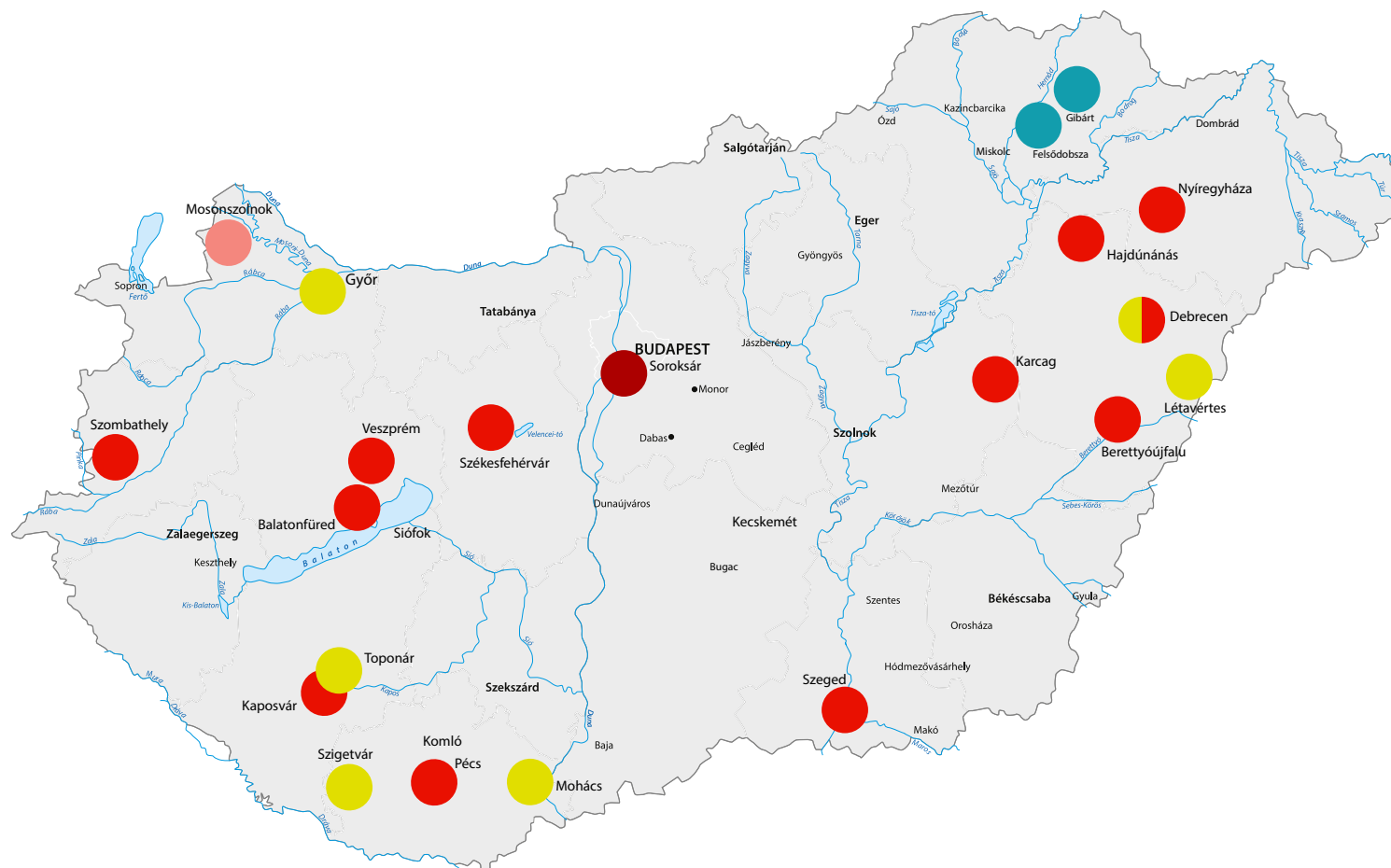
We plan to expand the EHU Companies' energy storage capacity by commissioning another storage facility in 2022.

The efficiency of our energy storage unit for each year was as follows:

	2018	2019	2020	2021
Efficiency	84.4%	85.1%	83.5%	85.0%

We operate a 500 kVA (1200 kWh capacity) and a 250 kVA (500 kWh capacity) energy storage unit at two pilot sites in Zanka and Dúzs, which were implemented in the framework of our project funded in the Horizon 2020 programme and which function as integrated grid elements. With these units and the joint application of the transformed controlled consumer system, we innovatively manage the challenges arising from the spread of weather-dependent renewable energy sources.





- Hydropower plant
- Gas engine
- PV plant
- Wind turbines
- Energy storage

City	Soroksár	Debrecen	Nyíregyháza	Kaposvár	Pécs	Veszprém	Szombathely	Szeged	Hajdúnánás	Karcag	Balatonfüred
Energy generation type	Energy storage	Gas engine	Gas engine	Gas engine	Gas engine	Gas engine	Gas engine	Gas engine	Gas engine	Gas engine	Gas engine
City	Székesfehérvár	Berettyóújfalu	Győr	Létavértes	Szigetvár	Mohács	Toponár	Debrecen	Mosonszolnok	Felsődobsza	Gibárt
Energy generation type	Gas engine	Gas engine	Solar power plant	Solar power plant	Solar power plant	Solar power plant	Solar power plant	Solar power plant	Wind turbine	Hydropower plant	Hydropower plant

Energy consumption

[GRI 302-1] [GRI 302-4] [GRI 302-5]

Our total energy use is divided into three major groups, namely, buildings, motor vehicles, and technological energy consumption.

In the operation of our properties we collect data on electricity, gas, and district heating, which has not changed significantly over the last four years. We are aiming at using as much renewable energy as possible. In the case of real estate, our electricity consumption in 2021 was 11,371 MWh. Compared to previous years, higher consumption was driven by our real estate portfolio, which has been restructured according to transactions.

The increase in our gas consumption was also caused by the significant restructuring of the group. Due to the integration of new member companies, our thermal energy consumption also increased in 2021, compared to previous years.

We monitor the fuel consumption of our vehicles, while our technological energy use is further broken down into three sub-categories, namely, power plant energy consumption, electricity network losses, and energy use in the gas network. The most significant part of our energy consumption comes from this technology segment, including electricity network losses.

Energy use in our off-grid properties

	2018	2019	2020	2021
Electricity [MWh]	13,609	12,988	11,383	11,371
Of which renewable energy [MWh]	212	208	217	275
Of which renewable energy	1.56%	1.60%	1.91%	2.42%
Natural gas [MJ]	27,915,938	27,413,585	27,981,082	30,167,875
District heating [MJ]	45,776,500	44,165,800	42,746,300	48,275,000

Our technological consumption data is considered a trade secret, and is therefore not disclosed in the sustainability report.

Total fuel consumption¹⁵

Fuel type	Vehicle fleet [pc]		
	2019	2020	2021
Petrol	38	48	72
Diesel oil	1,993	2,018	2,025
CNG	20	20	21
Electric	35	39	40
Hybrid	27	32	35
Total	2,113	2,157	2,193

EHU Companies

	2019	2020	2021
Petrol [litre]	133,856	90,192	139,321
Petrol [MJ]	4,283,392	2,886,144	4,458,272
Diesel oil [litre]	3,351,864	3,097,553	3,053,470
Diesel oil [MJ]	120,667,090	111,511,908	109,924,916
Gas fuel CNG [kg]	25,627	28,458	25,676
Gas fuel CNG [MJ]	1,117,337	1,240,769	1,119,474
Electricity used by electric cars [kWh]	49,367	45,235	56,493
Energy used by electric cars [MJ]	177,721	162,846	203,375
Total [MJ]	126,245,541	115,801,667	115,706,037

Our vehicles are on the road all year round, with an average annual mileage of over 35 million km. Recognising that this creates a significant additional burden of air pollutants and GHGs, one focus of our sustainability strategy is to reform our vehicle fleet and usage. By 2023 we aim to launch new programmes in this context, with emission reduction targets.

15. 1 litre of petrol = 32 MJ; 1 litre of diesel oil = 36 MJ; 1 Kg CNG = 43.6 MJ; 1 kWh = 3.6 MJ



In 2021, thanks to our eleven energy efficiency projects we could save 247,921 kWh (892,516 MJ) energy.

This is enough energy to make nearly ten million cups of coffee.



Our energy efficiency projects in 2021

Category	Project description	Amount of planned final savings [kWh/year]	Amount of final savings achieved [kWh/year]	Date of implementation, commissioning
Real estate	Lighting upgrade - Győr	18,000	19,999	15.11.2021
Real estate	Lighting upgrade - Nagykanizsa	30,000	31,060	15.11.2021
Real estate	Kunigunda útja site - Upgrade of the lighting in the storage of the North Hall	4,160	4,160	22.02.2021
Real estate	Sports facility - Lighting upgrade of the tennis courts	17,717	17,717	06.04.2021
Real estate	Csepel crossing. Building façade thermal insulation	130,000	136,784	31.12.2021
Power plant	Development of the electricity supply for the data centre	22,351	22,351	30.03.2021
Sub-station	Lighting upgrade	4,750	4,750	31.12.2021
Sub-station	Replacement of old, outdated radiators with more modern, lower-consumption ones, maintenance of ventilation systems, efficiency improvement	3,600	3,600	31.12.2021
Sub-station	Replacement of cooling fans in HV transformers with more energy efficient fans	4,500	4,500	31.12.2021
Sub-station	Installation of central thermostat control	2,500	2,500	31.12.2021
Sub-station	Replacement of old, outdated doors and windows with thermally insulated plastic ones	500	500	31.12.2021

Responsible water management

[GRI 303-1], [GRI 303-3]

Due to the extreme weather patterns caused by climate change, responsible water management will play an increasingly important role worldwide in the future, so it is inevitable that large companies such as ours also map out the associated risks and use the water available to them in a responsible manner. As we at the EHU Companies do not use substantial amounts of water to cool our power plants, and our suppliers are currently not classified as risky in terms of water management due to their profile, location and the nature of the products they sell to us, we consider the overall water-related risks to our operations to be low. As the installed capacity of our third-party hydropower plants is small, the associated risks are not significant either for the group as a whole. However, we are also aware that this may change in the long run as the effects of climate change intensify, and therefore we will reassess these risks if necessary.

Increasing the water efficiency of the group is part of our Integrated Management System. Due to the nature of our operation, technological water is only used in small quantities at the power plants. No waste water is generated at the site of the power plants; only clean water evaporates during cooling, when during extremely hot periods we spray water to facilitate the work of the active cooling fans. In addition, we use a smaller amount of water to make soft water. In real estate managed by E.ON Gazdasági Szolgáltató Kft., a company owned by the EHU Companies (for example, office buildings, sites, warehouses, customer service offices, welfare facilities, etc.), for the most part social water is used (for example, washrooms, toilets, changing rooms, service apartments, showers in holiday homes, tea kitchens, industrial cooking, and heating kitchens). There are two car washes operated by tenants at our Győr and Pápa locations, while there is a self-owned car wash on Kunigunda útja. We also use well-water for irrigation at our two sites in Budapest, for which we pay a water resource management charge. In the former ELMŰ headquarters at 72-74 Váci út, we operate a geothermal cooling-heating system with one production well and seven drilled injection wells.

We additionally pay a water resource management charge for the amount of water that is used and returned there. In this building, some of the water from the wells is also recycled as grey water to flush toilets. At the Népfürdő utca sports complex, we also have several wells for the purpose of operating a swimming pool: we use a thermal well and a cold water tube well, for which we also pay a water resource management charge in accordance with the law.

We have the water extracted from the wells, inspected and evaluated in accordance with the law every year, and submit the test results to the authorities. In the use of public utilities, the general objective is to use natural resources sparingly and to keep utility costs (water, electricity, gas, heat) to the necessary minimum.

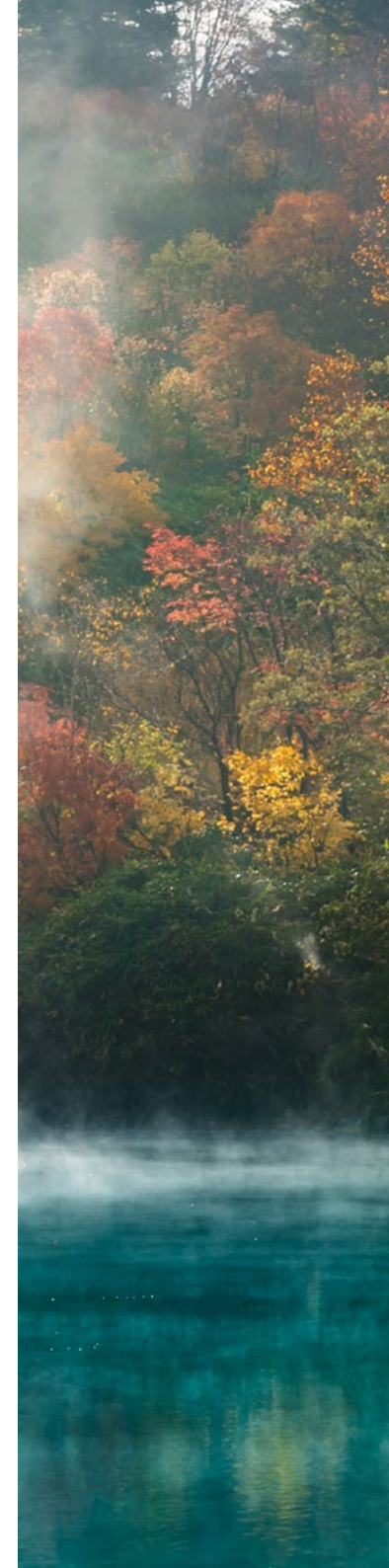
Process water is used at three sites, namely, at our gas engine power plants in Debrecen and Nyíregyháza, and at the Pécs Energy Centre. At the gas engine power plant in Debrecen, water is refilled and the turbo is charged, in Nyíregyháza, water is softened and refilled, and in Pécs, evaporative cooling takes place. At our Nyíregyháza and Pécs sites, we used 2,918 m³ of water in 2021. At the gas engine power plant in Debrecen we do not measure consumption at present.

In 2022, we implement a uniform data collection practice for the entire real estate portfolio managed, including our irrigation and communal water use, so that we can also provide our stakeholders with a more comprehensive picture of our effects related to water management.

The protection of biodiversity

[GRI 3-3]

With climate change and human activity rapidly reshaping natural habitats, a severe ecological crisis is unfolding across a significant part of our planet. With this in mind, we have made biodiversity conservation part of our sustainability strategy. Currently, our bird conservation programme and the Ecological Corridor Management programme, now under implementation, are supporting our efforts to conserve biodiversity.





“Protecting the climate and our natural treasures for our children is one of the most pressing challenges of the decade, which is why it represents a key focus of all our activities. As we develop and expand our networks, we are striving to create the safest possible environment for wildlife. Today, all our new networks are bird-friendly, and we are making improvements to existing networks where necessary to protect wildlife, with the involvement of conservation experts.”

Judit Haraszti
E.ON Észak-dunántúli Áramhálózati Zrt.
CEO

Bird protection

Power grids provide suitable landing sites for birds, the importance of which is increasing due to the reduction of natural roosts. As birds landing on overhead lines can, unfortunately, sustain fatal injuries on live parts, our activities may have a negative impact on bird populations. For large, less high-flying birds, collisions with overhead wires can also occur in poor visibility conditions. Our actions to protect birds are therefore critical.

Our group has been working with the Hungarian Ornithological and Nature Conservation Society (MME) for several decades to mitigate these harmful effects. Their National Bird Conservation Priority Map identifies the places where there is the greatest need to reconstruct the power line network. As part of our cooperation with the MME, we receive up-to-date information every year on the locations that require intervention, and we also give priority to the transformation of these points into bird-friendly areas and to the requests from national parks for intervention.

As part of our cooperation, we have so far installed approximately 3,000 stork nest boxes on our electricity poles, and we regularly extend and maintain them.

In the meantime, our group has implemented a complete conceptual change in the technical design of medium-voltage overhead power lines, which are dangerous for birds. We have switched from the previous vertical insulation design in our networks to a suspended insulation design. In the case of the newly designed networks, hazardous equipment is placed under the level of the lines and enclosed where possible, thus creating a safe roosting area for birds. In order to increase the numbers of the most endangered birds of prey, we have also undertaken to install artificial nests to compensate for the decrease in natural habitat.

During our own network inspections we check for any dead birds along the lines and, with the National Parks Directorate, identify problem areas where technical interventions are implemented as necessary. More statistically sound monitoring is conducted by MME experts through regular and targeted inspections and evaluation of experience under the “Barrier-Free Sky Agreement”.

[GRI 304-2]

Our medium-voltage networks are typically overhead lines, which are based on the statutory lowest-cost principle. These increasingly affect the habitats and feeding areas of birds of prey, migratory birds, and waterfowl. As natural habitats and roosting areas diminish, birds are increasingly seeking out suitable perching sites on our poles. This can lead to a significant number of electric shock incidents, caused by previous designs.

Recognising the ever-increasing impact of this, we started covering the metal structures on the poles in the 1970s and 1980s, but these turned out to be of low efficiency due to technological shortcomings.

A major step forward was the signing of the Barrier-Free Sky Agreement, of which we are a founding member, and which provides a framework for the cooperation between the parties concerned. The joint agreement with MME has launched the mapping of birds' habitats along our networks, and with the cooperation of specialists in bird conservation we have undertaken the development of bird-friendly networks. We provide regular training and information for our employees to highlight the importance of bird conservation.

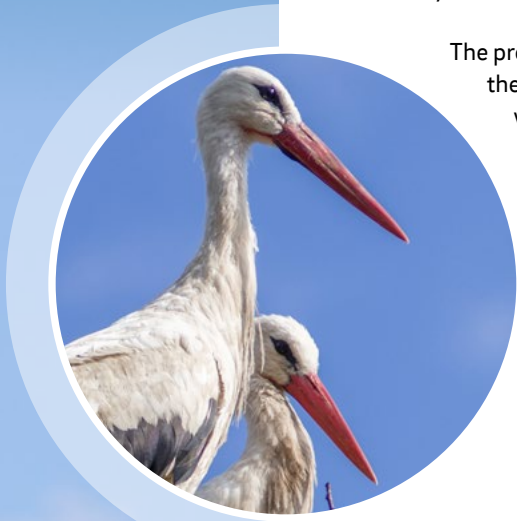


The technical developments are continuous, so today there is a bird-friendly solution for almost every overhead network design, and where these are not applicable, we try to eliminate the danger by placing the cables underground.

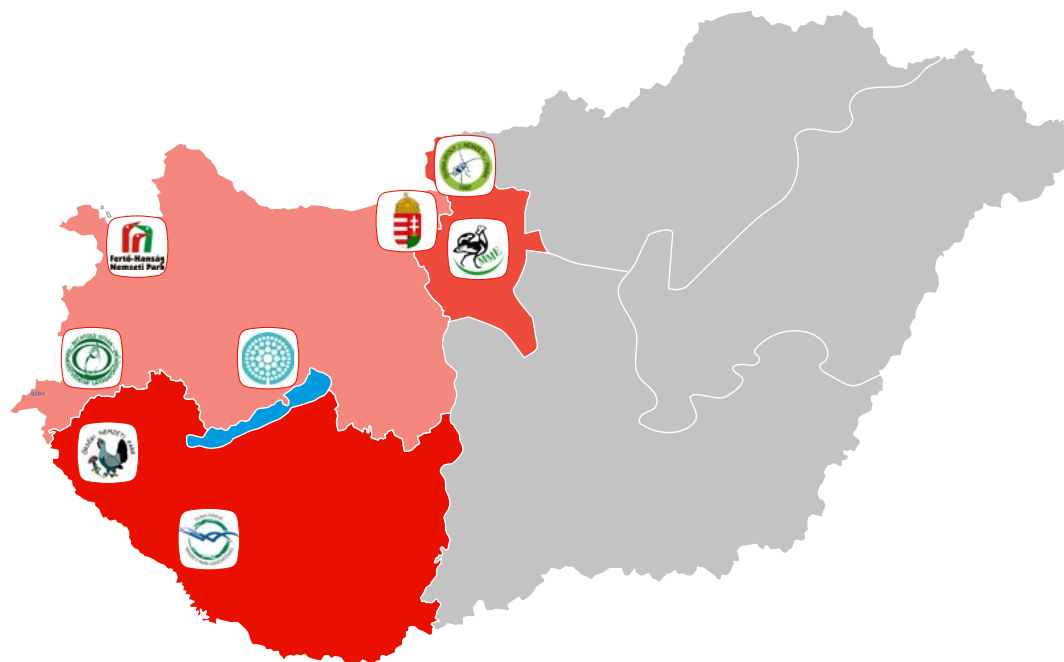
The preparation of a design was ordered for the new suspended insulating head structures that provide safe roosting places for birds. In order to introduce these as soon as possible, we conducted training sessions for our employees, designers and contractors, restricted access to equipment and parts that were previously not bird-friendly, and distributed illustrated brochures to our employees. Improvements have been extended to all elements of the overhead network, such as the extended tension insulators, the use of covered wires and the introduction of bird-friendly switching elements.

In 2021, we continued our development work, with the creation of new bird-friendly head structures and the testing and introduction of downward-facing, bird-proof pole switches. This will result in a further reduction in the proportion of dangerous networks in the future.


In our wide range of bird conservation activities, we work with national parks and government agencies, and participate in professional conferences. During the reporting period, we held consultations with Fertő-Hanság National Park, Órség National Park, Balaton-felvidék National Park, Kiskunság National Park, and Danube-Ipoly National Park.



Our nature conservation partnerships



 **The Ministry of Agriculture** – liaison with the Government Commissioner and the Department of Conservation – **The Barrier Free Sky Agreement**

 **The MME** – senior management meeting – updating the support-priority map.


Meetings with National Parks

 Fertő-Hanság


 Kiskunsági

 Duna-Ipoly

 Órségi

 Balatonfelvidéki

 Duna Dráva

 Bird Protection and Rescue Centre in Chernel-garden, Kőszeg: installation of network devices, cameras, monitoring, and behaviour analysis

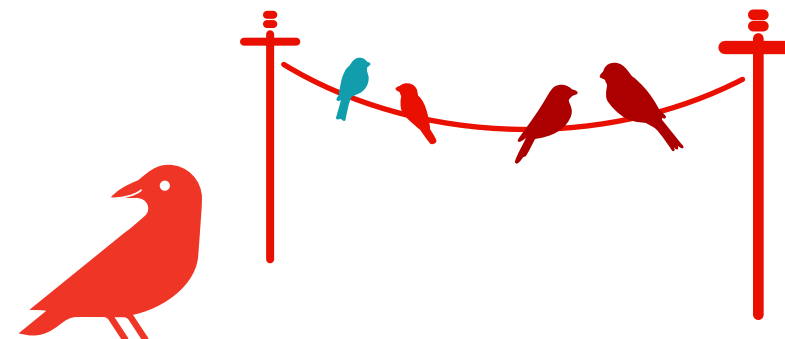
Protecting the endangered species affected by our operations

[GRI 304-1] [GRI 304-4]

In 2008, the Hungarian Ornithological and Nature Conservation Society performed the risk classification of medium-voltage overhead power line networks that are dangerous for birds, based on the Barrier Free Sky Agreement and using the network data provided by us, which was updated in 2021.

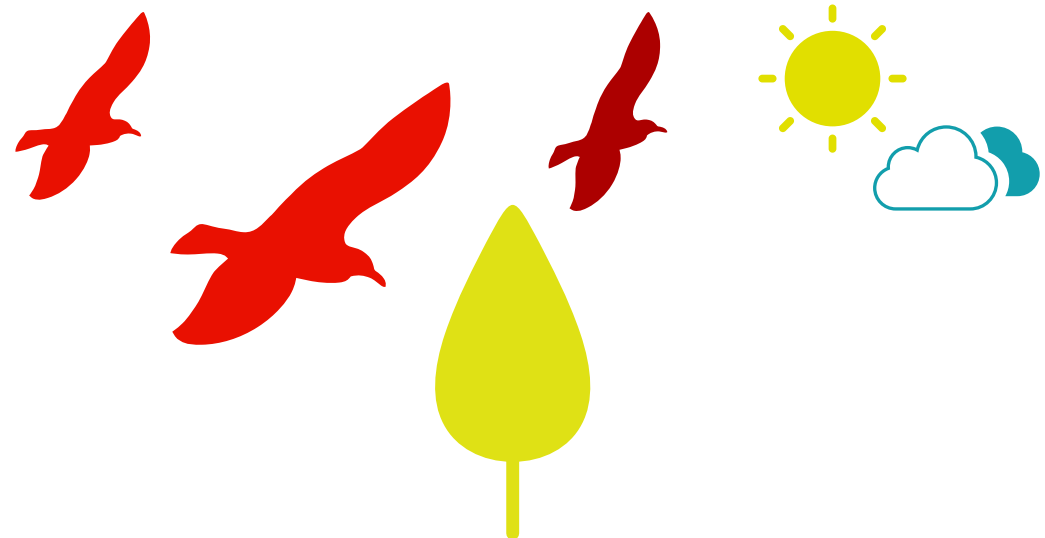
Protected bird species at risk of electric shock

Relative weighting of bird species		Nature conservation situation					
		Globally endangered	Endangered in Europe	Endangered in Hungary	Specially protected or protected in Hungary	Not protected in Hungary	
Risk of electric shock	Impact on stock level	Stock is critically endangered (Carcasses found/reproductive specimens >5%)		eagle owl	golden eagle	white stork	
		Stock is endangered (Carcasses found/reproductive specimens >1%)	red kite, imperial eagle, saker falcons	common kestrel, Eurasian roller, barn owl	black stork, white-tailed eagle, hawk, short-toed snake-eagle	common buzzard, long-legged buzzard	
	Impact on specimen level	Highly significant individual mortality (Total No. of carcasses found >5%)					
		Significant individual mortality (Total No. of carcasses found >1%)				rook	
	Individual mortality (Carcasses found/reproductive specimens >0,1%)	red-footed falcon		peregrine falcon, Ural owl			
No impact (Carcasses found/reproductive specimens <0,1%)							



Protected bird species at risk of collision and their weighting

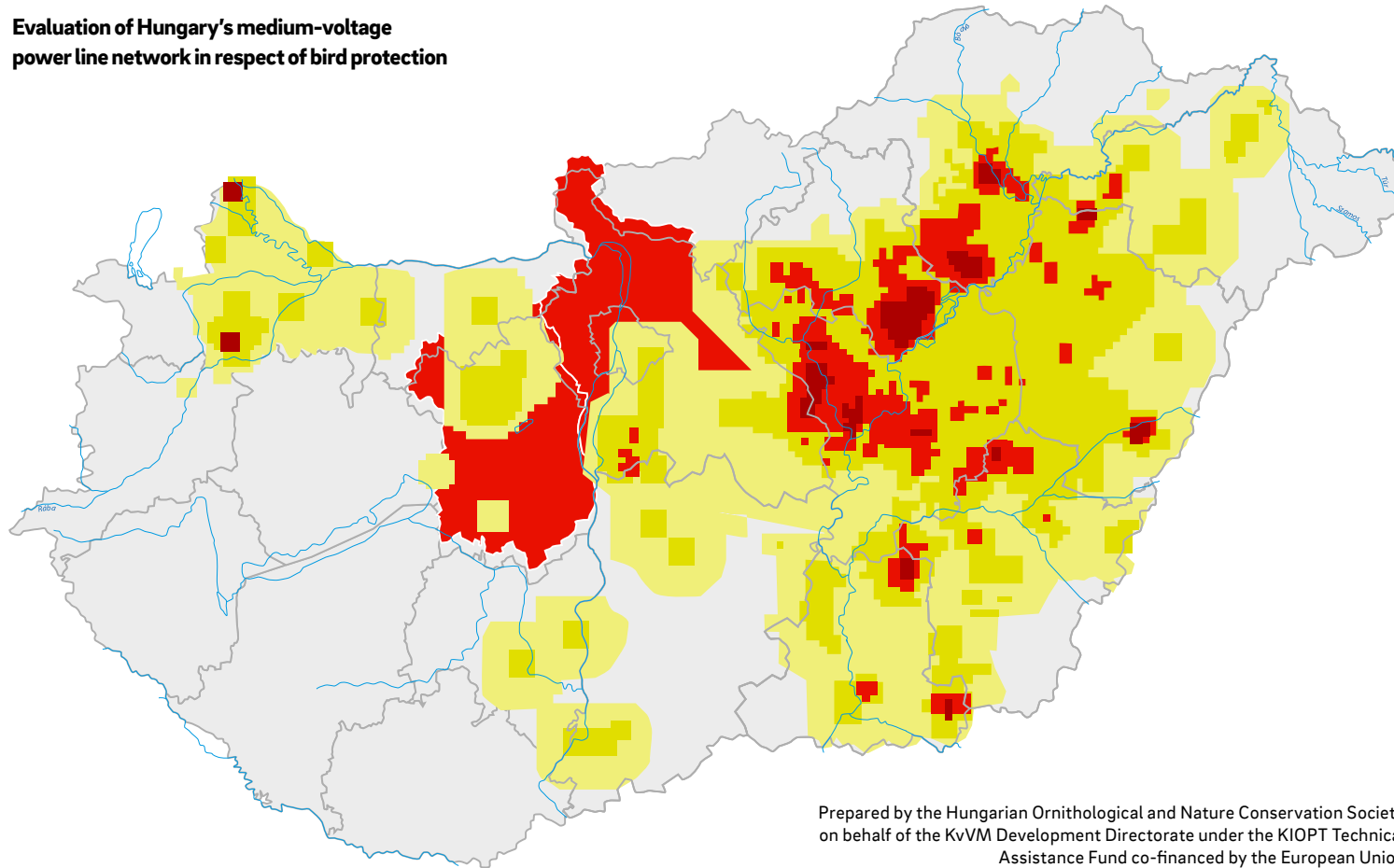
Relative weighting of bird species		Nature conservation situation				
		Globally endangered	Endangered in Europe	Endangered in Hungary	Specially protected or protected in Hungary	Not protected in Hungary
Risk of electric shock	Impact on stock level (Carcasses found/reproductive specimens >5%)	bustard	eagle owl	golden eagle		
	Stock is endangered (Carcasses found/reproductive specimens >1%)			black stork, white-tailed eagle, hawk, short-toed snake-eagle		
	Highly significant individual mortality (Total No. of carcasses found >5%-a)				crane	
	Impact on specimen level (Total No. of carcasses found >1%-a)	waterfowl and shorebird species	waterfowl and shorebird species	waterfowl and shorebird species	white stork, waterfowl and shorebird species	
	Individual mortality (Carcasses found/reproductive specimens >0,1%)					
No impact (Carcasses found/reproductive specimens <0,1%)						



We are planning our bird protection measures in close cooperation with the experts of the Hungarian Ornithological and Nature Conservation Society (MME) and national parks, based on the classification and geographical distribution of protected animals.

Priority areas for the conservation of Saker falcons

Evaluation of Hungary's medium-voltage power line network in respect of bird protection



Prepared by the Hungarian Ornithological and Nature Conservation Society on behalf of the KvVM Development Directorate under the KIOPT Technical Assistance Fund co-financed by the European Union

Priority	5	4	2	3	1	
Definition:	10x10 km UTM square containing nests. Parents use continuously, fledglings use in the first, most vulnerable days.	5 km radius of a 10x10 km UTM square containing nests. Regularly used by parents and independent young specimens.	10 km radius of a 10x10 km UTM square containing nests (potential foraging territory). Parents and independent young specimens occasionally use it.			No active nests within a 15 km radius.



With regard to the most endangered bird species, the territory of the EHU Companies is relatively less affected. Typical areas include the Mosoni Plain, the area of the Fertő-Hanság National Park, the eastern part of Transdanubia and the southern part of Pest County. In these regions, we not only implement modifications in the vicinity of where the bird deaths are detected, but also complete the bird-proofing of wire sections of ten or more poles.

In the course of 2021, eleven such interventions were made, to the total amount of 82 million HUF.

With regard to collision accidents, we focus mainly on the areas where the protected bustard is spread. For our country's largest flying bird, the only sure solution is to place the wires underground. The cost of laying underground cables is extremely high, as not only the networks but also the associated equipment (transformers) have to be rebuilt.

2021 saw the completion of the cable laying work that started earlier in the Kiskunság National Park, during which a total of approximately 32 km of overhead lines were removed in the Apajpuszta area. The total cost of the EU-funded LIFE project, lasting approximately six years, is 600 million HUF, of which 150 million HUF is our own contribution.

Creating Ecological Corridors

[GRI 304-1] [GRI 304-3]

As a distribution system operator, we have a legal obligation to maintain the so-called protection zone under our electricity network, to prevent the overgrowth of vegetation in all areas through the management of openings, and to prevent malfunctions during storms, caused for example by overhead lines falling.

The Ecological Corridor Management (ECM) programme is an initiative that was launched by the international E.ON Group: with the help of biologists and conservation experts, we aim to introduce a method of management under our high-voltage transmission line network (HV) that involves minor interventions rather than the usual complete vegetation destruction and stem crushing. The point is to selectively prevent the spread of species that grow higher than the boundary of the protection zone, and to allow smaller species to spread below the affected areas. In the long term, this will lead to significantly less intervention and less intensive maintenance of openings in the areas under our networks. In 2021, we focused on joining the programme and acquiring knowledge of international experience. In 2022, we further explore the possibility of implementing the programme and identify the relevant areas, and, in 2023, we aim to start taking the first concrete steps in line with the programme's proposals, so that by 2024 we will have ECM-managed areas along our HV networks. Our goal is to manage HV openings according to the ECM principles in the total suitable area by 2030.



Waste

[GRI 3-3] [GRI 306-1]

In our waste management, we follow the principles delineated in the waste hierarchy (waste pyramid). Our most important goal is to reduce the amount of waste that is generated during our operations, and the durability and lifetime of the material and equipment purchased as well as its recyclability at the end of the product's life cycle represent the main criteria for us when making purchases. In everything we do, from design through investment to maintenance, we focus on preventing the generation of waste, monitoring the waste streams generated, and increasing the rate of recycling.

To prevent waste generation, as part of our sustainability strategy, we are digitising our internal and customer-related processes (customer contact, billing), which includes reducing avoidable paper waste to zero.

In accordance with the guidelines of the European Waste Framework Directive No. 2008/98:

- demolition processes are always planned, and a plan for the type and quantity of waste that is generated is drawn up before any investment is made,
- we check the quality of the dismantled materials,
- waste is identified in all cases, and
- to promote the recycling of waste, we require the sorting and selective collection of different types of waste.

We operate waste collection points at a total of 210 sites in the country, where we transport from the work areas both non-hazardous and hazardous waste that is generated during our activities. On the sites, different types of waste are stored separately, sorted by type, until they are handed over to the recipient.

Our group monitors compliance with and enforcement of the relevant legislation by conducting regular inspections and on-site visits. As "good custodians" of waste, we also expect and require our subcontractors to behave in a lawful manner. We continuously control the operation of subcontractors in accordance with their waste management permits, following the path of waste from the producer to the final disposal facility.

Our Integrated Management System also covers waste management processes. We set waste management targets as a priority in our internal directives, educate employees on what is required for meeting them, and provide feedback on the results achieved. We continuously monitor our environmental performance, from the generation of waste to its disposal. We develop our processes in accordance with the objectives of the waste pyramid. Accordingly, we strive to avoid the generation of waste, so that our waste can be recycled in its material or recovered for energy, and should be disposed of in landfill sites only as a last resort.

Where new measures and focus points are needed, we implement targeted improvements in the spirit of the PDCA (Plan-Do-Check-Act) cycle. We perform external and internal audits and inspections to check the efficiency of our processes, and we are constantly present in the field to keep all aspects of waste management under control.



Waste management

[GRI 306-2] [GRI 306-3] [GRI 306-4] [GRI 306-5]

At the sites, different types of waste are stored separately and sorted by type, until delivery to the recipient.

At the collection points, the regional warehouse manager responsible for waste management takes over the waste delivered by network installers or subcontractors based on the delivery note and places it in accordance with the rules, as well as supervising the storage, and together with the HSE environmental protection department, continuously coordinating waste removal.

The industrial waste generated by our activities is classified into the following categories:

- **Recyclable non-hazardous waste:** This is the waste from which secondary raw material can be recovered by applying treatment technology. Examples of such waste include metal-containing network components and cables.
- **Non-recyclable non-hazardous waste:** This is the so-called inert waste (concrete, porcelain insulators, certain plastics, asphalt, and excavated earth). Waste in this category, after appropriate treatment, may be used for filling up fields or road foundations or disposed of in landfill sites with appropriate technical protection.
- **Hazardous waste:** We also distinguish between recoverable and non-recoverable waste in this category. Hazardous waste is treated in an incinerator with a permit and special technical parameters, or, less frequently, in a landfill site specially designed for this purpose. However, fluorescent tubes, batteries, accumulators, and electronic waste that are considered hazardous waste are recycled.

Non-hazardous and hazardous waste is only transferred to companies holding a valid waste management permit issued by the competent environmental authority. To fully meet this condition, we have contracted partners under framework agreements.

In the case of waste generated during our operations, we strive to achieve an ever-increasing utilisation rate, so that the smallest amount is disposed of in a landfill site. In 2021, our recovery rate was 26.6% for hazardous waste and 88.4% for non-hazardous waste. Disclosure is limited to subsidiaries involved in industrial waste generation. Our other member companies covered by this report generate only municipal waste, which is collected and managed by the local public service provider.

Mass of hazardous and non-hazardous waste in the EHU Companies in 2021

	Hazardous waste [t]	Non-hazardous waste [t]
Total	2,567	10,163
of which recycled	681	8,980
of which deposited	1,885	1,185
recovery rate	26.6%	88.4%

Distribution of our most important industry-specific waste in 2021

Waste description	Hazardous waste [t]	Non-hazardous waste [t]
Meters (electricity, digital, gas)	0	358,9
Tarred wooden pole	325.9	0
Concrete support beam or supporting plate concrete pole	0	1,769.6

Other atmospheric emissions

[GRI 305-7]

The operating permits of our twelve sites are renewed every five years and the twenty-two point sources located there (chimneys with air pollutant emissions) are measured in accordance with the law. Operational permits are drawn up and measurements are performed by a subcontractor holding a valid accreditation certificate and framework contract.

Office buildings, workshops and warehouses are heated by gas boilers at several sites. We ensure the boilers' proper efficiency through regular maintenance. The annual emissions of air pollutants are calculated by multiplying the measured mass flow by the operating hours. Since our gas engines and boilers, which are subject to air pollutant emission measurement, also operate on a natural gas basis, only nitrogen oxide emissions are relevant in their case. In 2021, our calculated nitrogen oxide emissions were 213.6 tonnes.

NOx emissions from power plants owned by E.ON

2017	2018	2019	2020	2021
173,684 kg	198,586 kg	174,258 kg	158,525 kg	213,559 kg

The increase in 2021 is due to the number of operating hours increased compared to previous years.

Social engagement



For us, social responsibility represents a value that permeates all our actions and is integrated into all our work processes and business activities. We make no secret of our ambition to excel in business performance. However, this goal must be in accordance with the interests of our employees, customers and suppliers and the needs of our environment and society. We also shape and choose our supporter and sponsoring partnerships around sustainability, innovation, smart and digital solutions, taking into account and favouring the strengthening of our presence in our service and operational areas.

We participate in the life of society in cooperation with local communities. We focus on supporting children and young people, their development, up-to-date knowledge and training, improving equal opportunities, and active participation in regional development.

We provide significant financial and moral support to a number of domestic non-profit organisations through strategic and sponsorship partnerships, and we advocate important programmes and initiatives.

Cooperation

Being part of society, we have a responsibility to create a sustainable, prosperous and high quality social, economic and natural environment. To this end, we have established long-term partnerships with several NGOs.

The Hungarian Ornithological and Nature Conservation Society

Our cooperation with the Hungarian Ornithological and Nature Conservation Society (MME) dates back several decades. This has involved the installation of around 3,000 stork nests, which have since been increased and maintained. We also continue to work with their specialists on our bird conservation projects. In 2021, nearly forty notifications were received regarding bird protection issues. Together with these and pre-scheduled tasks, we performed a total of more than one hundred interventions on the network for the purpose of bird protection. In addition, in 2021, in cooperation with the municipalities concerned, our employees participated in ringing the hatched stork chicks at the end of the summer.

Hungarian Interchurch Aid

We have been maintaining a close relationship with the Hungarian Interchurch Aid charity for more than a decade on a daily basis.

Every year, our group traditionally participates in the organisation's Christmas charity campaign, food distribution and in the "Back to School Together!" programme. In 2021, we continued our own joint programme that also supports the start of the year for children in kindergarten, and, in 2021, we distributed our 2,500th pack.

In 2020, we jointly launched a catch-up programme called Kapaszkodó 2.0, which we continued in 2021. In 2021, we supplemented the catch-up and preparation scheme in basic subjects with a digital literacy extension programme and general skills development. The programme was implemented in four locations throughout the entire 2021/2022 school year, involving a total of 120 children. The programme was supported by the EHU Companies with 33 million HUF.

The Hungarian Charity Service of the Order of Malta

Our cooperation with the Hungarian Charity Service of the Order of Malta also dates back many years. We have implemented a number of successful programmes in recent years, such as the Presence (in Hungarian: Jelenlét) programme at the Mésztelep in Tatabánya, which won the Budapest Energy Summit's "CSR Project of the Year" award. In 2020-2021, we developed a unique and exemplary method in cooperation with the Hungarian Charity Service of the Order of Malta to ensure the safety of families in difficult circumstances.

As part of an investment of more than 20 million HUF, we eliminated power outages caused by network overload due to power theft and illegal consumption in Tokodaltáró, and with the installation of smart meters, we also enabled the conscious use of electricity. In this project, we used technical solutions that guarantee the security of supply while eliminating the possibility of illegal connections to the network. For example, we removed the common connectors in the area and replaced the overhead cables with underground cables, which prevents the residents concerned from connecting to the electricity network illegally and from attics, bypassing the meter, which is prone to accidents.

The Bátor Tábor Foundation

We have developed a long-term partnership with the Bátor Tábor Foundation, which uses a unique methodology to help children living with serious or chronic conditions and their families. The campers' recovery is also helped by the E.ON Adventure Park built in the camp area. This is a therapeutic high rope course, which is unique in Hungary, on which even children in wheelchairs can safely adventure at a height of several metres. In addition to financial support for the construction of the track, our employees also contributed with their manual labour. In 2021, we supported the camp's "Take the plunge! - sky-high courage" (in Hungarian: „Lépd meg! – égig érő bátorság”) campaign, with 10 million HUF. During the campaign, which was supported by celebrities, private individuals, and companies, 35 million HUF was raised to build the new track called "Bátorkodópálya", which we jointly handed over to the children in 2022.

The HBLF Romaster Foundation

The Romaster Foundation aims to support disadvantaged Roma students in obtaining secondary and higher education qualifications through a mentoring and scholarship programme, thus providing a key to their social inclusion and integration. E.ON has supported the Foundation's operations and objectives since 2012. In recent years, we have helped the academic progress of eight young Roma people:

some of them receive a mentor from among E.ON's employees (managers) for a number of years, and we also finance their study scholarship. To date, we have provided 20.2 million HUF in support to help pupils achieve their objectives.

E.ON Energy communities

Since 2011, EnergyCommunities have been formed every year in Hungary, organised by the GreenDependent Institute, and, since 2013, with the support of the EHU Companies. The aim of the programme is to help families, households, and small communities lead energy-conscious lives, and to promote and spread the word about low-carbon, green living. With the competition launched every year in the autumn, the organisers emphasise that by changing our daily practice and routine, we can save significant energy, and therefore money, even without making any major investment. Another important message is that a climate-friendly, green lifestyle is achievable for everyone, and that energy-conscious lifestyle changes are easier to make in a community.

Over the past ten years, more than 200 communities nationwide have participated in the Energy Communities programme, which has affected approximately 1,200 households. In ten years, GreenDependent has trained and supported nearly 250 volunteer climate coordinators in bringing communities together and coordinating their efforts. Many of the households have been enthusiastic "energy community members" since the beginning, but every year "newcomers" have joined the programme, and a former community member has even become a coordinator. The aim of the E.ON EnergyCommunities programme is to achieve energy savings in a way that does not reduce the quality of life, but - according to the participants' reports - improves it.

The programme received a European Sustainable Energy Award (EUSEW Award) in the "Engagement" category in autumn 2021. In the 2020-21 season of the GreenDependent Institute's Energy and Climate Awareness Programme, twelve communities participated in greening. Interestingly, in the year 2021 competition, the energy saved by participants could be used to wash a total of 142,439 loads of laundry at 40 degrees Celsius.



Tree planting in Zalaegerszeg

In 2021, in cooperation with the Municipality of Zalaegerszeg, the EHU Companies planted forty ash saplings along Belső Elkerülő utca. When marking the route of the planting, special attention was paid to ensure that the trees did not interfere with the operation of utility networks in the future. The ash tree is also an ideal choice in areas where the utility network runs relatively close to the vegetation, in that it can be planted safely near power lines, as it does not grow too tall even when fully grown.

Brand campaigns, sponsorship activities

Our brand campaigns

With our brand campaigns we intended to continue setting an example in the energy market in 2021 for customers to see us as an expert in green solutions. We want them to see us as a company that cares about its customers, offering them the opportunity for a better life and energy efficiency. Our activities also demonstrate our commitment to sustainability, which is a continuation of our long-standing business practice. Our aim is to present E.ON's strategy and commitment to sustainability, as well as the strong international background behind the company, and to show that sustainability is also a relevant topic in our country too. At the same time, it is an opportunity to differentiate ourselves and convey a likeable, people-centred brand image, which is given credibility by our green portfolio. Together, we, employees, partners, and E.ON customers represent the solution, and together we provide the power and energy for new technologies to create a sustainable future.

Champions of the Earth

The idea of "We together" was brought to life by our sustainability challenge programme, called Champions of the Earth, which ran at the beginning of the year, through which we encouraged everyone to take action and showed our customers that there are countless opportunities to make sustainable decisions, even at an individual level. In the programme, we opened new sustainability topics every two to three weeks, within which the participants could complete particular tasks. A list of the current tasks was made available on our website, and participants had to prove their completion with photographs. Throughout the game, we held several draws for those who uploaded a photograph to the website, and we also held a special draw on our Instagram page for those who shared a photograph with #landchampions.

We all take action to protect our planet. At E.ON, we believe that we can fight climate change if we rely on our expertise to enable our customers, both on a small and large scale, to make more sustainable decisions. We also have a responsibility to constantly ask ourselves whether we are operating in a sustainable way, and we have to make changes where we can. We believe that companies that operate sustainably are more successful in the long term. In a locally-produced TV advertisement, featured in the spring campaign, we demonstrated the power of unity and "We together" by showing everyday people.

Musical micro-oases

As part of our campaign to raise awareness of the importance of combating climate change, we created music-playing micro-oases at two tram stops in Budapest, where you could listen to live music produced by the vibrations of living plants. The plant installations were set up at two busy intersections, on Széna tér and Szent Gellért tér. Music generated from the bio-vibrations of the plants was played with the help of sonification technology at the stops, which were decorated with living plants with root balls, including ivy, sedge, and forest moss. This forward-looking initiative has attracted the attention not only of the residents of Budapest, but also of foreigners. The campaign idea won a CLIO award in New York, which was conferred by a jury of international experts who selected the best of tens of thousands of entries. In addition to gaining recognition from CLIO, our campaign was also shortlisted in two categories of The One Show international competition, and was awarded a gold prize in two categories and a grand prize at the PR Excellence Hungary Awards.

The action also generated considerable interest on social media: the campaign messages on Facebook and Instagram attracted more than 550,000 views, with an additional 53,000 TikTok users, while related PR activities reached more than four million people. An English-language summary video presenting the campaign can be viewed on this page.

Mind shaping

In order to be more authentic for the Hungarian people and to bring sustainability closer to them, and at the same time encourage them to be more committed to this issue, we are making a Hungarian film with two main characters, the world-renowned climate researcher Diána Ürge-Vorsatz and Sara Szele, a young and enthusiastic environmentalist who embodies the future generation, and a participant in the joint video competition of TEDx Danubia and E.ON.

Sponsorship

The EHU Companies are committed to sponsoring Hungarian sports and cultural life, as well as key domestic programmes and events. Our most important goal is to create value for Hungarian society, as well as representing and promoting the reputation and values of the E.ON brand through these sponsorship collaborations. We also aim to work together to create a more sustainable and better future, to improve the lives of people and communities through our activities, and to provide lasting experiences.

E.ON for sustainable transportation

Blinkee.city electric scooters

The stationless electric scooter sharing system blinkee.city was introduced in Poland in 2017, and was such a success that in 2018 it was rolled out in three other countries, namely, Hungary, Croatia, and Spain. Since its launch in Hungary in 2018, the blinkee.city service has had nearly 28,300 registered users in Budapest and Pécs, with mostly young people aged 20-35 renting electric scooters via the telephone application. The number of regular blinkee users has been growing dynamically since its launch. In Budapest the service operated with 210 scooters and in Pécs with 40 in 2021.

The keyless community electric scooter sharing system can be managed via a mobile application. Once registered, the user can use the application's map to select the nearest available vehicle. A prepaid budget is not required for using the service, as payment is based on a per-minute fee. The scooters can be ridden by anyone over 16 years of age who has held a driving licence of at least AM category for more than six months. The blinkee.city electric scooters belonging to the moped category are capable of travelling up to 60-70 km with their 3.1 KW engine power and 35 Ah batteries. The vehicles' batteries are constantly checked by blinkee.city technicians, and those that need recharging are replaced.

Naturally, in addition to carefree riding, safety is the most important thing, so it is mandatory to wear crash helmets on vehicles, which are part of the standard equipment on scooters, as well as disposable sanitary headgear.

The EHU Companies have been providing e-mobility services for several years, not only selling chargers, but also providing the implementation and ongoing operation. Supporting the blinkee.city electric scooter-sharing service represents a significant step on the road to promoting electric transportation.



E.ON for sports in Hungary

E.ON is a major sponsor of the Hungarian Water Polo Federation

Our core values include collaboration, setting inspiring goals, continuous development and celebrating success together. These values can also be found in sports, especially in water polo: teamwork, the inner drive to always perform better, and celebration.

Since 2014, we have been the main sponsor of the Hungarian Water Polo Federation and the title sponsor of the OB I. national championship. We were also the official partner of the federation in the domestic organisation of the 2020-2021 LEN Champions League.

A special partnership with domestic triathlon

Since January 2020, we have also been involved in sponsoring the triathlon in Hungary, not only through the cooperation agreement with the Hungarian Triathlon Federation, but also through sponsorship aimed at young athletes in particular. We believe that this will give new impetus to the sport, which is already gaining popularity in Hungary. We trust that our support will lead to the revival of the sport and the appearance and success of even more talent. In 2021, we supported the personal training of three of the top individual competitors who we strongly support, namely, Zsanett Bragmayer, Bence Bicsák, and Csongor Lehmann.

The EHU Companies are the title sponsor of the Hungarian Junior Ranking Series and the E.ON Elite National Championship.

Musical experiences together, energy awareness

The EHU Companies are committed to the new energy world. This new world means innovative thinking, attitudes, and solutions for us, and we aim to enter this world by reaching out to the younger generation and actively involving them. Not only do we sponsor the favourite music events of the next generation, but with our programmes we also strive to draw young people's attention to the importance of energy and the importance of environmental awareness. In 2021 we sponsored the Balaton Part Festival and the Paloznak Jazz Picnic. Both festivals offered a range of sustainable solutions for those who wanted to relax and recharge, such as, for example, solar-powered mosquito repellent and free-to-use telephone chargers at Balaton Part. The festival also offered solar-powered showers and refundable eyeglasses for those looking for fun and relaxation.

E.ON for sustainable communities

Green Guide Online – Hungary's first digital green compass

The Green Guide Budapest project was launched in 2019 with a bilingual green map of the city centre's parks, markets, planet-friendly restaurants and other sustainable businesses and initiatives, connecting small businesses with conscious city dwellers and visitors to the capital. Since 2020, the team has been helping city residents green their lifestyles by sharing useful information and practical tips through social media, thanks to which the Green Guide project has now developed a follower base of several thousands.



Inspired by the success of the project, the team decided to continue to promote positive attitudes in the online space and to develop a comprehensive sustainability platform.

In the spring of 2021, the EHU Companies backed their initiative, which led to the development of the project and the creation of Hungary's first digital green compass: the Green Guide Online. With the involvement of independent sustainability experts, the Green Guide team has developed a criteria system for assessing businesses, thereby laying the foundation for the platform to provide an authentic and objective interface for presenting the conscious efforts of the businesses on the site and sustainable urban life.

The aim of Green Guide Online is to bring together sustainable businesses and green initiatives from various market sectors by filling a niche, and to present green trends in a comprehensible and attractive way, providing filtered information to bring positive inspiration to even more people, encouraging conscious action by both city dwellers and businesses.

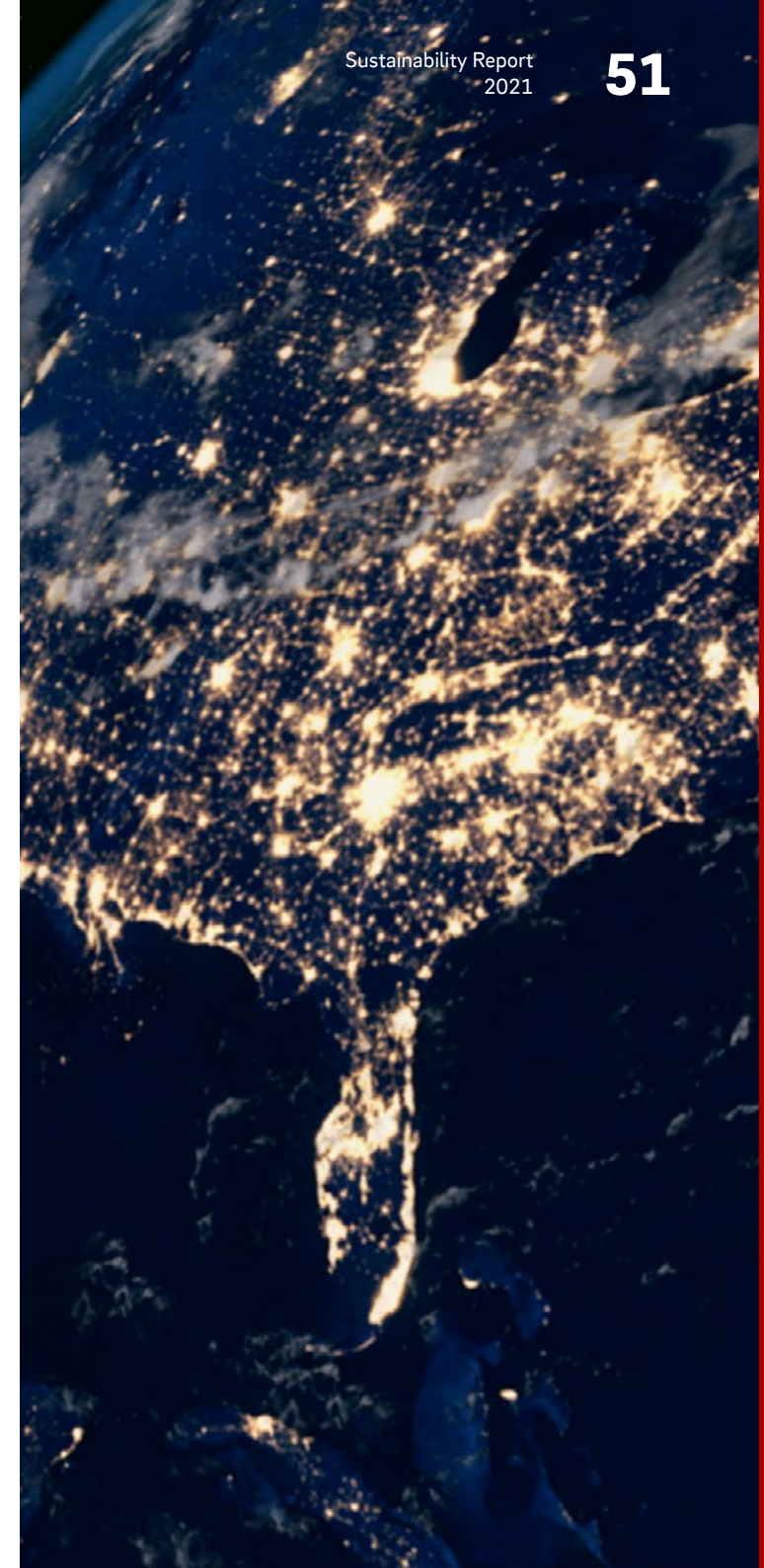
Anyone can be part of the change and join the community of the friends of the planet. [You can register on the site here.](#)

V-GO community building and awareness-raising application

On the 22nd of April, 2021, on Earth Day, Magyar Innováció és Hatékonyság Nonprofit Kft., which operates the Virtual Power Plant Programme, the leading sustainability programme in Central and Eastern Europe, launched its long-term, pilot sustainability knowledge and training programme, the "Across Age Groups for the Environment (3K)" (in Hungarian: „Korosztályokon Keresztül a Környezetért (3K)”) initiative, which is unique in Hungary and Europe and aims to deepen the intellectual and emotional elements of young people's understanding of the environment, sustainability, climate protection and the green economy.

The programme, which is also supported by the EHU Companies, aims to encourage children and young adults aged 3-25, and through them their parents and grandparents, as well as possibly companies and other social groups, to adopt a more sustainable lifestyle, using interesting and easily adoptable methods, not only at the level of lexical knowledge, but also by teaching them the appropriate forms of behaviour and emotional identification packages, according to their current level of receptiveness and abilities at each stage of their lives.

The application is available [here](#).



Donation, support

[GRI 2-15]

The support policy of the EHU Companies offers a wide range of opportunities for financial and in-kind donations. To the best of our ability, we undertake the role of a supporter of Hungarian social, sports and cultural life every year. We decide on collaborations related to donations in accordance with strict principles and rules, which have been developed by the international E.ON Group guidelines and needs in Hungary.

We prefer long-term partnerships that have been successful for several years, programmes that reach many people, and trusted, transparent cooperation at organisational level.

However, we are also open to new collaborations. Six times a year, we select the programmes and initiatives that we believe are important from the inquiries we receive, as well as the applications submitted to our the continuously available tenders for non-governmental organisations. For a list of NGOs supported by the Donations Committee, which meets at least six times a year, and more information on how to apply, click [here](#).

In 2021, we supported the programmes of twenty-three different NGOs with a total of 9 million HUF.

List of organisations that received funding in 2021

Organisation that received support	Support amount
First tender cycle	
The Digital Knowledge Academy Non-profit Association	406,000 Ft
The Together for Children with Cancer Foundation	300,000 Ft
The Veni Vidi Vici Foundation	400,000 Ft
The S.O.S Krízis Foundation	304,000 Ft
Second tender cycle	
The Association for the Rehabilitation of Visually Impaired Persons	1,015,000 Ft
The Free University Association of Secondary School Students	150,000 Ft
The Sebajda Association	425,000 Ft
Third tender cycle	
The Bagázs Non-profit Association	235,000 Ft
The BME Management College	470,000 Ft
The "Névtelen Utak" Foundation	570,000 Ft
The Adománytaxi Foundation	165,000 Ft
The Romaversitas Foundation	200,000 Ft

Organisation that received support	Support amount
Fourth tender cycle	
The International Society of Youth and Students for Peace	82,000 Ft
The Invisible School Foundation	180,000 Ft
The Rosa Parks Foundation	575,000 Ft
The "Kompánia" Foundation	500,000 Ft
The "Gézengúz" Foundation	350,000 Ft
Fifth tender cycle	
The Vinibike Bicycle Sports Club	640,000 Ft
The Society for the Culture of Science and Technology	500,000 Ft
The Foundation for Health with Soul	360,000 Ft
Sixth tender cycle	
The BME Management College	300,000 Ft
The Hungarian Ambulance Service Foundation	1,200,000 Ft
The Pécs Down Foundation	806,000 Ft
The "Juszt-is Teszünk!" Foundation	200,000 Ft



Industry organisations

[GRI 2-28]

Due to its position in the Hungarian energy market, the EHU Companies are represented in several industry and other professional organisations.

The BCSDH

The Business Council for Sustainable Development in Hungary (BCSDH) is the domestic organisation of the World Business Council for Sustainable Development (WBCSD).

The BCSDH is an organisation embracing 110 companies, including the EHU Companies, whose members believe that their activities can contribute to a sustainable future, and who are therefore active in several areas of the economy and society. The EHU Companies play a professional coordinating role in the work of the BCSDH regarding sustainability, shaping a common future and responsibility, and support and actively participate in several of its programmes.

Zsolt Jamniczky, Deputy CEO of E.ON Hungária Zrt., member of the Board of the Business Council for Sustainable Development in Hungary (BCSDH).

The HBLF

The Hungarian Business Leaders Forum (HBLF) is Hungary's major CSR organisation. It is an NGO of nearly one hundred Hungarian and international companies, with leading executives, decision-makers, and recognised experts of the business sector. Its mission is to promote the social, economic, and environmental sustainable development of Hungary through the active participation of its members.

Zsolt Jamniczky, Deputy CEO of E.ON Hungária Zrt., director and member of the Board of the Hungarian Business Leaders Forum (HBLF).

The Hungarian Association of Executives

The Hungarian Association of Executives is a professional association of senior managers of companies and institutions operating in Hungary that has been operating since 1993. The EHU Companies participate in the association's sustainability efforts, such as the Managers for Society - Focus on the Future! conference. Attila Kiss, who was the Chairman and CEO of E.ON Hungária Zrt. until June 30, 2022, is a board member of the Hungarian Association of Executives.

The EHU Companies' memberships in industry associations, domestic and international representative organisations:

[AHK Deutsch-Ungarische Industrie- und Handelskammer](#)

[AMCHAM American Chambers of Commerce](#)

[CIGRE](#)

[CIRED](#)

[E.DSO for Smart Grids](#)

[The Energy Innovation Council \(EIT\)](#)

[The Scientific Association for Energy Management \(ETE\)](#)

[EU DSO Entity](#)

[EURELECTRIC](#)

[The GTTSZ Federation of Management and Scientific Associations](#)

[The Jedlik Ányos Cluster](#)

[The Future Mobility Association](#)

[The LEI \(Lean Enterprise Institute\) Association in Hungary](#)

[The Hungarian Donors Forum](#)

[The Hungarian Battery Association \(HUBA\)](#)

[The Hungarian Electromobility Association](#)

[The Hungarian Electrotechnical Society](#)

[The Hungarian Energy Traders' Association](#)

[COGEN Hungary \(MKET\)](#)

[The Hungarian Marketing Association](#)

[The Hungarian PR Association](#)

[The National Association of Hungarian Spokespersons](#)

[The Hungarian Corporate Compliance Society](#)

[The Society of HUNGARIAN-BAVARIAN Friendship](#)

[The MATÁSZSZ district heating generators' association](#)

[MSZÉSZ \(The Association of Hungarian Hotels and Restaurants\)](#)

[The National Hydrogen Technology Platform](#)

[The NVMT Hungarian Society of International Companies](#)

[SmartFuture Innovation Cluster Nonprofit Kft.](#)

[The Voluntary Centre Foundation](#)

[The Advertising Self-Regulatory Board](#)

[The Hungarian Section of the World Advertising Association](#)

[The Treasury Club](#)

[The Zero Carbon Centre](#)

Stakeholders



The stakeholders of the EHU Companies are those groups that have an impact on the achievement of the group's objectives or who have an interest in it. As a first step in developing our sustainability strategy, we conducted a comprehensive survey with our customers, employees, suppliers, NGOs, and future generations, to identify their views and gather their suggestions on our sustainability activities.



Stakeholder survey

In addition to direct liaison, stakeholder engagement was implemented through a stakeholder survey on sustainability in autumn 2021 and will be repeated periodically thereafter.

During the mapping of the essential topics required for the sustainability report, in addition to the industry expectations arising from our core business and our strategic objectives, we also considered the focal points defined by our stakeholders.

Our stakeholders were asked to give their opinions on various sustainability topics in an anonymous online survey.

In the survey, we wanted to know how the respondents assessed the sustainability performance of our group and what suggestions they had for making our operations more sustainable.

The survey shows that for the majority of our stakeholders the following areas were of high priority:

- Reducing emissions,
- Sustainable coordination,

- Sustainability in the supply chain,
- Innovative, sustainable energy services for customers,
- Innovation for sustainability,
- Health and safety at work,
- Social engagement, dialogue, and
- Cooperation in environmental and social issues

Our stakeholders found that the EHU Companies may mostly contribute to the goals of:

- **SDG7:** Affordable and clean energy,
- **SDG8:** Fair work and economic growth,
- **SDG9:** Industry, innovation, and infrastructure,
- **SDG12:** Responsible consumption and production, and
- **SDG13:** Taking action against climate change.

We will continue to think and work together with our stakeholders, so we encourage everyone to share their comments, ideas, and opinions with us at the e-mail address fenntarthatosag@eon-hungaria.com.





“One of the most important core values of the EHU Companies is caring about each other. The health and safety of the members of our employee community is of paramount importance to us, as they provide the energy for our company. In addition to creating a motivating working environment, equal opportunities, and employee satisfaction, we place great emphasis on protecting their physical and mental health. We have a range of programmes to help our employees receive the widest possible range of information to preserve their health and increase their health awareness, whether that is about nutrition, exercise or maintaining mental balance.”

Mária Janka
Director of Human Resources
and Organisation

Our employees

We are committed to the continuous improvement of the work environment and the well-being of our employees. Our mission in HR is to enable them to fulfil their potential, both professionally and as individuals, thereby ensuring our competitiveness in the energy market.

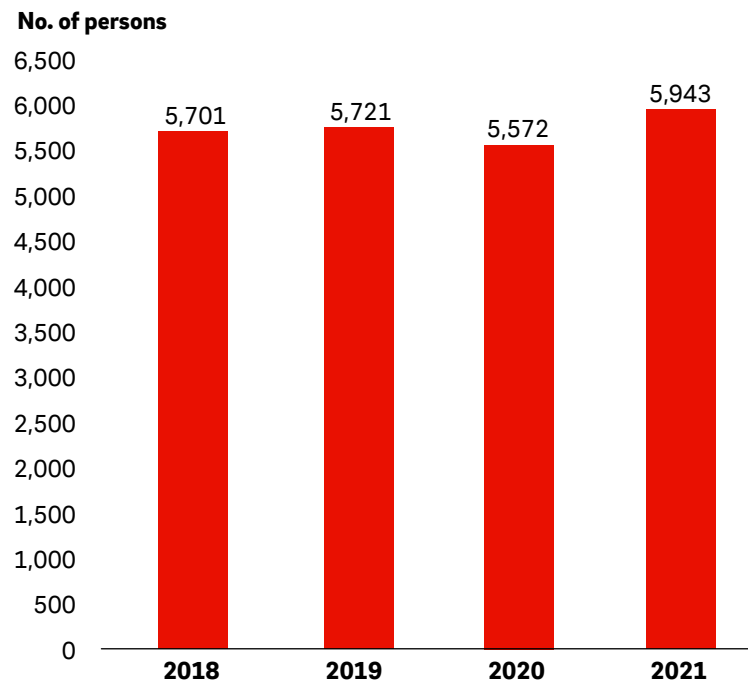
Work environment

[GRI 2-7] [GRI 2-8] [2-20] [GRI 2-30]
[GRI 3-3] [GRI 401-1] [GRI 401-2]
[GRI 401-3] [GRI 402-1] [GRI 407-1]

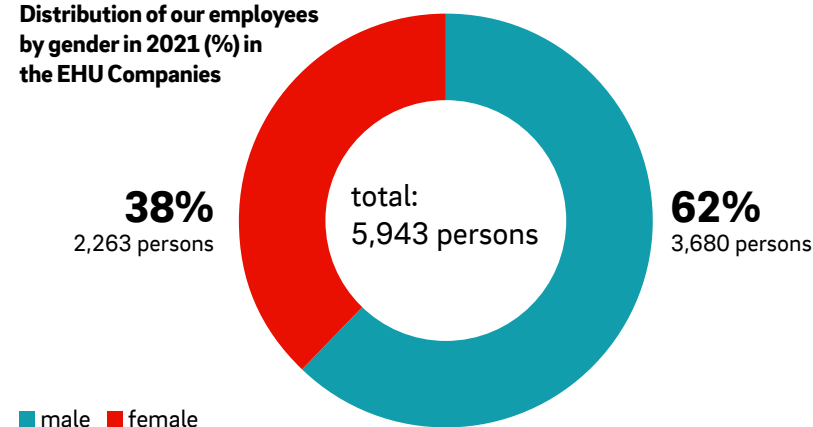
The implementation of the business goals of the EHU Companies is supported by the 74-member Directorate of Organisation and Human Resources. Among the organisational units that operate according to the Ulrich model, the groups responsible for personnel administration operate in Pécs, the strategic support, experts, and personnel service functions in Budapest. Our HR department performs its activities under the supervision of the CEO of E.ON Hungária Zrt. and in accordance with Hungarian labour law.

At the end of 2021, 5,943 employees worked for our group. This includes our full-time and part-time employees, as well as those employed under fixed-term and indefinite-term contracts. Of these, 3,680 are men (62% of the total workforce) and 2,263 are women (38% of the total workforce). The share of fixed-term and part-time employees is not significant compared to the total number of employees. We employed 107 women and 75 men on fixed-term contracts, and 63 people worked part-time (51 women, 12 men). In addition, we worked with 384 contractors who were not employed by the company.

Total number of employees



Distribution of our employees by gender in 2021 (%) in the EHU Companies



Number of employees per member company, by gender in 2021

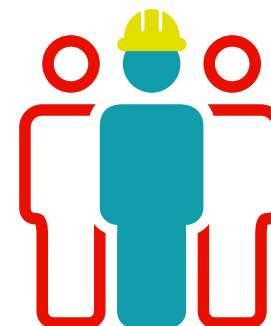
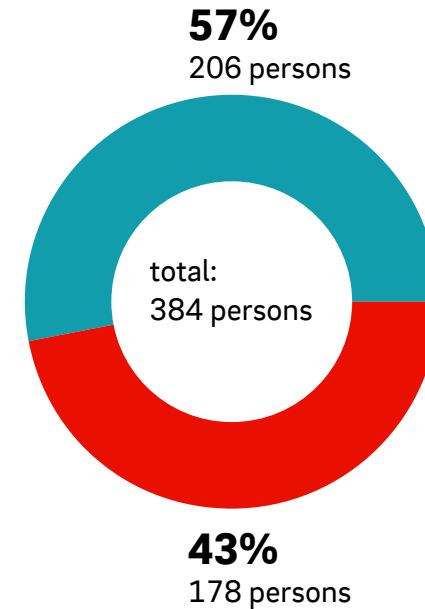
Member company	Male (persons)	Female (persons)	Total (persons)
E.ON Dél-dunántúli Áramhálózati Zrt.	799	203	1,002
E.ON Dél-dunántúli Gázhálózati Zrt.	192	45	237
E.ON Energiamegoldások Kft.	176	149	325
E.ON Energiatermelő Kft.	27	8	35
E.ON Észak-dunántúli Áramhálózati Zrt.	989	252	1,241
E.ON Gazdasági Szolgáltató Kft.	148	212	360
E.ON Hungária Zrt.	124	236	360
E.ON Közép-dunántúli Gázhálózati Zrt.	182	37	219
E.ON Ügyfélszolgálati Kft.	230	887	1,117
ELMŰ-ÉMÁSZ Energiakereskedelmi Kft.	34	41	75
ELMŰ Hálózati Kft.	778	192	970
ELMŰ-ÉMÁSZ Solutions Kft.	1	1	2

Number of employees, per member company and by gender, who are not employed by the company (including DSO vocational students)

Member company	Male (persons)	Female (persons)	Total (persons)
E.ON Dél-dunántúli Áramhálózati Zrt.	41	12	53
E.ON Dél-dunántúli Gázhálózati Zrt.	8	2	10
E.ON Energiamegoldások Kft.	5	15	20
E.ON Energiatermelő Kft.	1	-	1
E.ON Észak-dunántúli Áramhálózati Zrt.	69	10	79
E.ON Gazdasági Szolgáltató Kft.	12	17	29
E.ON Hungária Zrt.	3	18	21
E.ON Közép-dunántúli Gázhálózati Zrt.	6	1	7
E.ON Ügyfélszolgálati Kft.	29	71	100
ELMŰ-ÉMÁSZ Energiakereskedelmi Kft.	-	1	1
ELMŰ Hálózati Kft.	32	30	62
ELMŰ-ÉMÁSZ Solutions Kft.	-	1	1

Number of employees by gender who are not employed by the company (including DSO vocational students)

■ male ■ female



In 2021, a total of 315 employees were absent for a longer period due to childbirth, of whom 85 returned and 60 were still working for us after twelve months. The return of mothers with young children is supported by the Maternity Contact Network and the Return to Work Agreement. Under the Return to Work Agreement, expectant mothers may enter into a pre-arranged agreement with their superiors, detailing the framework for their cooperation from giving birth to returning to work. Since its introduction, 93 staff members have taken advantage of the Return to Work Agreement. The maternity liaisons are volunteer staff members who have agreed to help E.ON workers on parental leave to maintain workplace contacts and access workplace information. We have furnished a child-friendly room in our central office building at 17 Váci út, so that our employees can come to work with their children if they need to, and their children can play with toys next to their parents' workstation.

Number of employees on extended parental leave, by gender in 2021

	Male (persons)	Female (persons)	Total (persons)
EHU Companies	6	309	315

Number of employees on extended parental leave in 2021, per member company and by gender

Member company	Male (persons)	Female (persons)	Total (persons)
E.ON Dél-dunántúli Áramhálózati Zrt.	-	9	9
E.ON Dél-dunántúli Gázhálózati Zrt.	-	3	3
E.ON Energiamegoldások Kft.	1	22	23
E.ON Energiatermelő Kft.	-	2	2
E.ON Észak-dunántúli Áramhálózati Zrt.	1	31	32
E.ON Gazdasági Szolgáltató Kft.	-	11	11
E.ON Hungária Zrt.	-	55	55
E.ON Közép-dunántúli Gázhálózati Zrt.	-	1	1
E.ON Ügyfélszolgálati Kft.	1	132	133
ELMŰ-ÉMÁSZ Energiakereskedelmi Kft.	-	22	22
ELMŰ Hálózati Kft.	3	20	23
ELMŰ-ÉMÁSZ Solutions Kft.	-	1	1

Number of employees returning to work after a long-term absence in 2021, by gender

	Male (persons)	Female (persons)	Total (persons)
EHU Companies	3	78	81

Number of employees returning to work after a long-term absence in 2021, per member company and by gender

Member company	Male (persons)	Female (persons)	Total (persons)
E.ON Dél-dunántúli Áramhálózati Zrt.	-	5	5
E.ON Dél-dunántúli Gázhálózati Zrt.	-	2	2
E.ON Energiamegoldások Kft.	1	2	3
E.ON Energiatermelő Kft.	-	-	-
E.ON Észak-dunántúli Áramhálózati Zrt.	-	8	8
E.ON Gazdasági Szolgáltató Kft.	-	4	4
E.ON Hungária Zrt.	-	9	9
E.ON Közép-dunántúli Gázhálózati Zrt.	-	1	1
E.ON Ügyfélszolgálati Kft.	1	35	36
ELMŰ-ÉMÁSZ Energiakereskedelmi Kft.	-	10	10
ELMŰ Hálózati Kft.	1	2	3
ELMŰ-ÉMÁSZ Solutions Kft.	-	-	-

Number of employees returning after a long absence and still working for the company after 12 months in 2021, by gender

	Male (persons)	Female (persons)	Total (persons)
EHU Companies	3	56	59

Number of employees returning after a long absence and still working for the company after 12 months in 2021, per member company and by gender

Member company	Male (persons)	Female (persons)	Total (persons)
E.ON Dél-dunántúli Áramhálózati Zrt.	-	4	4
E.ON Dél-dunántúli Gázhálózati Zrt.	-	2	2
E.ON Energiamegoldások Kft.	1	22	23
E.ON Energiamegoldások Kft.	1	1	2
E.ON Energiatermelő Kft.	-	-	-
E.ON Észak-dunántúli Áramhálózati Zrt.	-	8	8
E.ON Gazdasági Szolgáltató Kft.	-	3	3
E.ON Hungária Zrt.	-	7	7
E.ON Közép-dunántúli Gázhálózati Zrt.	-	1	1
E.ON Ügyfélszolgálati Kft.	1	27	28
ELMŰ Hálózati Kft.	1	1	2
ELMŰ-ÉMÁSZ Energiakereskedelmi Kft.	-	2	2
ELMŰ-ÉMÁSZ Solutions Kft.	-	-	-



Total number of new entrants in 2021: breakdown by age group and gender, per member company

Member company	Male			Total percentage of men	Female			Total percentage of women
	Under the age of 30	Between 30 and 50 years	Over 50 years		Under the age of 30	Between 30 and 50 years	Over 50 years	
E.ON Dél-dunántúli Áramhálózati Zrt.	11.5%	37.6%	30.5%	79.6%	1.9%	12.0%	6.3%	20.4%
E.ON Dél-dunántúli Gázhálózati Zrt.	5.1%	39.7%	36.3%	81.0%	0.8%	13.1%	5.1%	19.0%
E.ON Energiamegoldások Kft.	8.3%	39.7%	6.2%	54.2%	5.9%	37.8%	2.2%	45.8%
E.ON Energiatermelő Kft.	20.0%	51.4%	5.7%	77.1%	5.7%	17.1%	-	22.9%
E.ON Észak-dunántúli Áramhálózati Zrt.	12.0%	40.0%	27.7%	79.7%	1.3%	14.4%	4.6%	20.3%
E.ON Gazdasági Szolgáltató Kft.	1.4%	25.6%	14.2%	41.1%	3.9%	39.4%	15.6%	58.9%
E.ON Hungária Zrt.	2.2%	27.8%	4.4%	34.4%	5.0%	53.9%	6.7%	65.6%
E.ON Közép-dunántúli Gázhálózati Zrt.	8.2%	35.6%	39.3%	83.1%	0.5%	12.3%	4.1%	16.9%
E.ON Ügyfélszolgálati Kft.	4.5%	13.5%	2.6%	20.6%	19.1%	52.5%	7.8%	79.4%
ELMŰ-ÉMÁSZ Energiakereskedelmi Kft.	-	22.2%	22.9%	45.1%	3.0%	47.9%	4.0%	54.9%
ELMŰ Hálózati Kft.	10.8%	44.2%	25.0%	80.0%	1.2%	13.1%	5.7%	20.0%
ELMŰ-ÉMÁSZ Solutions Kft.	-	50.2%	-	50.2%	-	48.8%	-	48.8%

Collective bargaining agreement, remuneration

[GRI 2-30]

90% of our group's employees are covered by a collective bargaining agreement, 50% of which are covered by a two-level collective bargaining agreement at sectoral and local level. The employees of E.ON Hungária Zrt. are not covered by any collective bargaining agreement, given that there is no representative trade union in E.ON Hungária Zrt. that is entitled to conclude a collective bargaining agreement.

In the case of companies that are covered by collective bargaining agreements, the representative bodies have the right to consult with the employer, in accordance with the law. The reconciliation of interests is the holding's central area of responsibility. In all cases required by law, the employers' side (hereinafter referred to as the employer) consults the organisations in advance and informs them about the draft of the employer's decision.

The relationship between the employer and the employee representatives is facilitated by monthly consultation meetings, and in the case of significant business decisions and organisational changes, separate, ad hoc consultations are held.

We provide an ongoing opportunity for consultation, our employees may contact the employer's representative about any issue, and we can provide explanations and interpretations of legal provisions or those of the collective bargaining agreement, if necessary.

In determining the remuneration of our employees, we always seek to ensure that it is based solely on professional experience and qualifications, in accordance with the collective bargaining agreement. No distinction is made between male and female employees holding the same positions. Remuneration policies and processes are developed and amended with the involvement of employee representatives. Up to middle management level, remuneration is determined by top management in Hungary, and above this level by the international E.ON SE.

The employees of the EHU Companies receive the following fringe benefits, which are payable to employees with both fixed-term and permanent contracts:

Employee Incentive Allowance: a monetary allowance, which is paid for the time spent in active employment and which depends on the job classification level. It is not part of the basic personal salary and is not performance-related.

Performance bonus: colleagues can receive an incentive bonus based on the annual target and performance evaluation.

Cafeteria: our employees may choose from a range of elements that are reviewed each year and charged to their Cafeteria allowance. We take out group health insurance for all our employees, under which our colleagues may use outpatient care and preventive screening tests at private health institutions and medical providers. They may also extend the service to their family members for a preferential fee.

Group accident and life insurance: The EHU Companies take out group accident and life insurance for all employees. If our employees have an accident at work or outside the workplace, we support them in their recovery and recuperation.

Holiday Resorts Network: The EHU Companies ensure the recreation and relaxation of their employees by operating their own resort network, offering discounted reservation rates.

Support for obtaining driving licences: We provide support for our young electrician employees who do not yet have enough savings or income to be able to obtain a driver's license.

Housing loan programme: Each year, our group sets aside an amount to support the employees' housing plans. The loan is free of interest and charges. Our employees can receive an employee loan through a successful application. This benefit is not available to employees with a fixed-term contract, since in all cases the contracts expire faster than the tenor of the loan.

Psychological support: As a responsible employer, the EHU Companies provide psychological support to their employees, either employed or hired, to preserve and restore their mental health, and to resolve mental disorders and crises of various origins.

Mobility support: Employees who accept employment with an EHU Companies company in another part of the country, far from their place of residence, may receive financial support.

Employee referral programme (MAP): Our colleagues in their circle of contacts can recommend the currently open positions of the EHU Companies as defined in the MAP regulations, as well as any position for applicants with a reduced work capacity. In the event of a successful referral, they receive a monetary reward.

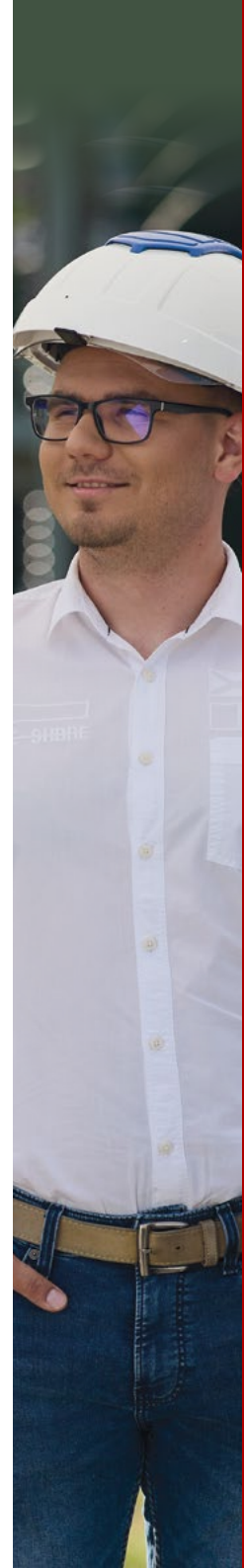
Study grant: We conclude a study contract with our employees if the chosen training provides them with the skills and qualifications necessary to perform their job or to perform their job more effectively and to a higher standard, and this is supported by their supervisors.

Caring - For each other Foundation: The aim of the foundation is to support our socially vulnerable employees in maintaining their ability to work, to continue their best performance, to improve their (difficult) living circumstances and to nurture their talents, with the following benefits and support: social benefit (for employees and pensioners); social allowance; school enrolment allowance; crisis relief allowance; rehabilitation allowance; support for I.V.F. programme; training for community activities; support for professional development; support for higher education.

Reimbursement of the cost of eyeglasses: If our employee works in front of a screen and the ophthalmologist and the company physician decide that he or she needs glasses to work, we will contribute to the cost of preparing the glasses.

Reimbursement of travel expenses to work: We support the commuting of our employees from outside the administrative border to work, whether they use public transport or come with their own car. If our employee uses public transport (train, bus, etc.), we will reimburse 86% of the cost of the ticket or pass. If they drive their own car, they will be reimbursed by 15 HUF per km.

Corporate Loyalty Programme: The aim of this programme is to retain our key employees for the long term. Employees above a certain job level can be included in the loyalty programme, based on the decision of the board of directors. The beneficiary will receive a one-off cash bonus or other (for example, sabbatical) one-off benefit three years after the decision is taken, if he or she is still an active employee. Since fixed-term contracts are typically shorter than three years, employees with fixed-term contracts are not entitled to this bonus.



The health and safety of our employees

[GRI 3-3]

Occupational safety is a key value in the life of the EHU Companies, so it plays a prominent role in all our activities and decisions. We take responsibility for the safety, health and environmental protection of our employees and contractors. Following the principles of Caring Culture and Safety First, we do our utmost to ensure that these values are part of all our lives, even outside working hours, and that we have an impact on the society around us. All accidents, even the smallest, present a risk to the health of our employees. That is why we expect everyone - whether employee or contractor - to meet our strict security standards.

Safety at work is affected by many external and internal factors, and we try to control, manage, and reduce risks simultaneously through training, awareness raising, risk assessment and mitigation, inspections, and sharing experience about accidents.

We operate an Integrated Management System and our policy also covers occupational safety. In addition, it reflects the commitment of the management. We also regulate, provide instruction, and raise awareness of all relevant work and environmental processes in the form of internal directives.

We continuously monitor our HSE (Health, Safety, Environment) performance and improve our actions through continuous improvement. For new activities, we perform risk management to mitigate hazardous situations. Through awareness raising and instruction, we aim to empower everyone to identify risks and take appropriate action.

We monitor HSE performance indicators and trends, and if new measures and focal points are necessary, we implement targeted improvements in the spirit of PDCA (Plan-Do-Check-Act). We also review and share the results and experience of accident investigations to focus on the root causes to prevent reoccurrence.

In addition, we conduct external and internal audits and inspections to inspect the efficiency of our processes.

The Occupational Health and Safety Management System

[GRI 403-1, 403-8]

As part of the Integrated Management System, our group operates an ISO 45001 (MEBIR) certified Occupational Health and Safety Management System (MEBIR) in accordance with the central parent company and Hungarian legal requirements, covering 100% of our employees. The management system is certified annually by an independent external auditor.

As decided by senior management, the management system itself has been implemented and operated in all member companies of the group, but we have it audited by a third party only at such companies where the level of risk justifies it. Accordingly, in the case of E.ON Ügyfélszolgálati Kft. and our other member companies performing administrative activities, the involvement of an external auditor is not justified due to the low risk level of the management system.

The scope of application of the certified MEBIR of the EHU Companies does not cover the employees of contractual partners and suppliers. However, if work is carried out at a site belonging to the involved partners, it also affects the safety of the people residing there, the workers and the affected parties. Several of our main suppliers have systems certified according to the ISO 45001 standard.



Risk assessment

[GRI 403-2, 403-7]

The activities of the EHU Companies' member companies differ significantly with regard to occupational safety risks. The activities related to the distribution network involve the highest risks, such as electrical hazards (electric shock, or arc effect) and working at height. Transport is a general source of risk that affects many jobs and companies, mainly because of the long distances travelled. Trips, falls, and various stings and bites are among the more frequent but less serious incidents and risks.

The ALARP (As Low As Reasonably Practicable) and risk pyramid principles are applied in risk assessment. The first goal is to reduce risks to a level that is still viable and economically achievable, and the second principle seeks to reduce risks primarily by eliminating the threat, using protective devices or collective protective measures. The use of personal protective equipment is therefore only the last level of protection.

We use a three-level assessment for the activities with the highest risk:

- We translate the results of the mandatory risk assessments required by the Occupational Safety and Health Act into measures and messages to be delivered in training courses.
- During the work preparation phase (organisation site inspection by the designer, safety and health plan, use of a coordinator, etc.), the risks of the construction project and the ways of mitigating them are already identified and this information is provided to the work team or the contractor in advance.
- Immediately before the start of the work, we conduct a Last Minute Risk Assessment (LMRA), which is performed by the work team under the direction of the supervisor at the work site, taking into account the conditions prevailing on the day (for example, weather, changes in conditions since the preparation of the work).

In addition, we implement the following risk assessment and mitigation methods:

- We conduct HSE risk assessments for the introduction of new products or technologies and for changes in activities.
- Our suppliers are expected to conduct a risk assessment similar to our own activities (project risk identification + LMRA).
- In our supplier pre-qualification process, we seek to mitigate contractor risks and conduct audits based on performance.
- We also conduct a risk assessment in relation to the tools and equipment used - this is also part of the legal requirement.
- Security risks arising from the network and equipment are managed by the DSOs.

The activities related to risk assessment are regulated in the form of internal written directives, and our employees also attend training sessions and workshops on the methods. We conduct field visits and inspections to improve quality; in 2020 and again in 2021, we conducted an on-site risk assessment audit.



Our employees have the right and the obligation to report unsafe working conditions and situations, and may refuse to work if they experience such situations. The principle of Safety First is applied, instruction is provided, and attention is drawn to it in ongoing communication with both our employees and those of our contractors.

We are also committed to a caring culture, regardless of job classification. When reporting a quasi-accident, our staff should not expect any sanctions, because we consider prevention and a culture of making mistakes and learning to be of paramount importance.

The investigation and reporting of accidents and the handling of the lessons learned are governed by an internal directive that complies with national legislation and parent company requirements. We categorise incidents not only on the basis of actual consequences (for example, a minor hand injury with a moderate outcome), but also on the basis of quasi-accident potential (what might have happened, what could have been the worst outcome, for example, high potential of electric shock). The depth of the investigation and the person of the examiner (with a specialisation in HSE or the relevant field of expertise) also depend on this. For detailed investigations, we employ a root-cause analysis method, digging deep and seeking to uncover the causes at organisational level. The approved measures are recorded in the central HSE application, indicating the person responsible and the deadline. The summaries of the accident reports are shared with the entire organisation in the form of "consultation hours" and briefing materials and training sessions, so that our employees are informed of the lessons learned and thus avoid the recurrence of an accident.

Audits after high-potential accidents and incidents are conducted by the HSE department one year after the occurrence of the incidents, not only for the affected area, but also comprehensively for other affected areas of the group. This is not only limited to the introduction and implementation of the measures, but also examines whether the expected effect or change has been achieved.

In accordance with international E.ON Group policy, lessons learned from incidents are shared periodically, so that we can learn together from risks identified by any company in the group to reduce the associated risks before they occur.

Occupational Health

[GRI 403-3]

Our group has a contracted occupational health service provider that is available near all of our major locations. The services are wide-ranging, including occupational aptitude tests and eye examinations, but our employees also participate in risk assessment, site inspections, and the selection of chemical substances and personal protective equipment.

Occupational aptitude tests are conducted annually, after an online application, usually at the nearest physician's office, in accordance with professional protocols. The provision of eyeglasses is a regulated and financially supported process for jobs defined by law.

This service is provided to all employees, and confidential data management is ensured in accordance with the rules of the GDPR both at the company and at the occupational health service provider.



Occupational safety and health advocacy and consultation

[GRI 403-4]

The EHU Companies ensure the operation, election, training, and consultation of the OHS representatives and committees as defined in the Occupational Safety and Health Act. Their powers are guaranteed by the legal framework and, in addition, the employer actively cooperates with them and involves them in HSE developments.

The representatives have formed Health and Safety Committees in most member companies and, with the active involvement of the employers' side, they operate Joint Health and Safety Committees on the basis of cooperation agreements per company and also in the DSOs as a whole.

The Central Labour Protection Board has also been established, bringing together the MVB chairpersons of individual companies to represent their interests more effectively.

Informal consultations between the HSE area and OSH representatives are held on a monthly basis to discuss current issues, areas for improvement and further directions for cooperation.

In addition, the EHU Companies also operate working groups with a focus on OSH development, in which we also involve the employees' representation. The employees' representation is also involved in the drafting of OHS directives and the selection of personal protective equipment.

The OSH Forum meets regularly with the participation of senior management and the Chairman of the Central OSH Board to centrally coordinate OSH activities, as well as to formulate an OSH communication strategy and maintain a focus on occupational safety.

Training on occupational health and safety

[GRI 403-5]

In our group, all new employees are required to attend health, safety, and environmental protection training upon entry. Regular refresher training is also provided annually within the organisational units. Online e-learning courses are available for office workers and offline classroom training for physical workers. In addition to the basic teaching materials, the area manager supplements the training material with specific, relevant risks to cover the specific risks and knowledge of the activity or site.

The instructors are trained in professional skills and teaching methodology. Back-testing is conducted to evaluate the effectiveness of the training, thus ensuring continuous improvement in this area.

There are also, for example, special training sessions or online consultation hours when lessons learned from accidents are presented. In the case of certain more dangerous jobs (for example, working under high voltage), there are qualification requirements linked with special training, and we are developing an internal examination system for these. In the case of special jobs, the qualifications are based on legislation, such as the fire safety qualification or the requirements for a lift truck operator. We ensure the continuous training of our staff.

Field supervisors, as employees with a particularly high level of responsibility in the field, receive special training to enable them to perform their tasks in a more in-depth and professional manner.



Protecting the health of our employees

[GRI 403-6, 403-9, 403-10]

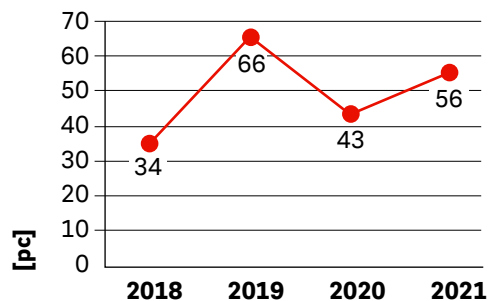
Our group places a strong emphasis on creating and maintaining the healthiest possible working environment. These include providing the best possible work equipment and personal protective equipment, and using the least hazardous chemicals possible. With regard to chemicals, we aim to substitute substances that are more hazardous to health, to minimise their use and to mitigate risks.

The indicators related to occupational safety are interpreted in an extended way in accordance with the GRI standards. We record accidents not only for the E EHU Companies, but also for contractors working at our sites.

In 2021, there were fifty-six accidents in the EHU Companies that had to be reported. These include accidents involving medical treatment, days missed, and serious, life-threatening, and fatal accidents.

Number of accidents involving the group's own employees and contractors in 2021:

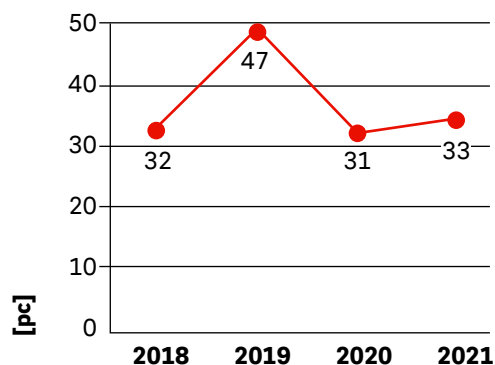
Number of accidents reported



In 2021, two life-threatening or fatal accidents occurred: in one case, a fatal accident occurred to a contractor working at our site, and in one case, one of our employees suffered an accident with life-threatening injuries.

If we examine only those accidents that were suffered by our own workers and involve medical treatment and days missed, the following trend emerges:

Number of accidents reported



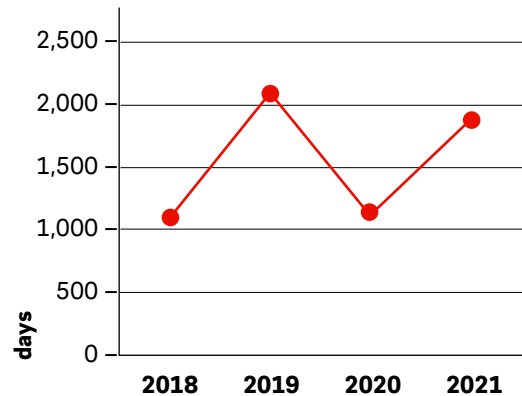
Reportable accidents have been reduced to the level of previous years after a higher number of incidents occurred in 2019. The increased total number of incidents occurring in 2021 is due to an increase in accidents on the contractors' side, resulting from the additional number of contractors resulting from the ELMŮ integration.

Accidents are typically caused by tripping or falling, with a lower incidence of animal attacks (such as dog bites), wasp stings and wounds from stabbing and cutting.

In 2021, a total of 1,917 working days were missed due to accidents at group level. Looking at the data from previous years it is apparent that there is a strong correlation between the number of accidents at work and the number of working days missed. The serious incident frequency rate (SIF) is 0.7, which shows the number of serious accidents per million hours worked in the year concerned.

Working time lost due to work-related injuries (days) during the reporting period

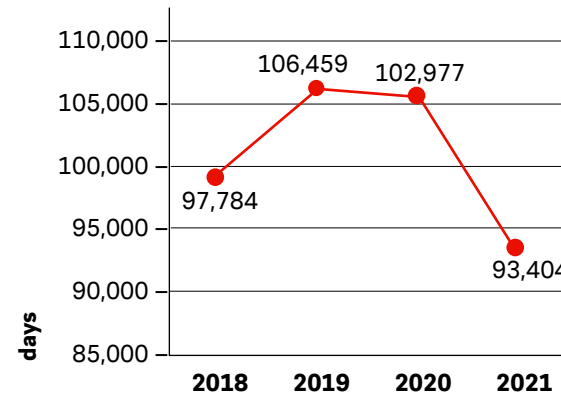
Lost working time due to work-related injury



The value of Total Recordable Incident Frequency (TRIF) was 3.3 in 2021, with the number of hours worked ranging from 18 to 19 million. There were no occupational illnesses during the reporting period.

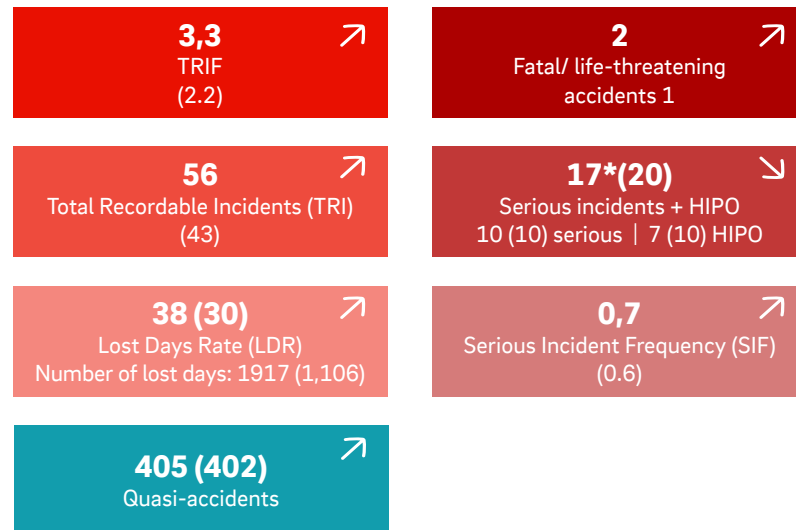
The number of sick days during the reporting period

Number of sick days



In accordance with legal requirements, our employees participate in preliminary and annual job aptitude tests. Thus it can be ensured that the risks and pathological factors of different jobs (for example, working at heights, standing, possible work with chemicals, etc.) are continuously monitored.

EHU HSE Dashboard 12.2021



The information shown is compared to the same period of the previous year.
* Calculated for own, contractor and third party cases.

There are frequent visits to workplaces, as well as order, cleanliness, and safety inspections to determine whether workplaces, sites and other premises comply with safe working conditions that do not endanger health.

Vaccinations against ticks and seasonal vaccines against influenza are available, and the spread of a health-conscious way of thinking about these also plays a prominent role.

Every year (for the ninth time in 2021), we will organise our HSE Hour and HSE Week events to raise awareness, sensitise and encourage activity. We also sensitise and educate managers in this area, so that they can more consciously identify and deal with any psychological or other personal problems that may affect their staff.

In 2021, we organised the FIT.TE.ON series of events as a flagship health programme, spreading healthy lifestyle messages through a variety of presentations, sports activities, and consultations. This was linked to our internal sports competition FittPuli, in which employees formed teams and ran and jogged to collect steps, thus encouraging each other to take exercise.

In addition, the EHU Companies provides a wide range of services in the form of health protection and prevention programmes, such as health screening programmes, individual health complaint management and medical advice, which are available under the insurance scheme. The possibility of sports activities and five psychological consultations to address individual coping difficulties are also provided.

Talent management

[GRI 3-3] [GRI 404-1] [GRI 404-2]

We take great care in selecting our staff and ensuring that everyone has the best job to suit their competences. We identify, develop, and retain young talents with the potential to become outstanding experts or leaders in the years to come.

Employee training

In the EHU Companies, in addition to providing professional training, we place great emphasis on the development of individual skills. We work together with strategic training partners in this regard.

Our main tool for individual skills development is the Open Training Palette, which offers programmes in three major areas:

1. Self-efficacy (self-awareness)
2. Effectiveness in relationships (interaction with others)
3. Tools for efficient work

Individual skills development programmes are also available. We offer courses on the use of a range of office applications, and car driving training is compulsory for employees who hold a company driving licence.

Managers can also benefit from the above programmes, which are complemented by training courses specifically designed to increase their knowledge and tools. In our special programme, we provide tools to solve leadership dilemmas and problems arising from hybrid operations following COVID restrictions.

In the case of collective redundancies, we provide outplacement services to the affected employees through a contracted partner, which can be applied for on a voluntary basis. In the framework of outplacement, we focus on the management of the stress associated with leaving and the transfer of current knowledge of the labour market necessary for a quick job placement in the form of training.

In 2021, we had to implement collective redundancies in the following companies:

- ELMŰ Zrt.: 75 persons, until the 30th of June, 2021
- ELMŰ-ÉMÁSZ Energiakereskedelmi Kft.: 200 persons, until the 31st of December, 2021
- ELMŰ-ÉMÁSZ Solution Kft.: 14 persons, until the 31st of December, 2021

The layoffs were due to the ELMŰ-E.ON integration, which is described in more detail in the section on Responsible Corporate Governance.

Distribution of training hours by gender in 2021

	Headcount (men; persons)	Total training hours (men; persons)	Training hours per person (men; persons/hour)	Headcount	Total training hours (women; persons)	Training hours per person (women; persons/hour)
EHU Companies ¹⁶	3,645	62,816	17.42	2,221	17,004	8.87

The table only includes companies and their employees relevant for the indicator. The number of training hours is lower for ELMŰ Hálózati Kft. because the integration resulted in fewer training opportunities for ELMŰ employees in 2021.

¹⁶ The table only includes companies where the indicator is relevant

Distribution of training hours by gender per member company in 2021

Distribution of training hours by gender per member company ¹⁷	Headcount (men; persons)	Total training hours (men; persons)	Training hours per person (men; persons/hour)	Headcount	Total training hours (women; persons)	Training hours per person (women; persons/hour)
E.ON Dél-dunántúli Áramhálózati Zrt.	799	24,148	30.2	203	1,006,	5.0
E.ON Dél-dunántúli Gázhálózati Zrt.	192	3,219	16.8	45	267	5.9
E.ON Energiamegoldások Kft.	176	2,642	15.0	149	1,865	12.5
E.ON Energiatermelő Kft.	27	622	23.0	8	56	7.0
E.ON Észak-dunántúli Áramhálózati Zrt.	989	24,006	24.3	252	1,184	4.7
E.ON Gazdasági Szolgáltató Kft.	148	1,323	8.9	212	1,552	7.3
E.ON Hungária Zrt.	124	1,742	14.0	236	2,768	11.7
E.ON Közép-dunántúli Gázhálózati Zrt.	182	2,646	14.5	37	138	3.7
E.ON Ügyfélszolgálati Kft.	230	2,294	10.0	887	8,084	9.1
ELMŰ Hálózati Kft.	778	174	0.2	192	84	0.4

Number of training hours per person by employee category on group level in 2021

Average number of training hours per person per employee category [persons/hour] ¹⁸	Senior	Middle	Employee	Expert	Top manager
EHU Companies	6.7	7.9	14.8	12.6	9.1

Succession in the industry

Through our recruitment support programmes, we offer a number of attractive career opportunities, both for students in higher education and for secondary school students, and we also welcome recent graduates with several opportunities that help them start their professional careers.

The scope of our programmes that ensure the continuity of succession in the EHU Companies is wide: it is possible to participate in the following programmes: for trainees, fresh graduates, junior engineers, dual university students, and dual technicians. Among them, only those university students who undertake mandatory professional internships and traineeships are called trainees. Recent graduates and junior engineers are graduate career starters with a university degree.

University students in dual training and students in dual vocational training/technical schools work with us as part of their regular schooling to gain work experience.

17. The table only includes companies for which the indicator is relevant.

18. Training data is not available due to the structure of the data collection prior to the ELMŰ integration, so the aggregated result shown does not include the data of ELMŰ-ÉMÁSZ Energiakereskedelmi Kft. and ELMŰ-ÉMÁSZ Solutions Kft.

Our programmes for students

Trainee programme

It is of particular importance for the EHU Companies to offer opportunities for students in higher education to learn about the specific characteristics of the industry and to gain useful practical knowledge that can be applied in solving real-life professional tasks after they have obtained their degree.

To this end, we offer the following three optional programmes for students, which may be combined:

- 1. Compulsory work experience:** Within the framework set in accordance with the conditions of an institution of secondary or higher education and in a shorter period of time, usually six weeks.
- 2. Thesis writing:** If students request it, we also recommend topics for them, and a professional consultant provides assistance with their work.
- 3. Traineeship:** Usually six months of work, with twenty hours a week, during which students can work on professional and responsible tasks, while their progress is monitored by a professional mentor. Students are employed through so-called school cooperatives.

Dual university education

The dual training programme is a special form of education, in the framework of which electrical engineering students spend one hundred and ten working days a year at EHU Companies, in addition to their theoretical education at university. During this period they will receive practical training that is adjusted to their university studies, so when they graduate, in addition to their professional knowledge, they will also have existing employee competencies and skills.

Our programmes for secondary school students and graduates

The Junior Engineer Programme

The Junior Engineer Programme is a two-year practical training programme for newly qualified engineers both in the fields of electricity and of gas. During the programme, mentors from the engineering office work with junior engineers. Among other things, they hold and organise training courses for them that include elements of professional issues, occupational health and safety matters, technology, and corporate culture. Part of the programme involves becoming acquainted with the different areas and jobs of the distribution network companies (DSO), so that the young people who graduate from the programme can be ideal candidates for a number of engineering jobs.

The Graduate.ON Programme for new graduates

Graduate.on is the flagship succession programme of the EHU Companies, which is offered for new graduates in economics or engineering, primarily for those holding an MSc degree. The aim of the one-and-a-half-year programme is to train highly qualified experts through rotations and place them in the key areas of our companies.

The dual training of technicians and technical school

Students training to become fitters and technicians spend their professional practice time every other week at the EHU Companies. During the practice period, in accordance with the law, they attend a specific training programme based on the school curriculum with a specialist instructor, they receive grades, and their absences must be recorded. A significant part of the curriculum is taught in a workshop environment.



Student work

The opportunities for student work differ from our professional programmes presented earlier. They do not form part of the succession programme, but are designed to alleviate capacity problems, and to perform not essentially professional, but rather repetitive tasks. Typically, students also see work as an opportunity to earn money, and not just a learning exercise. In most cases, student workers are hired to mitigate short-term capacity problems (for instance data entry) that can be addressed by simple skilled work.

Retaining talents

How does the “In Focus” programme help the development of our employees?

The purpose of the “In Focus” programme is to provide opportunities within our group for committed, talented employees who seek to develop and demonstrate their potential by creating value for the company through their work.

To this end, we provide a variety of development activities during the programme: in the first nine months, our staff can participate in basic professional training (with lean, agile topics), and in the second nine months they can attend individual skills development training and sessions. The participants’ progress is supported by their manager and a professional mentor in the project. The distribution of the learning process according to the principle of the training is as follows: 70%: on-the-job training, 20%: social learning, 10%: formal learning.

During the year-and-a-half-long period, we would take every opportunity to help our employees develop themselves and find the most appropriate tools to meet their needs. At the end of the programme, no new job or no higher position is waiting for them, but they can feel well-prepared for achieving their goals.

Language courses

The EHU Companies provide English language training courses free of charge for its employees working in intellectual jobs within the EHU Companies, up to a defined number of employees. The classes are held outside work hours, so it is the employee’s responsibility to ensure that they have

the necessary free time to attend. The prerequisite for participation in the training is the completion of a level assessment (written, oral) examination, which is necessary for being placed in the appropriate group according to the language level. The company supports the learning of participants with active and passive intermediate language skills, so having a B1 level examination certificate is a prerequisite for attending the classes.

The competence model of the EHU Companies

Competence means a set of skills, behaviours, knowledge and attitudes. The essence of our competence model is the “how”: the way we wish to realise our future plans and core values.

The Grow@E.ON model reflects E.ON’s core values, aligns with the company’s strategy, and supports the strengthening of the E.ON brand. The model summarises the competencies down to the level of behavioural traits, which offers our employees a useful reference point for translating company values into everyday behaviours.

With the help of the competence model we can measure and compare the requirements (expertise, skills, and behaviour) necessary for the individual jobs, and operate our selection and development processes in an objective, transparent and comparable manner.

The performance evaluation system

The EHU Companies operate a Performance Evaluation System (TÉR) to improve efficiency, and differentiate salaries according to performance and increase employee satisfaction. Performance expectations are defined by objectives, which include indicators and target values. Setting individual targets is a negotiation based on partnership and mutual interest between the employee and the person setting their target (their superior).

The evaluation is performed by the superior. The evaluation period shall normally run from the 1st of January to the 31st of December of the year in question. The first step in the TÉR process is target setting, which is followed by an evaluation of the achievement of the targets twice a year, in the mid-term and end-of-term evaluation periods.

Diversity and equal opportunities

[GRI 3-3] [GRI 405-1] [GRI 405-2]

We value the diversity of our employees. We encourage everyone to dare to be themselves, to dare to be different. Our employees with different backgrounds, abilities and personalities ensure development and a never-ending supply of good ideas. This is why we are transforming our organisational culture to allow this diversity to flourish. Change, of course, takes time, but, in accordance with the strategy of our parent company, we are working to make diversity the driving force of the EHU Companies.

Diversity is also reflected in our sustainability strategy: we have undertaken to increase the proportion of female managers to 30% by 2030. In 2021, this rate was 27.8%, taking into account all our senior colleagues. Beyond the long-term strategic objectives, however, it is also important that diversity is also present at operational level. The HR department is responsible for ensuring that diversity and equal opportunities are a key issue in the daily operations of the EHU Companies. We promote our diverse corporate culture through various programmes.

Distribution of managers by gender in governing bodies

	Male (persons)	Female (persons)
EHU Companies	28	7

Percentage of managers in the governing bodies of the member companies, by gender and by age group

Member company	Male			Total No. of males	Female			Total No. of females
	Under the age of 30	Between 30 and 50 years	Over 50 years		Under the age of 30	Between 30 and 50 years	Over 50 years	
E.ON Dél-dunántúli Áramhálózati Zrt.	-	25%	75%	100%	-	-	-	-
E.ON Dél-dunántúli Gázhálózati Zrt.	-	50%	50%	100%	-	-	-	-
E.ON Energiamegoldások Kft.	-	100%	-	100%	-	-	-	-
E.ON Energiatermelő Kft. ¹⁹	-	-	-	-	-	-	-	-
E.ON Észak-dunántúli Áramhálózati Zrt.	-	-	75%	75%	-	-	25%	25%
E.ON Gazdasági Szolgáltató Kft.	-	25%	50%	75%	-	25%	-	25%
E.ON Hungária Zrt.	-	38%	54%	92%	-	4%	4%	8%
E.ON Közép-dunántúli Gázhálózati Zrt.	-	-	100%	100%	-	-	-	-
E.ON Ügyfélszolgálati Kft.	-	25%	75%	100%	-	-	-	-

19. E.ON Energiatermelő Kft. did not have a Supervisory Board in 2021.

Programmes, actions and collaborations

As part of the Women's Equality Programme, which was completed in 2014, we started expanding flexible employment days (home office) in office jobs. Even before the outbreak of the COVID-19 pandemic, this possibility was greatly extended, and today, in agreement with the line managers, up to one hundred and ten flexible working days per year are granted to all employees in jobs for which this is appropriate due to the nature of the work. This corresponds to approximately half the working days in a year. In addition, our internal regulations also allow for part-time employment, although the number of people employed in this form is currently very low.

In the context of the gender pay gap, we are currently working on a methodology to create homogeneous groups of employees, taking into account both the classification categories (HAY levels) and the job functions, as well as the location of work. We will then be able to perform a gender pay gap calculation taking into consideration all relevant factors, which, once completed, will be published in our current Sustainability Report.

We support our employees with several programmes on **self-efficacy development**, which can be found among our open training courses. Training courses on Stress Resilience, Time Management, and Work-Life Balance are also available. Following requests by managers, as an integration expert, the HR department also holds lectures, workshops or coaching for individual groups.

Our sports and recreational support schemes, which are available to employees through Works Councils and the **FIT.TE.ON corporate health programme**, also help employees achieve a work-life balance. In the FIT. TE.ON 2021 autumn programme series, 1,483 employees participated in the online lectures, 274 in the workshops and 205 in the Fitful step challenge, in which employees competed in teams of several people to complete the highest possible total number of steps. As a complementary well-being service, we also offer psychological counselling to all employees five times a year, which was taken advantage of by 31 employees in 2021.

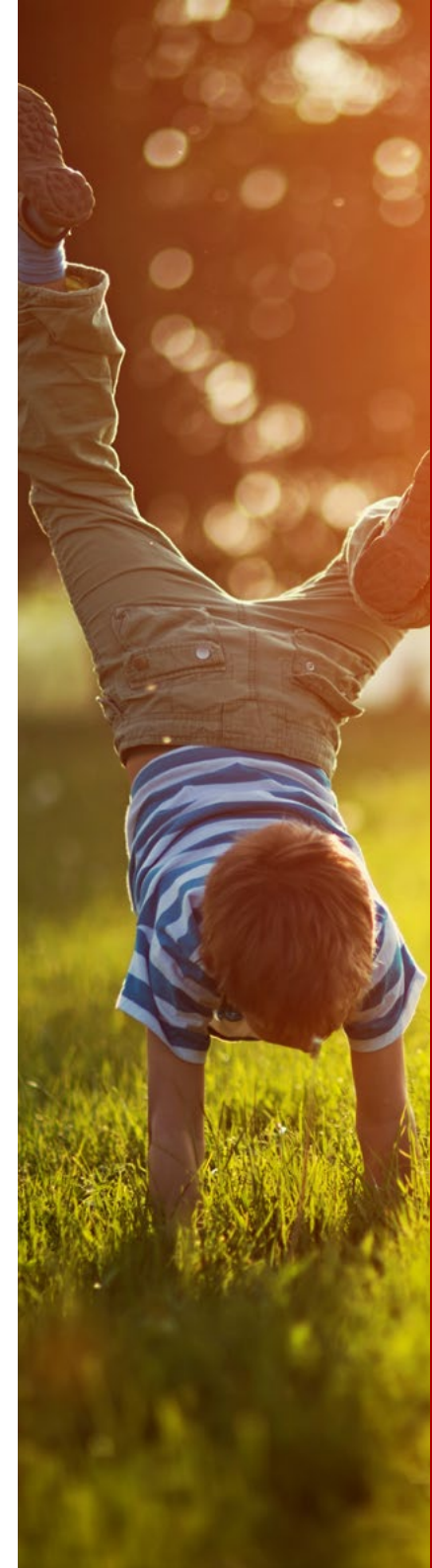
Every year we celebrate International Women's Day, and we also arrange regular activities for the EU Diversity Month in May. Our approach is typically to highlight the gender theme, and to organise flash training courses or presentations on or supporting the balancing of women's roles, the equivalence of male and female roles, and the adaptability of women's career development. As 70% of the workforce in the group is male, we believe it is important to emphasise the role of men and how they can help the equal role of women. Our regular theme is fatherhood and female-male leadership.

Our Corporate Wellbeing Policy was completed at the end of 2019. This links the measures, support, and programmes of several business areas in a complex manner, covering the following fields:

- Existential well-being: this includes factors shaping the existential security of employees (remuneration and support packages),
- Social well-being: this includes elements of the workplace environment, company culture, code of conduct, and cooperation, and
- Spiritual wellbeing: this focuses on the aligning of the company's values with individual values, as well as the long-term goals of the employee and the company, in the form of career and development opportunities.

In 2020 we launched the basic module of the **Diversity for All** training, which is the first part of a three-part programme series. Anyone can apply for the training, and over two hundred of our employees have completed the module in the last two years. Our goal is that the 20% culture-shaping "critical mass" – approximately 1,000 people - complete the training by 2025. The Advanced module will be released in September 2022, and the Leadership module could be ready by December, with similar conditions for participation. The training sessions, with short breaks, are usually held monthly, in several parallel groups, with twenty to thirty participants in each round.

The **Ascent** (in Hungarian: Felszállóág) **Programme** is our own initiative, of which we are particularly proud. In 2021, we devised the idea of supporting disadvantaged Roma young people in gaining qualifications as electricians and gas fitters - by providing mentoring and scholarships - following the example of the Romaster Foundation. The Programme is currently in a pilot phase: we advertised the opportunity to students in two regions (Pest and Kaposvár); to date, two students have applied from the Kaposvár region. We will also launch the practical phase of the pilot here from September.



Customers

[GRI 2-25] [GRI 2-27]

As a service provider, the satisfaction of our customers and the efficient and quick resolution of any complaints are of utmost importance to us. When the complaints are received, in addition to taking into account the relevant legal provisions and other regulations, we work to find a solution to all concerns as quickly as possible.

Colleagues in contact with customers are explicitly sensitised to recognise these concerns.

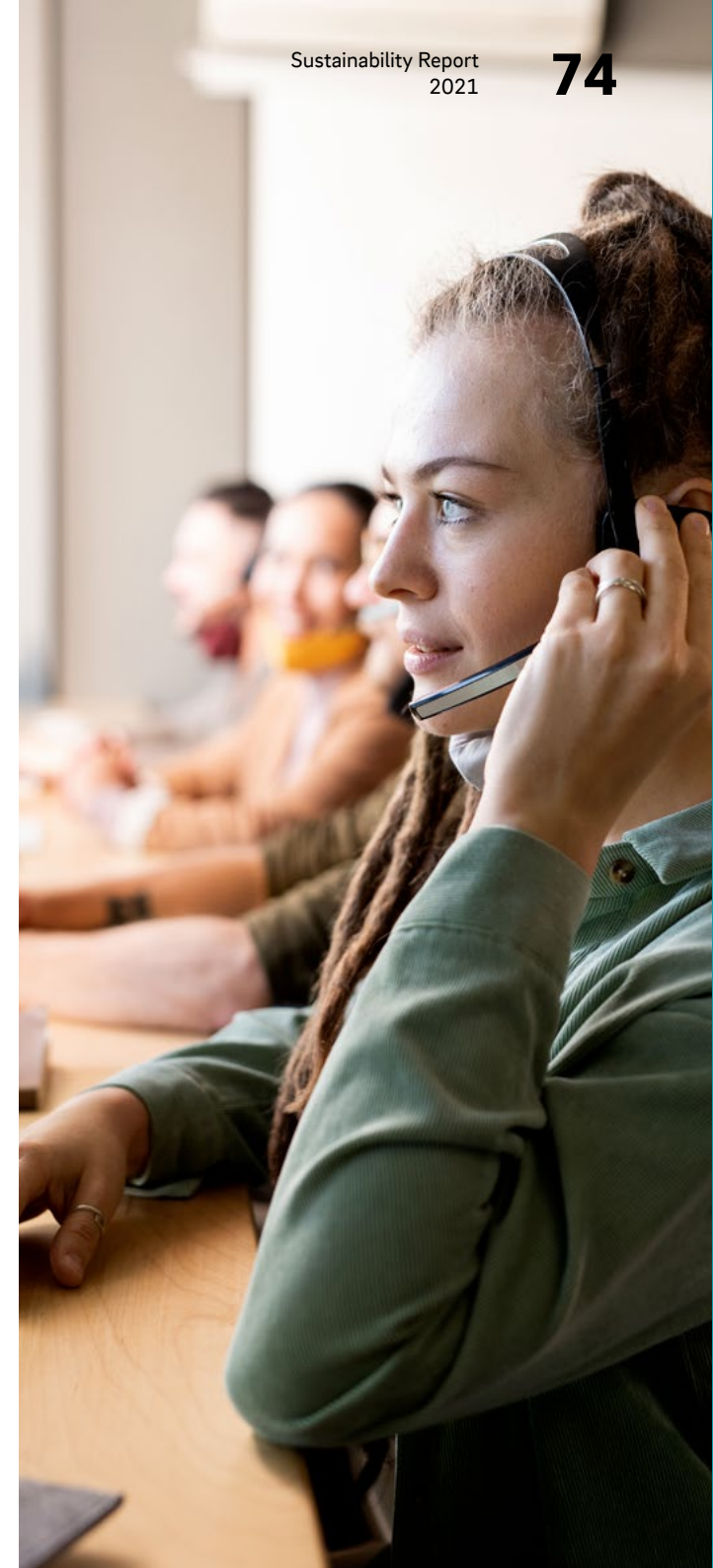
Complaint handling maturity model



Our complaints handling process is improving from year to year. Its framework is formed by a six-pillar complaint maturity model that has been developed by the international E.ON Group, along which we are moving towards improved complaint handling, following a roadmap that is continuously agreed with the CEO. We are supported in this development process not only by the top management of the EHU Companies, but also by the complaint handling managers of E.ON SE (our international parent company), and the colleagues responsible for complaint management in the other regions of the international E.ON Group support us through regular knowledge sharing.

The essence of the concept is that each E.ON regional unit achieves continuous development in the business and legal environment specific to the country in question. The model itself was renewed in 2021, taking into account the ongoing corporate integrations within the international E.ON Group and the progress of digitalisation.

We work in a matrix structure on the level of the EHU Companies: a responsible process owner coordinates the professional tasks related to complaint management, while they are implemented by the operational managers who are responsible for serving the different segments.



The definition of complaint used in the complaint management policy, which was renewed in 2021 and extended to all of the EHU Companies on the 1st of January, 2022, is applied uniformly within the EHU Companies, which has been expanded to include new member companies as a result of the integration. According to the consumer protection rules, all verbal and written customer contact is considered a complaint that is aimed at investigating and eliminating an individual infringement of rights or interests (be it perceived or real, legitimate or illegitimate).

In accordance with the provisions of the sector-specific MEKH decisions that regulate our licensing activities, we also apply the concept of reclamation upon the first reporting of a grievance, but we do not distinguish between the principles of complaint handling and reclamation handling.

The regulations apply to the activities performed and services that are provided in Hungary by companies belonging to the group (including services provided through subcontractors). Reclamation covers both our licensing activities and our business products and services. In addition to complaint handling, it also covers activities performed in order to prevent complaints.

All incoming complaints are registered and investigated with special care, and the process is followed up from the time the complaint is reported to the final resolution of the case.

We support the easy reporting and quick resolution of complaints by providing fast and digitised channels for receiving complaints from customers, and we do our utmost to ensure that issues that can be solved immediately (if reported over the telephone or in person, in the presence of the customer) are resolved. We proactively support customers with a detailed description of the administrative options, including the recommended way of filing a complaint.

Customers who receive a negative response will be proactively informed about other complaint handling forums.

In addition to investigations, the complaint management team and the customer focus department pay attention to the recognition of potential complaints and their prevention.

Lessons learned from complaints are reported back at regular intervals across the EHU Companies at both management and operational levels.

This way, we can improve our basic processes at those points that appear as genuine grievances for our customers.

Continuous monitoring ensures the efficiency of our complaint handling activities. By following up on open cases, we ensure compliance with the internal deadlines that are specified by law, and in some cases, even tighter ones.

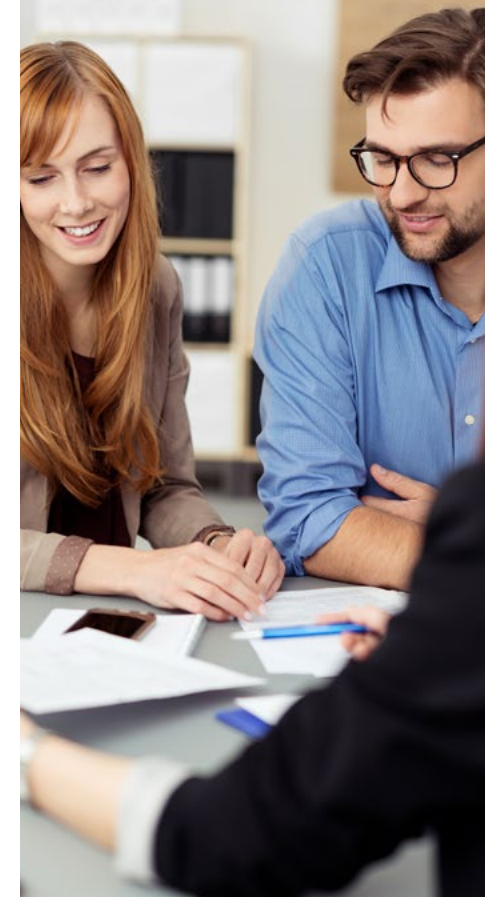
In the case of closed cases, we analyse the root cause, involving the organisation responsible for the specific core process. We share the results with our managers and staff at regular quarterly Complaint Advisory Board meetings and other forums.

Customer focus

The consumer satisfaction survey – gas and electricity

Through the Consumer Satisfaction Survey, which looks back on more than twenty years of history and which was significantly renewed in terms of its structure in 2020, we reach out to a wide range of our customers every year in order to collect feedback on how satisfied they are with our services. From 2020, in even-numbered years, our gas distribution companies come under investigation, and in odd-numbered years, electricity supply is under scrutiny.

In one of the pillars of the measurement, our research partner's interviewers contact 1,000 customers per distribution area to ask questions about our network activities and the customer service interactions that arise in connection with them. This way, we monitor, among other things, the public perception of the continuity of our services, the work of our technicians and meter readers, the customers' tolerance of outages, the effectiveness of customer information, and the importance of environmental protection in our operations. The two other pillars of the measurement focus specifically on our customer service activities, providing us with more detailed insights in this area.



Customer satisfaction surveys - products and services

We have regularly measured customer satisfaction with our services and products at several contact points for a number of years. We believe it is important to obtain real-time, detailed feedback from our customers in order to assess and improve our operations. In our companies, we use the widely used and internationally recognised NPS (Net Promoter Score) to measure customer satisfaction and loyalty. Depending on the activity to be measured, we also conduct online and telephone questionnaire surveys to receive a broader range of opinions about our services and products, tailored to the nature of the customer base.

We measure customer satisfaction with our various network services on a weekly basis, so we constantly monitor the processes of new power connections, household-sized small power plants (HMKE) and smart meter installation, as well as planned power outages. In addition to this, we also continuously monitor customer feedback regard-

ing our most important non-core products, that is, air conditioning systems (E.ON Komfort Klíma) and solar systems (E.ON Solar).

Net promoter score

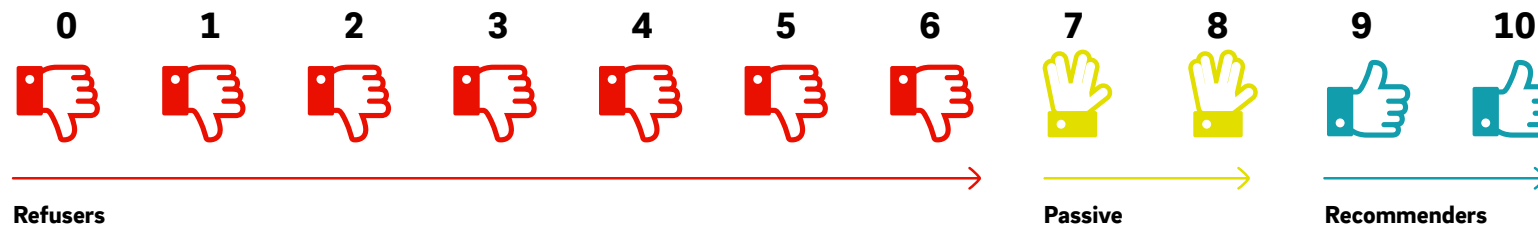
In order to realise our customer-focused vision, we need to continuously measure and improve customer satisfaction and loyalty. After a customer contacts us - for example, when we send them a contract offer or when they register a change of consumer - we ask them a simple question:

On a scale from 0 to 10, how likely is it that you would recommend E.ON to your friends and acquaintances?

In the second step, we ask them to tell us in their own words why they have given this value to E.ON.

Based on their scores, customers can be divided into three categories: Refusers, Passive or Recommenders. By subtracting the ratio of Recommenders from the ratio of Rejecters, we obtain the NPS index.

We distinguish between 'Refusers', 'Passives' and 'Recommenders' on the basis of the given score



$$\text{NPS} = \text{Recommenders\%} - \text{Refusers\%}$$

The text feedback given by our customers during the measurement helps us identify significant problems. We regularly review and prioritise these and then develop actions to address and prevent them.

Executive meetings with customers bring the voice of the customer into the organisation

Our **Customer Immersion programme** puts our senior managers and staff in direct contact with household and business customers. Its aim is to hear the voice of our customers directly, even at the highest management levels, and to increase the customer sensitivity of our employees.

Customer meetings help us:

- talk face-to-face about our customers' needs;
- speak their language;
- understand their problems; and
- act according to their needs.

An executive-customer meeting is more than simply a focus group or satisfaction survey. It ensures that customer-focused thinking is reinforced throughout the organisation and that it is our customers' needs that drive our business decisions. In 2021 we held six online executive-customer meetings.



Our suppliers

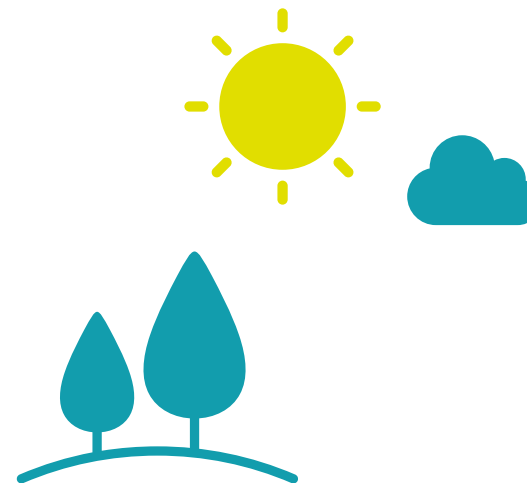
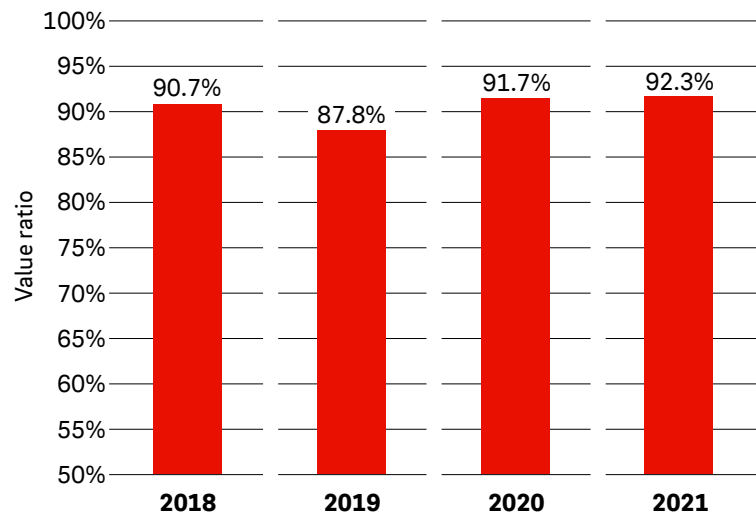
[GRI 3-3] [GRI 204-1] [GRI 308-1] [409-1] [409-2] [414-1] [414-2]

As a major player in the Hungarian economy, the EHU Companies should strive to promote responsible and sustainable business practices, not only within the company, but also beyond its boundaries. Accordingly, reducing our social and environmental impacts along the supply chain will represent a key focus of our sustainability strategy in the coming years. We are committed to incorporating sustainability criteria into our supplier contracts in addition to current practices, as a basic condition for contracting. The Supplier Code of Conduct is an integral part of the contracts between suppliers of the EHU Companies and their subcontractors.

In a socially responsible manner, and in accordance with the conventions of the International Labour Organisation (the ILO), we request our suppliers to declare that they take action against child, forced, involuntary or unlawful employment, and expect them to support and recognise the United Nations Universal Declaration of Human Rights and to avoid human rights violations. Where national legislation is also in force, rules providing a higher level of protection for workers should apply.

We expect our suppliers to have a corporate strategy for environmental protection that is developed, implemented and maintained in accordance with the applicable laws and regulations relevant to environmental protection, and to conduct their business activities accordingly. When handling hazardous substances and materials (raw materials, preparations, and products) that are classified as dangerous for the environment, our suppliers must ensure the safe sourcing, labelling, handling, transport, storage, recycling and/or disposal of such materials. Suppliers must continuously strive to use resources in a more careful and responsible way, and integrate this approach into their supply chains, business processes, and management. It is necessary to minimise, characterise and monitor the different types of waste and their emissions to air, water, and soil.

The value ratio of domestic suppliers in the last four years



In the case of new suppliers, a questionnaire assessing the performance of the HSE area will be sent, the completion of which is mandatory in all cases. The questions included in it cover the topics of occupational health and safety and, to some extent, environmental protection and environmental damage. The returned questionnaires are evaluated by the procurement area prior to the conclusion of the contract, and an agreement can only be reached if the supplier's measures prove to be adequate regarding the surveyed topics. All of our suppliers are required to complete the questionnaire.

We believe it is important to rely as much as possible on domestic suppliers in order to reduce our environmental footprint and support the Hungarian economy. In recent years, the value ratio of domestic suppliers exceeded 87% each year, reaching 92.3% in 2021. When selecting our new suppliers, we continue to strive to give preference to domestic products and services in the future.

Future generations

Today, in an era of crisis, it is increasingly difficult for young people to look to the future without concern. We therefore believe that it is our duty to create an environment for the young talent we employ in which they can look to the years ahead as an opportunity. In our sustainability strategy, our main aspiration is to contribute to the creation of a sustainable European and Hungarian economy that is based on clean energy, ensuring that future generations will have the same living conditions decades from now as we have today.

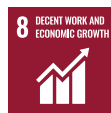
In addition to the fact that future generations and NGOs that embrace young people are an important target group of our support policy, we also place great emphasis on the development of our career starter and trainee employees. (We explain our cooperation with NGOs in more detail in the chapter on social engagement, while our talent management programmes are described in the chapter on our employees.)

NGOs

As a socially-responsible company, we have been striving for decades to establish good relations with the major civil organisations present in Hungarian society. Their opinions and contributions are important to us. In addition to professional collaboration, we also contribute to their operation through donations and financial support. In addition, we work with NGOs that are active in environmental protection and social causes in order to make a positive impact on a broader scale. (More details on our cooperation with civil organisations can be found in the section on social engagement.)



Responsible corporate governance



As a key player in the Hungarian energy market, we are committed to the responsible and transparent governance of the EHU Companies and to the strengthening of fair business practices. In addition to our effective organisational structure, well-defined responsibilities and compliance with legal requirements, we also integrate sustainability into our corporate governance processes. Part of this involves developing coordination in the area of sustainability within the company, making our operations more transparent, and publishing an annual sustainability report in accordance with the GRI Standards from 2022 onwards to provide more comprehensive information to stakeholders.

Group-level changes in 2021

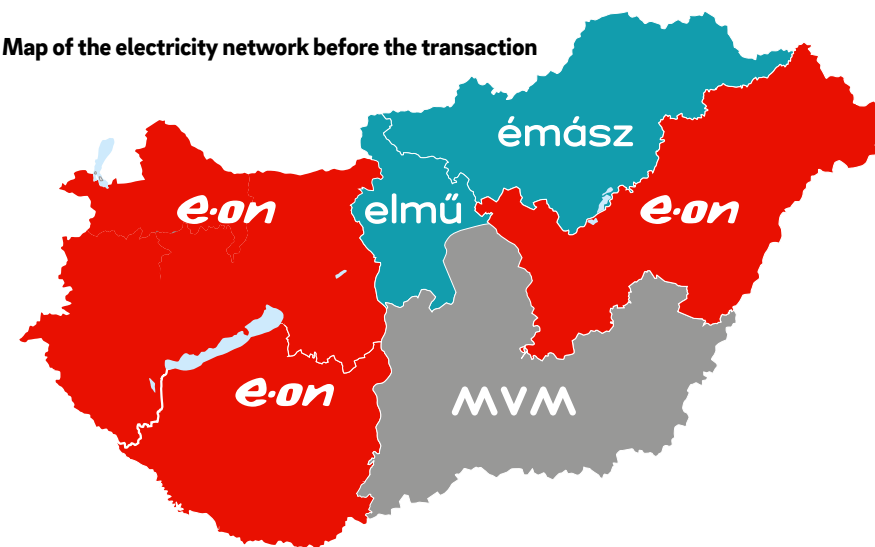
In 2021, the EHU Companies completed the largest transformation and transaction process of their history. The process started in 2018 with the announcement by E.ON SE that it had reached an agreement in principle in negotiations with RWE AG to acquire RWE's 76.8% stake in Innogy SE through a large-scale exchange of shares and assets. In the domestic operation, this meant the acquisition of the then ELMŰ-ÉMÁSZ Group by the EHU Companies. At the same time, as a condition for the acquisition of the share, the electricity retail portfolio of the EHU Companies was sold to Audax Renewables Kft. The EHU Companies sought to achieve a more geographically concentrated domestic operation in order to exploit the resulting synergies.

Further major transactional steps were taken in this context, as follows:

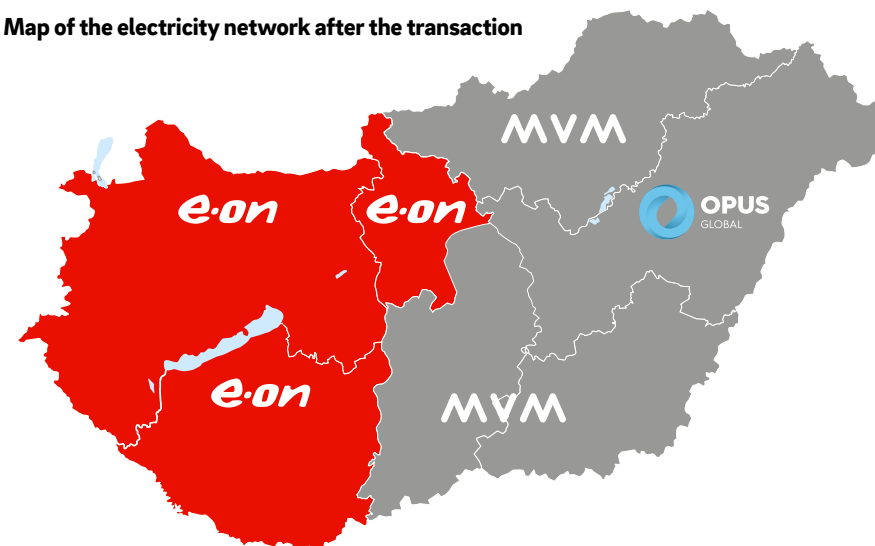
- The sale of ÉMÁSZ Hálózati Kft. to MVM Zrt.,
- The sale of E.ON Tiszántúli Áramhálózati Zrt. to Opus Global Nyrt., and
- MVM Zrt., as a financial investor, obtained 25% minority share in E.ON Hungária Zrt.

On the network side, the transformation affected the electricity distribution companies, **while there were no changes in our gas distribution portfolio**. The consolidation of the commercial company structure is expected to be completed in 2022. The entire transaction process was completed in **December 2021**.

Map of the electricity network before the transaction



Map of the electricity network after the transaction



The corporate governance structure

[GRI 2-9] [GRI 2-10] [GRI 2-12] [GRI 2-13]

In 2021, both the strategic and operational governance of the EHU Companies was performed by the Board of Directors by the 15th of December. On the 15th of December, 2021, MVM Zrt. acquired a 25% stake in E.ON Hungária Zrt., and with it the governance structure of the EHU Companies also changed. As of the 16th of December, 2021, our corporate governance structure has been characterised by a threefold division: in operational matters the CEO and his deputies make decisions as members of the Management Board, and the Board of Directors, consisting of members delegated by our owners, has decision-making authority in priority matters and strategic issues, while operation of E.ON Hungária Zrt. is overseen by the Supervisory Board.

The Management Board

The operational management of E.ON Hungária Zrt. is performed by the Management Board. The Management Board is responsible for reviewing the economic, environmental, and social impacts of the company and for making decisions related to them, so the highest level of decision-making related to sustainability also belongs to them.

Managing economic, environmental and social impacts

The Management Board has the highest level of decision-making power in managing the economic, environmental and social impacts of our companies, but almost all our employees are involved in the day-to-day work.

The identified essential topics are addressed by one or more internal operational departments, whose task is to initiate and implement initiatives related to the topic areas, to achieve and comply with the relevant KPIs. A separate unit is dedicated to occupational health and safety, economic, HR, customer satisfaction, and environmental issues.

Following the transformation of our corporate structure in 2021, the issue of sustainability has been assigned to the Strategy and Sustainability Directorate, which reports directly to the Director for Strategy and Sustainability and, through him, to the CEO.

The Board of Directors

Since the 16th of December, 2021, the Board of Directors makes decisions on non-operational, priority strategic matters.

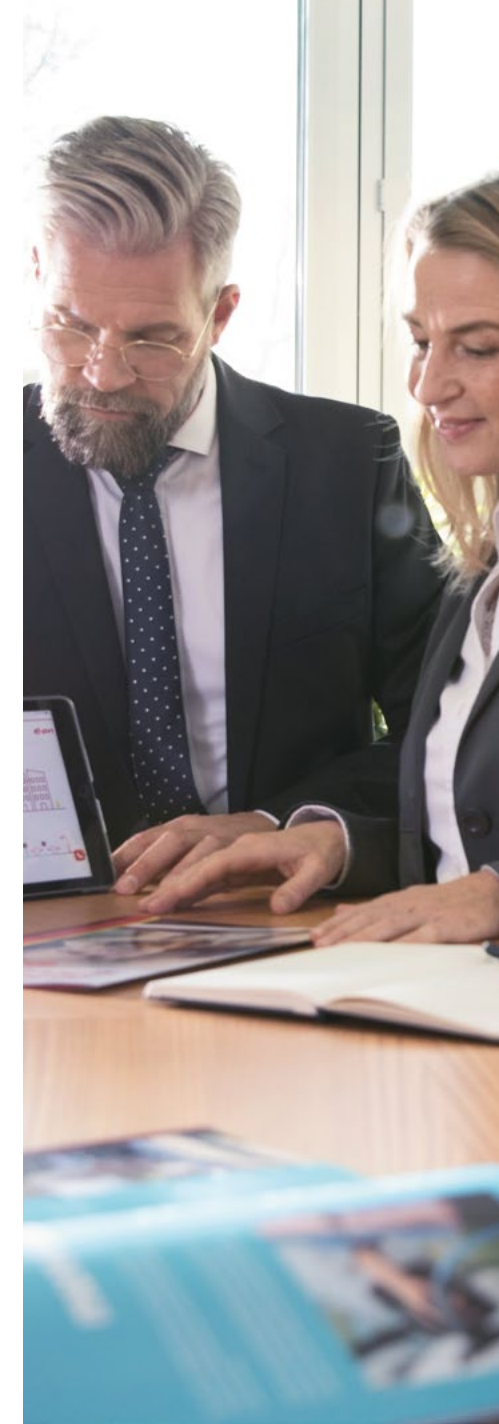
The Supervisory Board

The Supervisory Board monitors the activities of the Board of Directors and the Chief Executive Officer, and examines whether the company's activities fully comply with the law, the company's statutes, and the resolutions of the General Assembly. The Supervisory Board convenes at least once a quarter. It presents its comments to the Board of Directors and the General Assembly, but does not participate in the management of the EHU Companies.

The members of the Supervisory Board are elected by the company's General Assembly (the entirety of the shareholders) by a simple majority of votes.

The General Assembly

Ownership decisions are made by the peak body of the EHU Companies, the General Assembly, which comprises the shareholders, E.ON Beteiligungen GmbH and MVM Zrt. The General Assembly makes decisions on matters that fall within its competence under the law and the Statutes.



Managing climate risks

[GRI 301-1]

As part of our sustainability strategy, which was adopted in 2021 and is currently being broken down into an action plan, we started to address the current and future risks of climate change that affect our operations. Our electricity distribution companies are the most affected by the risks associated with climate change. They consider the risks caused by climate change when designing and placing the cable support poles, which are usually incorporated into the planning processes of construction and reconstruction works.

One of the consequences of climate change has been an increase in extreme weather phenomena, which has resulted in a review of the architectural and structural standards used in the industry. Thus, the management of the risks caused by climate change is already integrated into the processes of our projects during the design of the supporting structures in accordance with the new standards. For some of our specific construction and installation activities, which are subject to an environmental permit procedure under the relevant legislation, the law also requires a climate risk assessment to be conducted. These analyses are prepared by our authorised employees or by contractors holding an expert qualification. In our investments, we also consider the risks identified in these investigations.

In order to satisfy new user needs and to integrate generation capacity into a reliable network that is independent of the effects of climate change, the EHU Companies give preference to underground cable networks in new deployments, thus supporting the development of a more liveable urban landscape. As a result, a 1.4 percent increase in the length of the medium-voltage network in less than three years was achieved with a cable network, and the length of the overhead network decreased overall. The increase in the proportion of cable networks also conforms with the European Union's objective of increasing resistance to extreme weather caused by climate change.

Compliance and business ethics

[GRI 2-15] [GRI 2-16] [GRI 2-19] [GRI 2-26] [GRI 205-1] [GRI 205-2] [GRI 205-3] [GRI 206-1]

The governing bodies, senior managers and senior executives must support the compliance function within Legal and Compliance Directorate, which performs the compliance tasks, in the execution and implementation of the measures of our Compliance Risk Management System (CMS).

The Compliance Officer of the EHU Companies reports on the status of the Compliance Risk Management System to the compliance department of the international E.ON Group on a quarterly basis and at least twice a year to the Management Board of the EHU Companies.

In compliance topics and cases, the Compliance Officer's powers include the right to give instructions and have access to information and the right to provide information and to disclosure, as well as the right to investigate.

The Management Board, senior managers and executives, as well as the employees, must promptly report any suspected compliance violations (breaches) to the Compliance Officer. This may be done in writing, orally or in person, by giving one's name or even anonymously. If the investigation reveals a violation (a breach), the fact that it has occurred (after prior consultation with the Compliance Officer) may lead to the implementation of appropriate process improvement measures or to the application of adverse consequences for the employees concerned.

The Compliance Officer immediately, as part of an ad hoc report, directly informs the vice-president of the international E.ON Group responsible for compliance processes of all actual or suspected compliance incidents, who then coordinates with a corporate audit and, if necessary, draws the investigation into their own responsibility. In these cases, the Compliance Officer directly and briefly informs the CEO of the EHU Companies or, if necessary, the Management Board.

Our Compliance Risk Management System (CMS)





"Human rights, the protection of our environment, equal opportunities, the fight against corruption, and the preservation of fair business practices and competition, as well as information security, represent shared values that apply to all our employees. Trust in our company and our good business reputation provide the guarantee that our partners can be sure that we always work for our customers fairly, in keeping with the legal environment and our own rules, which are often stricter than the legal requirements."

Péter Bán
legal and compliance director

The fight against corruption

Managing the risks related to corruption

Corruption is treated as a specific set of operational risks.

The occurrence of corruption risks may have a significant negative impact on the business reputation of the EHU Companies, which has been reinforced over several years, on the trust placed in us, and even on our day-to-day business activities (for instance, disqualification from participating in public procurement procedures). Therefore, both the international E.ON Group and, on a local level, the EHU Companies do everything possible to prevent the occurrence of corruption situations and risks, through instruction and consulting, which is provided by the compliance department.

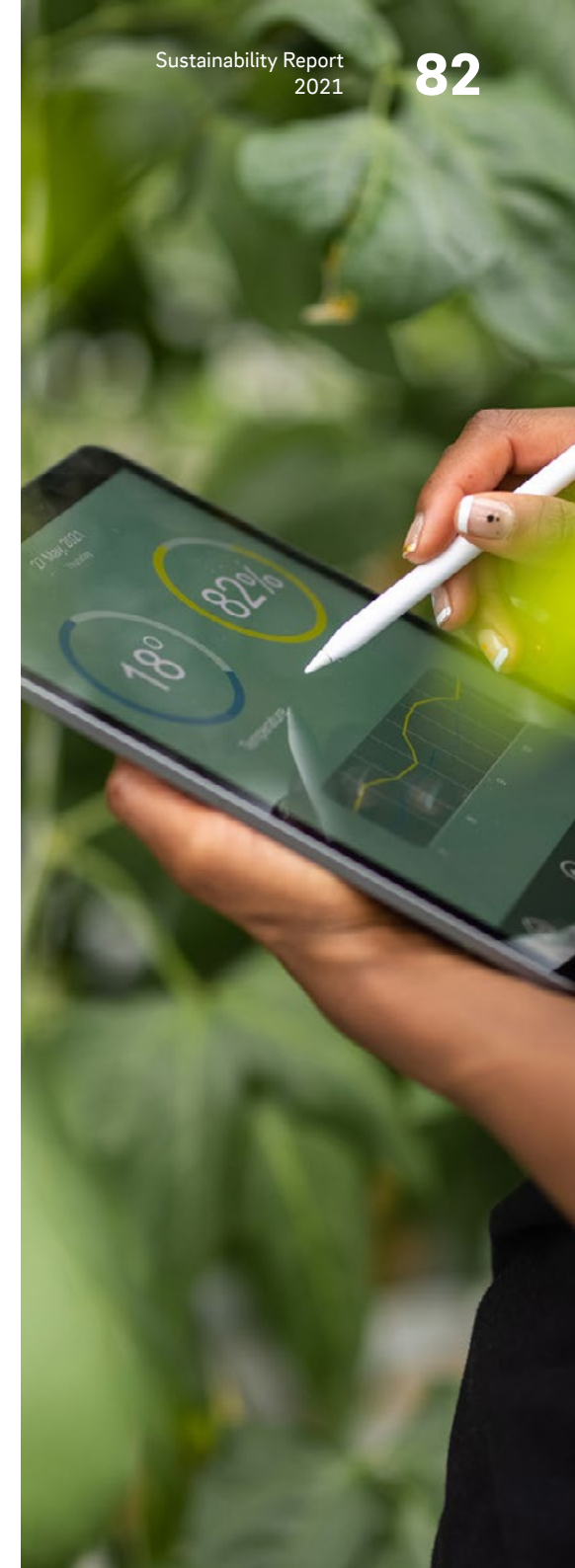
With regard to corruption risks, the most highlighted activities from the compliance side are the following:

- donations and sponsorship;
- providing and accepting benefits (gifts, hospitality, invitations to events, discounts, etc.) for and from external third parties;
- relations with parties, politicians, mayors, municipalities, state authorities and public administration bodies;
- investments and projects that are realised from the state budget or the budget of municipalities, the European Union, or other tender grants;
- customer service activities; and
- (public) procurement and procurement procedures.

In jobs related to the above activities, the focus is primarily on prevention in order to manage corruption risks. This is achieved by instruction and consulting in the form of online and offline information materials, as well as by regular dialogue with the relevant business areas, which also includes case studies.

In the event of suspicion of active or passive bribery, the compliance department conducts a fact-finding investigation and informs the E.ON Group compliance department.

The risk assessment of corruption risks is part of the compliance risk assessment, the methodology of which was developed centrally by the group compliance department within the international E.ON Group, uniformly for all business units.



The assessment of compliance risk is built on the analysis of the following four segments:

- the system of internal controls (for instance, financial controls, the results of internal audits, organisational complexity, and the number of employees);
- compliance culture in the specific business unit (for instance, a survey of patterns identified from previous corruption cases, and the results of an anonymous internal employee survey);
- the external business and market environment (for instance, the corruption index, the market control environment, the presence of competitors and authorities, and industry habits); and
- knowledge of and compliance with external and internal rules (for instance, e-learning participation rates, the number of compliance issues and consultations, and the number of whistleblowing cases as a percentage of the total workforce).

Corruption risks are assessed partly in the compliance culture segment and partly in the external business and market environment segment.

Within the EHU Companies, the Guidelines for Employees on the Prevention of Corruption, which are issued by the international E.ON Group, contain the regulations and guidelines on the prevention of corruption for all employees, and the detailed regulations on individual processes at different levels are based on these guidelines.

Anti-corruption regulation and communication

The principles of the Code of Conduct of the international E.ON Group form the basis of our anti-corruption policy, which are binding for the EHU Companies. The entire E.ON Group is committed to fighting against corruption in all its forms worldwide, and we are a member of the United Nations Global Compact (UNGC).

The Code of Conduct is available in Hungarian to all employees of the EHU Companies on the internal community page and on the EHU Companies' website.

A detailed interpretation of the basic principles and individual topics of the Code of Conduct of the EHU Companies can be found in the employee guidelines applicable in the international E.ON Group, which are available to all employees of the EHU Companies in Hungarian on the internal community page (Connect).

The content of the Code of Conduct and the employee guidelines is binding for all employees of the international E.ON Group.

Compliance training for newly hired employees is organised centrally by the compliance area of the international E.ON Group in the form of e-learning, covering both the principles and content of the Code of Conduct and the ten employee guides, and testing the acquired knowledge with exercises that are set in practical situations.

The employees of the EHU Companies participate in annual compliance training, which also takes the form of e-learning, and which covers the provisions on the prevention of corruption and tests the acquired knowledge through case studies. In addition, the compliance department regularly organises knowledge refresher and awareness-raising actions, as well as regular compliance dialogues with business areas that are exposed to increased risk of corruption, in order to prevent corruption.



We expect anti-corruption actions and the necessary measures to be taken not only within our group, but also outside of it from all our contractual partners. The E.ON Supplier Code of Conduct forms an integral part of the contracts between the EHU Companies, their suppliers and their subcontractors. If the suppliers fail to comply with any part of the Supplier Code of Conduct, they must take immediate corrective action. The EHU Companies reserve the right not to enter into a supply contract or to terminate a contract with any party that cannot demonstrate compliance with the Supplier Code of Conduct.

The suppliers of the EHU Companies must act against corruption and bribery, which includes taking all necessary and appropriate measures to prevent corruption and bribery during their business and financial operations, as well as in their own procurement and supply chain. Our suppliers must ensure that personal relationships do not interfere with their business activities.

Conflicts of interest

[GRI 2-15]

The rules on conflicts of interest in the EHU Companies are partly set out in the internal written directive on activities other than those that are performed in full-time jobs, and a clause on this subject is also included in the employment contracts of all employees.

The regulation contains the general rules for activities other than those that are performed in full-time jobs, and defines prohibited activities and cases of conflict of interest, as well as special rules for employees in managerial positions, in addition to implementing the notification and authorisation process.

If the employer prohibits the employee from working outside their main job, the employee must terminate the outside job and the conflict of interest within 75 (seventy-five) calendar days of the date of the employee's acknowledgement (date of signature).

Reporting concerns

[GRI 2-26]

The implementation of policies

Employees of the EHU Companies may address any questions they may have regarding the application (implementation) of internal functional policies and employee guidelines within E.ON to the local department to which the policy or guideline in question belongs thematically. The individual departments can seek guidance from the relevant central, international E.ON Group area responsible for issuing the relevant policy or guidelines.

If an employee of the EHU Companies finds or suspects that someone has violated the E.ON Code of Conduct, or has concerns about the company's business practices, they may directly contact their line manager, the Compliance Officer of the EHU Companies, or any member of the compliance department.

In relation to business practice, it is increasingly common to consult and ask for advice before the introduction of a product, service or new process, focusing on prevention.

In the event of a suspected compliance violation or misconduct, a report can be made verbally, in person or in writing, and even anonymously, to the local compliance department, including the EHU Companies' Compliance Officer, but also to the international E.ON Group's Chief Compliance Officer or Group Compliance. In addition to the employees of the EHU Companies, this option is also open to external third parties (such as customers, business partners, suppliers and even prospective partners, for instance, those participating in a procurement procedure or who are invited to tender).

Reports are treated confidentially, and the identity of the person making the report is kept secret, even if it is otherwise known. Upon request, the person who made the report will be informed as to how it is addressed. In the case of information pointing to a specific misconduct, an internal investigation will be launched to establish the facts, and the efficient and effective conduct of such an investigation will be greatly facilitated if as much accurate, concrete information and as many documents as possible are made available.

An important principle for the investigation of internal reports is that there should be no adverse consequences for employees who draw attention to errors, violations or misconduct. Employees who are affected by the misconduct will also benefit from a fair fact-finding procedure.

Fair competition

The entire E.ON Group is committed to fair competition. Rules and guidelines under competition law are set out in regulations at different levels.

The basis of the governing competition law regulations for the entire E.ON Group is provided by the principles of the Code of Conduct, which declare that the EHU Companies are committed to free market and fair competition, a commitment that we also demand from our business partners.

The underlying principle of our Employee Guide on Compliance with Competition Law is that all employees strictly comply with the provisions of the competition law, as a key element of compliance.

The employee guide describes the main topics of competition law (such as cartels, abuse of economic dominance, and merger control) and defines general prohibitions of conduct for employees.

In addition to the above, the international E.ON Group regularly publishes group-wide information material setting out certain rules of conduct and organises regular e-learning training on competition law for employees in jobs that are sensitive in terms of competition law.

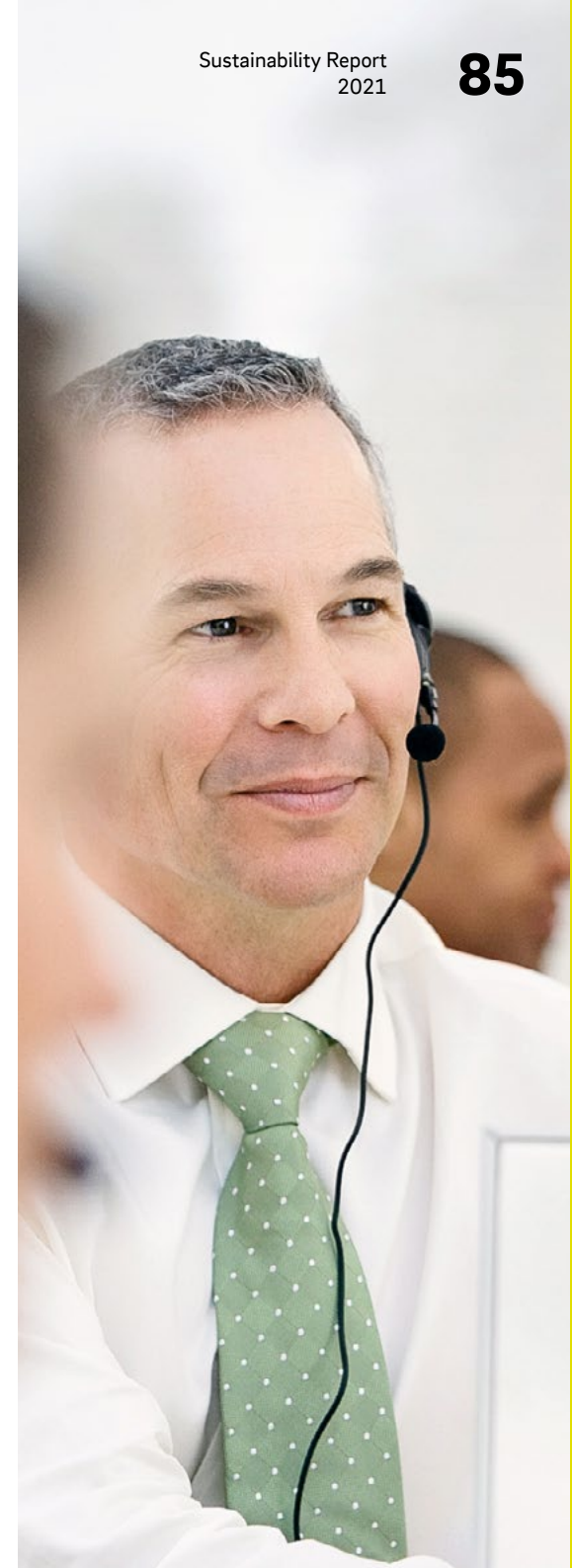
The remuneration policy

The remuneration of the members of the Management Board is determined by the Board of Directors together with the central E.ON SE HR organisation. The fixed remuneration includes the base salary, which is fixed in Euros. One part of the variable remuneration is the short-term incentive system, which is paid annually as a percentage of the base salary, depending on individual performance and that of the company. This also includes the long-term incentive scheme, which is determined as a percentage of total earnings (base salary + short-term incentive pool). This is a four-year programme. Upon maturity, the payment amount varies between 0 and 200 percent.

The long-term incentive rate is dependent by twenty-five percent on the development of the ESG indicator targets set by the German parent company over a four-year period. This includes:

- Increasing the proportion of women in senior management,
- Reducing carbon dioxide emissions,
- Reducing the number of fatal and serious accidents, and
- Three international ESG index ratings (MSCI, Sustainalytics, and ISS ESG)

Other benefits that are received by the CEO and the members of the Management Board include the use of a vehicle, which also covers private use. As a pension-related benefit, the members of the Management Board receive ten percent of their annual gross salary in the form of a contribution to the Voluntary Pension Fund.



Respect for human rights

[GRI 408-1] [GRI 409-1]

We respect human rights in all aspects of our business activities. Our [statement on the protection of human rights](#), our Code of Conduct and Supplier Code of Conduct are based, among other things, on the UN Universal Declaration of Human Rights and the labour standards of the International Labour Organisation (the ILO). They define our responsibility to respect human rights. We therefore commit ourselves to respecting the freedom and equal rights of all people without discrimination, and we respect all people without discrimination. These principles apply to everyone without exception, whether they are our colleagues, the employees of our partner companies or those working in our supply chain, as well as people who apply to work for us, our business partners, our customers, the community, local municipalities, and national governments, with whom we seek an open and transparent relationship.

In the EHU Companies, we are currently striving to protect human rights as fully as possible in accordance with a number of effective group-level and corporate measures. These include the Statement on Human Rights, the Code of Conduct, the Supplier Code of Conduct and the Risk Assessment. With regard to risk assessment, we separate the risk assessment that is related to human rights from occupational and health protection for our suppliers, and we also conduct human rights risk assessments as part of our non-financial risk management.

We expect all our staff to respect the dignity, privacy and personal rights of others at all times. Under no circumstances will we tolerate any human rights violations, discrimination, harassment or offensive language. This also applies to our business partners, their employees, and other third parties in relation to all people.

Our groups condemn all forms of child and forced labour, and we expect the same from our contractual partners.

The EHU Companies employ young employees only in jobs that are appropriate to their age and physical development. This principle can be implemented under a student employment contract in accordance with the relevant law on vocational training in the case of vocational students, or through a school cooperative. To the best of our knowledge, the intermediary school cooperative has not committed any infringement to date in relation to our employees.

Tax policy

[GRI 3-3] [GRI 207-1] [GRI 207-2] [GRI 207-3]

Our approach and the operation of the tax department

The task and responsibility of the tax department is to perform all tax-related tasks of all the EHU Companies, to meet their daily operational tax obligations in full and on time, and to perform all internal and external reporting tasks related to tax obligations, including tasks and obligations related to market pricing and price setting. Its responsibilities include ensuring compliance with tax-related legislation at all times, monitoring legislative changes, implementing relevant changes, and fully representing compliance with legislation in all types of official, expert and audit inspections.

It is also responsible for optimising the tax liabilities of the EHU Companies, developing a tax strategy for the group as a whole and ensuring its proper operation, providing internal tax advice, reviewing and approving contracts from a tax perspective, and providing tax support for various projects (such as changes to corporate law, and business product development) by balancing customer needs and professional control.

The tax department is an independent department of the Financial Directorate under the Deputy Chief Financial Officer. In terms of its management, the tax function is directly managed by the central tax department of E.ON SE, and has a duty to cooperate with the local management.

In accordance with the governance model, the operation of the department is primarily regulated by the Global Functional Policy as defined by E.ON SE. These functional policies regulate the operation of the tax function in a centralised and uniform manner, binding on all regional units, thus ensuring uniformity.

A separate Global Functional Regulation stipulates that E.ON is obliged to use market-level pricing in the pricing of transactions within both the international and the domestic corporate group. In order to fulfil this requirement, the mandatory documentation supporting the market pricing within the company group is prepared with the involvement of an external consultant and in the framework of continuous cooperation, as well as the pricing of transactions within the EHU Companies.

The department is directly managed by the head of taxation. The full range of tax-related tasks is handled by two functionally separate groups, namely, the operational group and the strategy and consulting group. The team is typically characterised by an extremely high level of professionalism and long professional experience.

The structure of the organisation and the professional skills, knowledge, and experience of its employees are the guarantee that the principles of "100 percent tax compliance", that is, the principles of operating in full compliance with the law, are met.

The operation of the department is characterised by its predominant reliance on its own resources for professional matters. On a case-by-case basis, the elaboration of the tax practice is based directly on the position of the tax authority on issues of interpretation of the law or procedures. Most of the EHU Companies that are based in Budapest are assigned to the NAV KAVIG Directorate, where two officers are delegated to these companies. They can be contacted directly if there is a procedural deadlock. Also on a case-by-case basis, or in some cases based on authorisation provided by the law, the department relies on the position of a regulatory and legislative institution (the Ministry of Finance), and, if required, the head of the tax department and its experts also participate in industry consultations.

Tax governance, control and risk management

Identifying, analysing, evaluating, minimising, and monitoring tax risks are primarily the responsibility of the head of the tax department, by providing information to the local Director of Finances and CFO and the Senior Vice President for Group Tax of E.ON SE (our parent company), who directly manages the central tax department.

This complex task is executed with the involvement of the expert tax employees of the strategic and consulting group, with the support of the operative tax group as required.

Our tax department actively and continuously identifies, assesses, monitors and manages tax risks to ensure that they remain in compliance with the overall business and strategic objectives. In order to achieve this and ensure appropriate responses, the international E.ON Group has implemented a central governance framework, which includes a system of Global Functional Policies for taxation. The framework and the policy have been approved by the E.ON SE Board of Directors, and are binding for all member companies of the group. The tax function operates under these Global Functional Rules and guidelines, including the associated tasks, processes and responsibilities. The policies have been integrated into the overall compliance management system of the EHU Companies, and are complemented by significant risk management procedures, continuous self-assessment, and regular internal and external audits.



From a global control perspective, the SVP Group Tax sets the tax principles and guidelines for the international E.ON Group as a whole, and is responsible for ensuring that these principles and related procedures are implemented, maintained and adhered to throughout the entire global group.

The Audit and Risk Committee of the E.ON SE Supervisory Board closely monitors the tax issues and risks of the global group of companies. In addition, financial tax risks are reported to the risk and evaluation department, which reviews and scrutinises them from a group perspective, and prepares reports on the consolidated risk assessment of the global group.

These central reports must be revised quarterly, and if a risk is identified for which there is a reporting obligation, we are obliged to include it in the quarterly report according to the criteria and principles defined therein. The report should be maintained as long as the risk is real. If a decision is made to manage or resolve the risk, or if the risk is otherwise eliminated, the report may be terminated.

We have established our own internal process to monitor risks within the EHU Companies that we are not required to report according to the above principles. A dynamic method is used to record these risks until a decision is made to manage and resolve them and until they are implemented in practice. We hold an expert-level discussion and report on these risks at least once a year, with the involvement of the Hungarian Director of Finances and CFO, and the central management is informed of their magnitude.

We monitor our internal tax processes and their compliance with the above principles by means of a complex Internal Control System (ICS), which is established according to the standards developed by the international E.ON Group. Our processes are essentially operated based on the "four eyes principle". The effects of digitisation, integration steps and process improvements are tracked through the ICS records according to centrally defined time intervals. The head of the tax department is responsible for the operation of the ICS and makes a declaration to the head office once a year.

In order to prevent tax evasion and profit shifting, E.ON has issued a mandatory transfer pricing policy to ensure that intra-group transactions are priced in accordance with the "arm's length principle".

The central tax department of E.ON SE is responsible for overseeing compliance with this principle and is involved in all major intra-group international transactions, besides directly coordinating the compliance of cross-border

transactions with the pricing principles. It does this through a variety of means, including holding regular meetings with relevant stakeholders and implementing fixed transfer pricing processes. In addition, for cross-border transactions, the relevant representatives of the different business and support functions meet at least once a year to coordinate these transactions.

The regulations of the global functional policies are also authoritative for transactions within the Hungarian group, and the tasks and responsibilities of the head of taxation are to operate in accordance with them and the local legal regulations in all respects. We engage an external consultant to ensure that these two criteria are both met.

Control processes

We have no specific regulated system for receiving and handling concerns and comments about tax. On the one hand, we have human resources with extremely strong internal expertise and experience at our disposal, so that the head of taxation or a delegated employee can make decisions on certain tax issues. On the other hand, we operate a professional consultation forum with sufficient frequency to resolve dilemmas.

Our group is involved with several NAV-Directorate and municipal tax authorities. Due to specific legislation on local taxes, our companies are taxable in some cases in thousands of municipalities. At the rural NAV-Directorates, our companies are priority taxpayers with a delegated contact person. Our relationship with some of the Directorates of the National Tax and Customs Administration is extremely positive and cooperative.

Based on the number of the EHU Companies and the inspection practice of the tax authorities, several comprehensive inspections are conducted by NAV every year. The findings that are identified and accepted by us in these tax audits in respect of individual companies are verified at the process level for all our other companies. It can now be said that process and procedural deficiencies are not typical for the EHU Companies, but rather ad hoc tax handling discrepancies are detected by NAV, in less significant amounts. Our companies have a reliable taxpayer status and are listed in the database of taxpayers with no public debts.

Based on our internal regulations and the Global Functional Regulations, we provide tax consulting, strategic and optimisation activities exclusively in relation to member companies belonging to the EHU Companies, and we do not have, and cannot have, any external business partners.

The business partners of the EHU Companies do not usually complain about our tax procedures or processes that are affected by taxation, and these types of complaints are not common. On the one hand, this is due to the fact that the contract review process introduced at the level of the EHU Companies means that sample contracts and non-template contracts can only be concluded with the opinion and approval of the tax department. During this process, when concluding contracts, taxation aspects are adequately represented and taken into account. On the other hand, in the case of invoicing complaints, we provide professional support to the employees who are working in customer service, and we also support the accounting departments with regard to compliance.

In Hungarian jurisprudence, NAV decides on the scope of the companies and the persons who are under investigation in its own competence, and based on its own risk analysis. However, in the case of company transformations, we usually notify the competent tax authority of the transformation with regard to the timing of the transformation and request that, if the tax authority's schedule for the company in question is such that it would be subject to an audit in the future, the tax procedure be scheduled earlier, with the express purpose of ensuring that the tax procedure does not delay the planned transformation.

The EHU Companies do not have any specific tax-related lobbying activities, and we are mainly involved in this area through our consultancy firm, the regulatory affairs department, or the distribution regulation management, in the form of expert support. Currently, the tax department does not have a separate role in any organisation or committee and is not a member of a chamber. We intend to change this situation in the future.

Data protection

[GRI 418-1]

The internal policies, data management processes, and mechanisms of the EHU Companies ensure full compliance with European and national data protection laws at all times, in particular the GDPR Regulation (Regulation 2016/679 of the European Parliament and of the Council) and Act CXII of 2011 on the Right to Information Self-Determination and Freedom of Information. Our fundamental aim is to respect and effectively enforce the right to information self-determination, and we endeavour to ensure that personal data is

handled, processed, and transferred in a confidential and secure manner, based on an appropriate legal basis, for a specific purpose, in a transparent way and in accordance with the principles of accountability. Meeting our obligations under the GDPR Regulation and Hungarian data protection laws represents a top priority for us.

The internal data processing policies of the EHU Companies

The internal policies of the EHU Companies contain the principles for the processing of personal data, which we follow in all data processing activities. They also define the responsibilities and contact details of the data protection body, the procedures for data protection incidents, the exercise of data subjects' rights, and the rules on data protection impact assessment and the interest balancing test.

The regulations cover two major topics, namely, the processing of employee data and customer data. Due to the rules on the unbundling of licensed activities, the processing of commercial and network licensee customer data is covered by separate regulations. In order to protect personal data, the EHU Companies maintain appropriate information security policies.

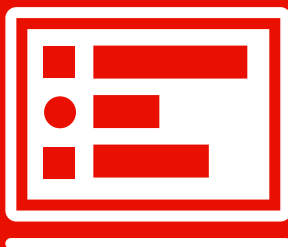
Data protection coordinators and data owners

In business areas in which there is a significant amount of data processing or management, data protection coordinators and data owners are appointed. They support the data protection officer, provide information and coordination, and support their own business area in ensuring compliance with GDPR rules.

Data protection incidents

In 2021, there were no systemic data leaks, data losses or data thefts involving the personal data of natural persons, and no data controllers belonging to the EHU Companies identified any data protection incidents that could pose a risk to the rights and freedoms of natural persons.

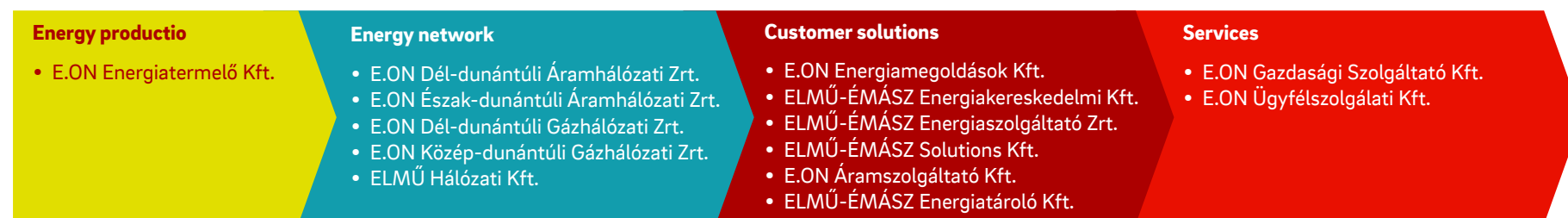
The data controllers of the EHU Companies have investigated all notifications received from data subjects, in accordance with the applicable legislation. In 2021, the National Authority for Data Protection and Freedom of Information launched a total of five proceedings against the EHU Companies, which were not closed in the current year. In 2021, the authority did not find any infringements in closed proceedings.



Appendices

Our member companies

E.ON Hungária Zrt.



E.ON Hungária Zrt., as the owner of the other domestic members of the EHU Companies, coordinates the operations of the subsidiaries of the EHU Companies involved in energy trading, and performing distribution network and other activities, thus creating the conditions for quality service. Our head office is located at 17 Váci út, Budapest.

E.ON Gazdasági Szolgáltató Kft. performs the support tasks that are necessary for the operation of the company, for all members of the EHU Companies. Its main activities include procurement, warehousing and logistics, facility management, fleet management, and business administration tasks.

ELMŰ Hálózati Kft. reliably delivers electricity to customers in Budapest and most of Pest County, through its continuously maintained and upgraded electricity distribution network.

E.ON Észak-dunántúli Áramhálózati Zrt. distributes electricity reliably to customers in Győr-Sopron-Moson, Komárom-Esztergom, Vas, Veszprém, Fejér counties and in the northern part of Zala county, through its continuously maintained and upgraded electricity distribution network.

Length of grid:	24,947 km
Number of customers:	1,601,140
Size of supply area:	4,000 km ²
Average quantity of electricity distributed:	~11 million MWh

Length of grid:	32,090 km
Number of customers:	1,071,715
Size of supply area:	18,200 km ²
Average quantity of gas distributed:	~9 million MWh

E.ON Dél-dunántúli Áramhálózati Zrt. reliably delivers electricity to customers in the northern part of Somogy, Baranya, Tolna and Zala counties, that is, from the southern border of the country to Lake Balaton, and from the River Danube to the western border, through its continuously maintained and upgraded electricity distribution network.

Length of grid:	25,897 km
Number of customers:	779,284
Size of supply area:	18,300 km ²
Average quantity of electricity distributed:	~4.5 million MWh

E.ON Közép-dunántúli Gázhálózati Zrt. and **E.ON Dél-dunántúli Gázhálózati Zrt.** supply natural gas to their network customers in six counties of Transdanubia, in Veszprém, Zala, Somogy, Baranya, Tolna and Fejér counties, through their modern and reliable high, medium, and low pressure distribution networks.

Length of grid:	18,213 km
Number of customers:	615,609
Size of supply area:	24,008 km ²
Average quantity of electricity distributed:	~15.5 million MWh

The Energy Sales Directorate of **E.ON Energiamegoldások Kft.** is responsible for the wholesale and retail sale of electricity and natural gas in the EHU Companies. Its activities include the performance of tasks that are closely related to the sale of electricity and natural gas, such as the purchase of energy for sale, billing, customer service, and regulatory tasks related to energy trading. The retail sales activity is conducted on the competitive market, for legal entities, such as small and medium-sized enterprises, administrative organisations, and large companies.

As of the 30th of September, 2022, the date of finalisation of this report, **ELMŰ-ÉMÁSZ Energykereskedő Kft.** and **ELMŰ-ÉMÁSZ Energiaszolgáltató Zrt.** have been merged into E.ON Energiamegoldások Kft. by legal succession, so from the 1st of October, 2022, the energy trader of the competitive-market customer segment concerned will be E.ON Energiamegoldások Kft.

The Solutions Sales Directorate of E.ON Energiamegoldások Kft. and ELMŰ-ÉMÁSZ Solutions Kft., as members of the EHU Companies, offer energy solutions to their customers in the field of renewable energy and complex energy solutions.

E.ON Áramszolgáltató Kft.

E.ON Áramszolgáltató Kft. is the universal electricity supplier of the EHU Companies. At the time that this report was being prepared, in the first quarter of 2022, on the basis of an agreement between MVM Zrt. and E.ON Hungária Zrt., MVM Zrt. acquired E.ON Áramszolgáltató Kft.

E.ON Energiatermelő Kft. is our energy production company (involved in cogeneration, energy from renewable resources), which produces energy that is generated either with its own assets or through partnerships. It sells energy (heat and electricity) to the System Operator on the market for flexibility services, or to the Energy Trader or other business partners. E.ON Energiatermelő Kft. also performs the aggregator activity within the E.ON Group.

We operate an electricity storage facility at the Soroksár substation under the name of **ELMŰ-ÉMÁSZ Energiatároló Kft.** and use its capacity at the control centre.

The main task of E.ON Ügyfélszolgálati Kft. is to operate the customer service channels. It operates those customer service channels through which customers can contact E.ON's sales and network departments. When customers contact E.ON by telephone, in person, or through the registered partner system, they are connected to the employees of E.ON Ügyfélszolgálati Kft. In addition, the tasks of E.ON Ügyfélszolgálati Kft. include billing, current account management, receivables management, internal regulatory functions, and the operation of certain sales channels.

The operational data of the EHU Companies

SAIFI, SAIDI, and the Outage index

In addition to security of supply, one of the most important indicators for a distribution system operator (DSO) is its ability to serve its customers smoothly. Both of these are monitored by the Hungarian Energy and Public Utility Regulatory Authority (MEKH) through various indicators, namely, the SAIFI index, the SAIDI index, and the Outage index. For unplanned (outage) indicators, MEKH defines the requirements for each distribution system operator (DSO). The authority compares the three-year averages with the requirements. The requirements for the SAIFI, SAIDI, and Outage indexes are becoming increasingly strict every year. If the requirement for unplanned indicators is not met, the company will have to pay a penalty to the service user, depending on the extent of the non-compliance.

For unplanned indicators, all three DSOs outperform MEKH expectations. The recognised cost also varies depending on the degree of over-/under-performance, in accordance with the bonus/malus rules in force (the maximum bonus can be 1.5% of the cost of capital if the three-year average of all three indicators is at least 20% higher than the MEKH-requirement and the three-year average does not deteriorate or is higher than the three-year average of the previous year; the maximum malus is -2.4%). This means that if a higher quality of service is provided, the authority will reward the operator with higher revenues from the network usage charges.

SAIFI: the average number of long lasting outages (more than three minutes) per year for all users (number of outages/number of users/year). The planned, unplanned and aggregated SAIFI are calculated separately. Calculation: Total users affected/Total users on all networks (Total HV [high voltage], MV [medium voltage], LV [low voltage] outages).

SAIDI: the average duration of long lasting outages (more than three minutes) for all users (minutes/number of users/year). The planned, unplanned and aggregated SAIDI values are calculated separately. Calculation: Aggregated outage time (\sum [users affected*outage time])/Total user (HV [high voltage], MV [medium voltage], LV [low voltage] outages in total). In preparing the statements, a distinction is made between planned downtime events (for instance, due to maintenance, which are announced in advance) and unplanned ones (for instance, due to malfunctions).

Outage indicator: the ratio (MWh/GWh -‰) of electricity that is not supplied due to an unplanned interruption of electricity supply of more than three minutes over the electricity available. Outage indicators are only established for outages on medium and high voltage networks.

SAIFI unplanned

	2017	2018	2019	2020	2021	Average 2019–2021	Requirement	Performance ratio
EDE	0.74	0.87	0.68	0.74	0.83	0.75	1.48	197.74%
DÉMÁSZ	0.91	0.96	0.85	0.89	0.67	0.80	1.47	182.75%
ELMŰ	0.87	0.90	0.72	0.75	0.75	0.74	1.31	177.38%
EED	0.91	0.78	0.83	0.73	0.78	0.78	1.45	184.94%
ÉMÁSZ	1.21	0.79	0.96	0.97	0.92	0.95	1.46	153.58%
TITÁSZ	1.07	1.18	1.14	1.06	1.00	1.07	1.53	143.27%
Nationwide	0.94	0.91	0.84	0.83	0.81	0.83		

SAIFI planned

	2017	2018	2019	2020	2021	Average 2019–2021	Requirement	Performance ratio
EDE	0.40	0.45	0.33	0.31	0.33	0.33	0.44	134.14%
DÉMÁSZ	0.56	0.60	0.78	0.90	0.62	0.77	0.47	61.05%
ELMŰ	0.26	0.29	0.28	0.32	0.29	0.30	0.39	133.13%
EED	0.34	0.36	0.34	0.30	0.37	0.33	0.43	129.41%
ÉMÁSZ	0.78	0.68	0.74	0.77	0.66	0.72	0.61	84.94%
TITÁSZ	0.51	0.57	0.54	0.52	0.57	0.54	0.44	81.76%
Nationwide	0.44	0.46	0.46	0.48	0.44	0.46		

SAIDI unplanned

	2017	2018	2019	2020	2021	Average 2019–2021	Requirement	Performance ratio
EDE	57.6	58.2	54.3	52.5	61.6	56.1	76.0	135.28%
DÉMÁSZ	86.3	68.1	53.6	63.9	49.7	55.7	80.1	143.66%
ELMŰ	60.1	53.6	49.6	46.8	47.7	48.0	73.5	153.19%
EED	67.4	52.2	58.6	61.2	57.8	59.2	78.5	132.54%
ÉMÁSZ	79.6	58.2	61.3	63.8	58.1	61.1	76.5	125.12%
TITÁSZ	69.3	79.2	92.4	76.7	76.2	81.8	78.5	95.96%
Nationwide	68.54	60.07	59.82	58.84	56.93	58.53		

SAIDI planned

	2017	2018	2019	2020	2021	Average 2019–2021	Requirement	Performance ratio
EDE	115.6	117.6	90.6	78.3	90.8	86.6	120.3	138.99%
DÉMÁSZ	186.7	199.5	274.6	321.7	205.3	267.2	123.5	46.21%
ELMŰ	74.9	82.7	64.3	72.7	67.8	68.3	98.2	143.76%
EED	104.6	107.6	104.5	90.4	114.4	103.1	110.8	107.49%
ÉMÁSZ	238.9	207.8	217.4	244.1	202.5	221.4	164.6	74.38%
TITÁSZ	163.6	181.1	170.3	164.4	181.0	171.9	123.5	71.82%
Nationwide	135.0	137.9	138.5	145.5	131.1	138.4		

Outage index

	2017	2018	2019	2020	2021	Average 2019–2021	Requirement	Performance ratio
EDE	0.045	0.048	0.044	0.040	0.048	0.044	0.091	205.11%
DÉMÁSZ	0.083	0.078	0.058	0.079	0.059	0.065	0.086	131.18%
ELMŰ	0.087	0.079	0.056	0.056	0.058	0.057	0.084	148.23%
EED	0.053	0.042	0.047	0.045	0.046	0.046	0.081	174.24%
ÉMÁSZ	0.064	0.041	0.042	0.047	0.042	0.044	0.085	193.78%
TITÁSZ	0.068	0.085	0.071	0.063	0.075	0.070	0.078	111.38%
Nationwide	0.069	0.062	0.053	0.054	0.054	0.054		

GRI-index

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission
GRI 2: General Disclosures	GRI 2-1 Organisational details				Name: the EHU Companies' Proprietary structure: E.ON Beteiligungen GmbH holds 75%, and MVM Zrt. holds 25% ownership shares in the EHU Companies. The companies' area of operation: Hungary. The companies' head office is located in Budapest. (1134 Budapest, Váci út 17).
	GRI 2-2 Entities included in the organisation's sustainability reporting	About the report		5	
	GRI 2-3 Reporting period, frequency and contact point.	About the report		5	
	GRI 2-5 External assurance				The report does not have an external assurance.
	GRI 2-6 Activities, value chain and other business relationships	Business in at the service of sustainability		15	
	GRI 2-7 Employees	Stakeholders – Our employees		55	
	GRI 2-8 Workers who are not employees	Stakeholders – Our employees		55	

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission
	GRI 2-9 Governance structure and composition	Strategy and sustainability			<p>In 2021, both the strategic and operational governance of the E.ON Hungária Zrt. were performed by the Board of Directors until the 15th of December. Until the 15th of December, 2021, its members were as follows:</p> <ul style="list-style-type: none"> • Attila Kiss – chairman of the Board of Directors, Chief-Executive Officer • József Béres – member of the Board of Directors • Zsolt Jamniczky - member of the Board of Directors • Zsolt Zsedényi - member of the Board of Directors <p>In 2021, within the company, the Supervisory Board monitored the activities of the Board of Directors and the Chief Executive Officer, and examined whether the company's activities fully complied with the law, the company's statutes, and the decisions of the owners. Until the 15th of December, 2021, the members of the Supervisory Board were as follows:</p> <ul style="list-style-type: none"> • Dr. Thomas König – chairman of the Supervisory Board • Dr. Eric Depluet – member of the Supervisory Board • Johan Mörnstam - member of the Supervisory Board <p>On the 15th of December, 2021, MVM Zrt. acquired a 25% stake in E.ON Hungária Zrt., and with it the governance structure of the companies also changed. As from the 16th of December, 2021, the Board of Directors - with a new composition – has been responsible for the strategic management of the Companies, while the Executive Board has been responsible for its operational management. The Supervisory Board - with a new composition - monitors operations.</p> <p>As from the 16th of December, 2021, the members of the Board of Directors are as follows:</p> <p>Attila Kiss – chairman of the Board of Directors, CEO Johan Mörnstam – member of the Board of Directors</p> <p>Dr. Christian Ohlms – member of the Board of Directors</p> <p>László Fazekas – member of the Board of Directors</p> <p>Dr. Tamás Cseh – member of the Board of Directors</p> <p>As from the 16th of December, 2021, the members of the Management Board are as follows:</p> <ul style="list-style-type: none"> • Attila Kiss – Chief-Executive Officer • József Béres – Deputy Chief-Executive Officer • Zsolt Jamniczky – Deputy Chief-Executive Officer • Zsolt Zsedényi - Deputy Chief-Executive Officer <p>As from the 16th of December, 2021, the members of the Management Board are as follows:</p> <ul style="list-style-type: none"> • Dr. Thomas Hubert König – chairman of the Supervisory Board • Dr. Guntram Würzberg* – member of the Supervisory Board • Dr. Juhász Edit – member of the Supervisory Board • György Kóbor – member of the Supervisory Board • Alan Richard Bevan – member of the Supervisory Board <p>*Dr. Guntram Würzberg took over as CEO of E.ON Hungária Zrt. from Attila Kiss in 2022. In addition to his position as Senior Vice President at E.ON SE, Attila Kiss succeeded Dr. Guntram Würzberg in the Supervisory Board of E.ON Hungária Zrt.</p>

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission
	GRI 2-10 Nomination and selection of the highest governance body	Responsible corporate governance – The corporate governance structure		80	
	GRI 2-11 Chair of the highest governance body	Responsible corporate governance – The corporate governance structure		80	
	GRI 2-12 Role of the highest governance body in overseeing the management of impacts	Responsible corporate governance – The corporate governance structure; Managing economic, environmental and social impacts		80	
	GRI 2-13 Delegation of responsibility for managing impacts	Responsible corporate governance – Managing economic, environmental and social impacts		80	
	GRI 2-14 Role of the highest governance body in sustainability reporting	About the report			Information published in the Sustainability Report has been approved by Dr. Guntram Würzberg, Chairman-CEO of the EHU Companies, prior to publication.
	GRI 2-15 Conflicts of interest	Responsible corporate governance – Compliance and business ethics		84	
	GRI 2-16 Communication of critical concerns	Responsible corporate governance – Compliance and business ethics		81	
	GRI 2-17 Collective knowledge of the highest governance body				The international E.ON Group periodically trains the managers of its subsidiaries and the parent company on its strategy and business-relevant topics. As sustainability became a key pillar of both the international and the national strategy in 2021, the executives of the EHU Companies participated in several knowledge-sharing sessions on this topic. The material decisions of the company are made on the basis of submissions to the management, which are accompanied by background information and presentations. In 2021, the management team was involved in, among other things, the development of the sustainability strategy and the validation of its objectives, the approval of the preparatory work for our first Sustainability Report and the launch of the project for the reduction of CO ₂ emissions initiated by the international group. In addition, our executives are members or board members of several umbrella organisations; for example, Deputy CEO Zsolt Jamniczky is a board member of BCSDH.

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission
	GRI 2-18 Evaluation of the performance of the highest governance body				The rating obtained in the Performance Evaluation System has an impact on the senior manager's short-term incentive payout. The target incentive amount is multiplied by the percentage value obtained in the performance evaluation. In addition, the performance of the company also affects the amount that is received.
	GRI 2-19 Remuneration policies	Responsible corporate governance – Compliance and business ethics		81	
	GRI 2-20 Process to determine remuneration				Remuneration is determined by the top management in Hungary up to middle management level, and above that by the board in Germany. The comments and interests of the stakeholders have been taken into account in the design of the remuneration system. No independent consultant was involved in the process.
	GRI 2-21 Annual total compensation ratio				The remuneration of the highest paid member of the EHU Companies is 15.88 times the company median (1588%).
	GRI 2-22 Statement on sustainable development strategy	Welcome from the CEO; Strategy and sustainability – Sustainability		3 8	
	GRI 2-23 Policy commitments		E.ON Hungária Zrt. (eon.hu)		We have a Group-wide Integrated Management System policy. In all cases, the policies are approved by the managing directors of the companies in the group, after which they are published. The adopted and signed policies are published in the internal information channels and on the website accessible to external parties.
	GRI 2-24 Embedding policy commitments	Strategy and sustainability – Strategy			Policies are communicated for our employees through various internally accessible forums.
	GRI 2-25 Processes to remediate negative impacts	Responsible corporate governance – Compliance and business ethics; Stakeholders – Customers		74 81	
	GRI 2-26 Mechanisms for seeking advice and raising concerns	Responsible corporate governance – Compliance and business ethics		84	

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission									
	GRI 2-27 Compliance with laws and regulations				<p>In 2021, the Hungarian Competition Authority, as the Hungarian competition law regulatory authority, did not impose fines on the companies belonging to the EHU Companies.</p> <p>The fines imposed on us for other instances of non-compliance in 2021 were as follows:</p> <table border="1"> <thead> <tr> <th>Type of fine</th> <th>Number of procedures</th> <th>Amount of fines (total)</th> </tr> </thead> <tbody> <tr> <td>Consumer protection fine</td> <td>24</td> <td>3,720,000 Ft</td> </tr> <tr> <td>Fines relating to the use of a motor vehicle*</td> <td>156</td> <td>3,953,380 Ft</td> </tr> </tbody> </table> <p>* These are usually passed on to the employee driving the vehicle, with the EHU Companies paying only the management costs, which in 2021 amounted to 222,964 HUF in addition to the fines.</p> <p>Certain member companies of EHU Companies have guaranteed service obligations that are stipulated by the law. For the guaranteed service, two groups are distinguished:</p> <p>GSZ I: Outage at one point of consumption. Within this category, we failed to comply with our legal obligations in 336 cases* in 2021, and paid related fines amounting to 1,800,000 HUF to users.</p> <p>GSZ II: Outage affecting multiple points of consumption. Within this category, we failed to comply with our legal obligations in 3,667 cases** and paid related fines amounting to 20,160,000 HUF to users.</p> <p>Compared to the previous year, the number of breaches decreased in both categories.</p> <p>* This is 1% of the total of 45,863 individual outages per year. ** This is 2% of the total group outages affecting 1,490,976 customers per year.</p>	Type of fine	Number of procedures	Amount of fines (total)	Consumer protection fine	24	3,720,000 Ft	Fines relating to the use of a motor vehicle*	156	3,953,380 Ft
Type of fine	Number of procedures	Amount of fines (total)												
Consumer protection fine	24	3,720,000 Ft												
Fines relating to the use of a motor vehicle*	156	3,953,380 Ft												
	GRI 2-28 Membership associations	Social engagement – Industry organisations		53										
	GRI 2-29 Approach to stakeholder engagement	About the report; Stakeholders - Customers		74										
	GRI 2-30 Collective bargaining agreements	Stakeholders – Our employees		60										
GRI 201: Economic performance	GRI 3-3 Management of material topics	Business in at the service of sustainability		15										

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission															
	GRI 201-1: Direct economic value generated and distributed				<p>Financial indicators according to IFRS:</p> <table border="1"> <thead> <tr> <th>(MHUF)</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>567,438</td> <td>708,943</td> <td>1,212,363</td> <td>1,185,971</td> </tr> <tr> <td>ICF</td> <td>43,545</td> <td>72,472</td> <td>97,255</td> <td>94,764</td> </tr> </tbody> </table> <p>Consolidation effects are not eliminated, as the EHU Companies do not prepare consolidated reports for Hungarian companies. The reports of subsidiaries are made publicly available.</p>	(MHUF)	2018	2019	2020	2021	Net sales	567,438	708,943	1,212,363	1,185,971	ICF	43,545	72,472	97,255	94,764
(MHUF)	2018	2019	2020	2021																
Net sales	567,438	708,943	1,212,363	1,185,971																
ICF	43,545	72,472	97,255	94,764																
	GRI 201-2: Financial implications and other risks and opportunities due to climate change	Responsible corporate governance – Managing climate risks		80	Full mapping of climate risks and the assessment of the associated financial implications is ongoing.															
	GRI 201-3: Defined benefit plan obligations and other retirement plans				<p>Voluntary pension fund contributions help employees make early retirement savings. There are two types of support within the group.</p> <p>On the one hand, in all member companies, employees have the possibility to claim a voluntary pension fund contribution from the Cafeteria pool at the rate of their choice. The EHU Companies take over the amount chosen by the employee up to the extent of the Cafeteria pool and transfer it to the fund in an equal amount every month.</p> <p>On the other hand, in the case of ELMŰ, EED, EDE, EHUEET, and EEM, the employer pays a certain percentage of the employee's salary into the voluntary pension fund of the employee's choice.</p> <p>Contributions to a health fund are possible in all companies from the Cafeteria pool. In addition, the EHU Companies take out group health insurance for all their employees, under which they can receive outpatient care and preventative screening at private health institutions and medical providers. After six months of employment, all employees, whether they are employed internally or through a temporary agency, are entitled to a private medical care package, which can also be extended to their family members.</p>															
	GRI 201-4: Financial assistance received from the Government				<p>Among the subsidies received from the state, the following items were taken into account: tax base reduction due to TAO company tax donation; the amount of sports subsidy; tax credit for sports subsidy; tax base reduction due to TAO vocational trainees and further employment; tax relief for social contributions; and tax relief for vocational trainees and students in dual training.</p> <table border="1"> <thead> <tr> <th>(HUF, Thousands)</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Financial support received from the state</td> <td>96,049</td> <td>94,909</td> <td>109,654</td> <td>182,485</td> </tr> </tbody> </table>	(HUF, Thousands)	2018	2019	2020	2021	Financial support received from the state	96,049	94,909	109,654	182,485					
(HUF, Thousands)	2018	2019	2020	2021																
Financial support received from the state	96,049	94,909	109,654	182,485																

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission
GRI 202: Market Presence	GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage				There is no gender differentiation for new entrants, with an internal pay band determining the offer. The lowest wage is the prevailing minimum wage, the amount of which depends on the wage floor and the sectoral wage floor. The ratio defined by GRI is therefore 100% for the EHU Companies.
	GRI 202-2: Proportion of senior management hired from the local community				Hungarian nationals are considered local managers. In 2021, the proportion of local senior managers in the management was 100%. This was changed to 75% after the change of CEO in 2022.
GRI 203: Indirect Economic Impacts	GRI 203-1: Infrastructure investments and services supported	Business in at the service of sustainability – Infrastructure investments		24	
	GRI 203-2: Significant indirect economic impacts	Business in at the service of sustainability – Distribution network activities		16	
GRI 204: Procurement Practices	GRI 204-1: Proportion of spending on local supplier	Stakeholders – Our suppliers		77	
GRI 205: Anti-corruption	GRI 205-1: Operations assessed for risks related to corruption	Responsible corporate governance – Compliance and business ethics		82	
	GRI 205-2: Communication and training about anti-corruption policies and procedures	Responsible corporate governance – Compliance and business ethics		82	
	GRI 205-3: Confirmed incidents of corruption and actions taken				There were no confirmed, proven incidents of corruption at the EHU Companies in 2021. Therefore, on these grounds: no action under labour law was taken against an employee, on the one hand, while on the other hand, no tenders were invalidated, no contracts were cancelled and no contracts were terminated.
GRI 206: Anti-competitive Behaviour	GRI 206-1: Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Responsible corporate governance – Compliance and business ethics		81	
GRI 207: Tax	GRI 3-3: Management of material topics	Responsible corporate governance – Tax policy		86	
				86	
	GRI 207-2: Tax governance, control, and risk management	Responsible corporate governance – Tax policy		86	

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission
	GRI 207-3: Stakeholder engagement and management of concerns related to tax	Responsible corporate governance – Tax policy		86	
GRI 301: Materials	GRI 301-1: Materials used by weight or volume	Responsible corporate governance – Managing climate risks		80	
	GRI 301-2: Recycled input materials used				
	GRI 301-3: Reclaimed products and their packaging materials				We pay an environmental product charge in cases where the law requires it, for example, when we place solar panels on the market. In return, the state undertakes and assumes our obligations for the management of waste from electrical and electronic equipment. If waste is generated during the installation and maintenance of the solar panels, it will be treated as hazardous waste and transported to our hazardous waste management partner in Debrecen.
GRI 302: Energy	GRI 3-3: Management of material topics	Climate and environmental protection – Energy		30	
	GRI 302-1: Energy consumption within the organisation	Climate and environmental protection – Energy		35	
	GRI 302-2: Energy consumption outside of the organisation				
	GRI 302-3: Energy intensity				
	GRI 302-4: Reduction of energy consumption	Climate and environmental protection – Energy		35	
	GRI 302-5: Reductions in energy requirements of products and services	Climate and environmental protection – Energy		35	

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission
GRI 303: Water and Effluents	GRI 303-1: Interactions with water as a shared resource	Climate and environmental protection – Responsible water management	https://www.eon.hu/hu/rolunk/tarsadal-mi-sze-repval-lalas/fenn-tartha-tosag/ko-ernyezet-vedelem.html	37	
	GRI 303-2: Management of water discharge-related impacts				On-site municipal wastewater is transferred to the wastewater treatment plant after connection to the public sewer, but most of the substations have wastewater collection. In the case of electrical substations, oily, polluted stormwater is treated by an oil-water separator, so that the treated stormwater is discharged to the interceptor or to desiccating.
	GRI 303-3: Water withdrawal	Climate and environmental protection – Responsible water management		37	
	GRI 303-4: Water discharge				<ul style="list-style-type: none"> • In the case of our substations, the treated rainwater: • is discharged to sewers in fifty-seven cases, • has root zone desiccating in fifty-three cases, • in forty-five cases, there is desiccating in ditches, • in thirty-three cases, it is discharged to living water, • in seven cases, it is contained in closed tanks. From there it is either sent to landfill or disposed of as hazardous waste. <p>We have no drinking water quality discharge, and no water stressed areas are affected by our operations.</p> <p>On-site municipal wastewater is transferred to the wastewater treatment plant after connection to the public sewer, but most of the substations have wastewater collection.</p> <p>In the case of electrical substations, oily, polluted stormwater is treated by an oil-water separator, so that the treated stormwater is discharged to the interceptor or to desiccating.</p>

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission
	GRI 303-5: Water consumption				Water is withdrawn for irrigation purposes in four facilities. The amount of water used for irrigation in the sports centre at Népfürdő utca, Budapest, was 3,849 million litres in 2021, which was measured through a certified meter. In the case of Légszeszgyár u., Pécs, irrigation is provided from a drilled well, while in the case of Alsópáhoki út, Keszthely, and Vár u., Nagykanizsa, irrigation is provided from a piped water network. Currently, no consumption data is recorded for irrigation purposes. This is currently being introduced.
GRI 304: Biodiversity	GRI 3-3 Management of material topics	Climate and environmental protection – The protection of biodiversity		37	
	GRI 304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Climate and environmental protection – The protection of biodiversity		40	
	GRI 304-2: Significant impacts of activities, products, and services on biodiversity	Climate and environmental protection – The protection of biodiversity		38	
	GRI 304-3: Habitats protected or restored	Climate and environmental protection – The protection of biodiversity		43	
	GRI 304-4: Red List species and national conservation list species with habitats in areas affected by operations	Climate and environmental protection – The protection of biodiversity		40	
GRI 305: Emissions	GRI 3-3 Management of material topics	Climate and environmental protection – Climate protection		25	
	GRI 305-1: Direct (Scope 1) GHG emissions	Climate and environmental protection – Climate protection		27	
	GRI 305-2: Indirect (Scope 1) GHG emissions	Climate and environmental protection – Climate protection		27	
	GRI 305-3: Other indirect (Scope 3) GHG emissions	Climate and environmental protection – Climate protection		27	

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission
	GRI 305-4: GHG emissions intensity				<p>The EHU Companies do not currently calculate a carbon intensity rate for their services. This is for a number of reasons:</p> <p>1, the carbon intensity of electricity network losses is, for the most part, an effect of the carbon intensity of the energy that is transmitted through the distribution network, which we cannot directly influence. With part of our services (for example, the installation of residential, household-scale solar power plants and their connection to the grid) and with the continuous maintenance and modernisation of the electricity distribution network, we are working to achieve a higher share of renewable energy in the generation of electricity nationwide.</p> <p>2, We strive to keep fugitive emissions low, but they are shaped by many factors that are beyond our control (for example, the amount of gas spills from construction accidents). For air conditioning filling gases and SF₆ gases, we always conduct the leakage tests required by law, with the help of authorised specialist companies, and, if necessary, we refill the equipment. For air-conditioning filling gases, we are working to install systems with lower GWP-index gases, while for SF₆ gases, an international working group is examining their substitutability.</p> <p>3, Some of our administrative emissions (for example, building energy) cannot be decoupled along the delivery of certain services, which makes it impossible to establish accurate intensity measurement numbers.</p>
	GRI 305-5: Reduction of GHG emissions	Climate and environmental protection – Climate protection		29	
	GRI 305-6: Emissions of ozone-depleting substances (ODS).				The EHU Companies do not emit ozone pollutant substances.
	GRI 305-7: Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Climate and protection environmental – Other atmospheric emissions		45	
GRI 306: Waste	GRI 306-1: Waste generation and significant waste-related impacts	Climate and environmental protection – Waste		44	
	GRI 306-2: Waste by type and disposal method	Climate and environmental protection – Waste		45	
	GRI 306-3: Waste generated	Climate and environmental protection – Waste		45	
	GRI 306-4: Transport of hazardous waste	Climate and environmental protection – Waste			We do not currently have records of how much waste was removed from the work site during the reporting period, so only the available on-site data is reported in the section on climate and environmental protection.
	GRI 306-5: Waste directed to disposal	Climate and environmental protection – Waste		45	

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission
GRI 308: Supplier Environmental Assessment	GRI 308-1: New suppliers that were screened using environmental criteria	Stakeholders – Our suppliers		77	
	GRI 308-2: Negative environmental impacts in the supply chain and actions taken				
GRI 401: Employment	GRI 401-1: New employee hires and employee turnover	Stakeholders – Our employees			Workforce turnover (%) = (Number of entrants (persons) + Number of leavers (persons) ÷ Average staff headcount) x 100 = 39.44%
	GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Stakeholders – Our employees			Both employees with fixed-term and with part-time contracts are entitled to all the benefits that we provide for our full-time employees.
	GRI 401-3: Parental leave	Stakeholders – Our employees		58	
GRI 402: Labour/ Management Relations	GRI 402-1: Minimum notice periods regarding operational changes	Stakeholders – Our employees		60	
GRI 403: Occupational Health and Safety	GRI 403-1: Occupational health and safety management system	Stakeholders – Our employees		62	
	GRI 403-2: Hazard identification, risk assessment, and incident investigation	Stakeholders – Our employees		63	
	GRI 403-3: Occupational health services	Stakeholders – Our employees		64	
	GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	Stakeholders – Our employees		65	
	GRI 403-5: Worker training on occupational health and safety	Stakeholders – Our employees		65	
	GRI 403-6: Promotion of worker health	Stakeholders – Our employees		66	

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission
	GRI 403-7: Prevention and mitigation of occupational health and safety impacts that are directly linked by business relationships	Stakeholders – Our employees		66	
	GRI 403-8: Workers covered by an occupational health and safety management system	Stakeholders – Our employees		62	
	GRI 403-9: Work-related injuries	Stakeholders – Our employees		66	
	GRI 403-10: Work-related ill health	Stakeholders – Our employees		66	
GRI 404: Training and Education	GRI 404-1: Average hours of training per year per employee	Stakeholders – Our employees		68	
	GRI 404-2: Programmes for upgrading employee skills and transition assistance programmes	Stakeholders – Our employees		68	
	GRI 404-3: Percentage of employees receiving regular performance and career development reviews	Stakeholders – Our employees		68	
GRI 405: Diversity and Equal Opportunity	GRI 405-1: Diversity of governance bodies and employees	Stakeholders – Our employees		72	
	GRI 405-2: Ratio of basic salaries and remuneration of women to men	Stakeholders – Our employees		72	
GRI 406: Non-discrimination	GRI 406-1: Incidents of discrimination and corrective actions taken				There is currently a procedure and an information leaflet in place as a company policy for addressing one of the qualified cases of discrimination, namely, intimidating behaviour. During the procedure, employees may report if they are victims of, or witnesses to, harassment or mobbing and bullying at work. In 2021, there were two reports, which were investigated but neither of them were found to be a case of harassment or mobbing.

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission
Freedom of Association and Collective Bargaining	GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk				We do not see any risk to the right to collective bargaining in our area of operation or among our suppliers.
GRI 408: Child Labour	GRI 408-1: Operations and suppliers that are at significant risk for incidents of child labour	Responsible corporate governance – Respect for human rights		86	
GRI 409: Forced or Compulsory Labour	GRI 409-1: Operations and suppliers that are at significant risk for incidents of forced or compulsory labour	Responsible corporate governance – Respect for human rights		86	
GRI 410: Security Practices	GRI 410-1: Security personnel trained in human rights policies or procedures		beszallitoi-magartasi-kodex-2021.pdf (eon.hu)		The EHU Companies do not employ security staff, and third parties are subject to the Supplier Code of Conduct.
GRI 413: Local Communities	GRI 413-1: Operations with local community engagement, impact assessments, and development programmes	Social engagement – Cooperation		46	
	GRI 413-2: Operations with significant actual and potential negative impacts on local communities	Appendices		92	
GRI 414: Supplier Social Assessment	GRI 414-1: New suppliers that were screened using social criteria	Stakeholders – Our suppliers		77	
	GRI 414-2: Negative social impacts in the supply chain and actions taken				
GRI 415: Public Policy	GRI 415-1: Political contributions				According to the EHU Companies' Internal Written Regulations (BIR), it is prohibited to provide direct or indirect support to political parties, politicians, and their affiliated institutions.

GRI-standard	GRI indicator	Chapter in the sustainability report	External reference	Page number	Direct response / Reason for omission															
GRI 416: Customer Health and Safety	GRI 416-1: Assessment of the health and safety impacts of product and service categories				Work on the grid on behalf of any distribution licensee of a company belonging to the EHU Companies may only be performed by technicians who are registered according to E.ON standards. Employees with a registered technician's qualification may only obtain this authorisation after passing an examination. The skills that they acquire in the classroom ensure that they can perform the work safely and in accordance with E.ON standards.															
	GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services				No such incidents occurred during the reporting period.															
GRI 417: Marketing and Labelling	GRI 417-1: Requirements for product and service information and labelling				As an Energy Trading Company, we have a legal obligation to present the resource composition of the sold electricity in accordance with the relevant MEKH regulations. The 2021 resource composition table may be viewed here.															
	GRI 417-2: Incidents of non-compliance concerning product and service information and labelling				No such incidents occurred during the reporting period. With regard to investments, for the management of waste from demolition activities in the case of large (construction) investments, the BM-KvVM joint decree No. 45/2004. (VII. 26.) applies.															
	GRI 417-3: Incidents of non-compliance concerning marketing communications				No such incidents occurred during the reporting period.															
GRI 418: Customer privacy	GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data				<p>In 2021, the National Authority for Data Protection and Freedom of Information launched the following five proceedings against companies belonging to the EHU Companies:</p> <table border="1"> <thead> <tr> <th>Company subject to proceedings</th> <th>Number of cases</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>E.ON Észak-dunántúli Áramhálózati Zrt.</td> <td>1</td> <td>pending</td> </tr> <tr> <td>ELMŰ Hálózati Kft.</td> <td>2</td> <td>pending</td> </tr> <tr> <td>ELMŰ-ÉMÁSZ Energiaszolgáltató Zrt.</td> <td>1</td> <td>pending</td> </tr> <tr> <td>E.ON Áramszolgáltató Kft.</td> <td>1</td> <td>pending</td> </tr> </tbody> </table> <p>In 2021, the Authority found no infringements against companies belonging to the EHU Companies. In 2021, there were no systemic data leaks, data losses, or data thefts involving personal data of natural persons in the EHU Companies.</p>	Company subject to proceedings	Number of cases	Status	E.ON Észak-dunántúli Áramhálózati Zrt.	1	pending	ELMŰ Hálózati Kft.	2	pending	ELMŰ-ÉMÁSZ Energiaszolgáltató Zrt.	1	pending	E.ON Áramszolgáltató Kft.	1	pending
Company subject to proceedings	Number of cases	Status																		
E.ON Észak-dunántúli Áramhálózati Zrt.	1	pending																		
ELMŰ Hálózati Kft.	2	pending																		
ELMŰ-ÉMÁSZ Energiaszolgáltató Zrt.	1	pending																		
E.ON Áramszolgáltató Kft.	1	pending																		

List of abbreviations

Abbreviation	Full description
ALARP	As Low As Reasonably Practicable
BCSDH	Business Council for Sustainable Development in Hungary
BIR	Belső Írásos Rendelkezések (Internal Written Regulations)
CFO	Chief Financial Officer
CMS	Compliance Management System
CSR	Corporate Social Responsibility
DNSH	Do No Significant Harm
DSO	Distribution System Operator
DSR	Demand side response
EBITDA	Earnings Before Interests, Taxes, Depreciation and Amortisation
EDD	E.ON Dél-dunántúli Gázhálózati Zrt.
EDE	E.ON Dél-dunántúli Áramhálózati Zrt.
EED	E.ON Észak-dunántúli Áramhálózati Zrt.
EIT	Energetikai Innovációs Tanács (The Energy Innovation Council)
EKO	E.ON Közép-dunántúli Gázhálózati Zrt.
ELMŰ	Elektromos Művek (Electrical Works Company)
ESG	Environmental, Social and Governance
ETE	Energiagazdálkodási Tudományos Egyesület (The Hungarian Scientific Society of Energy Economics)
EÜS	E.ON Ügyfélszolgálati Kft.
FP	Funkcionális szabályzat (Functional Regulation)
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GoO	Guarantee of Origin
GRI	Global Reporting Initiative
GSZ I.	Garantált Szolgáltatás I. (egy felhasználási helyet érint) (Guaranteed Service I – concerns one point of consumption)
GSZ II.	Garantált Szolgáltatás II. (több felhasználási helyet érint) (Guaranteed Service II – concerns several points of consumption)
GWP	Global Warming Potential

Abbreviation	Full description
HBLF	Hungarian Business Leaders Forum
HiPO	High Potential (magas bekövetkezési valószínűség)
HMKE	Háztartási méretű kiserőmű (Household-size Small Power Plant)
HSE	Health, Safety, Environment
ICS	Internal Control System
IFRS	International Financial Reporting Standards
IIR	Integrált Irányítási Rendszer (Integrated Management System)
ILO	International Labour Organisation
IPCC	Intergovernmental Panel on Climate Change
IUCN	International Union for Conservation of Nature
KKV	Kis- és középvállalkozás (Small and medium-sized enterprises – SME)
KPI	Key Performance Indicators
LMRA	Last Minute Risk Assessment
MEBIR	Munkahelyi Egészségvédelmi és Biztonsági Irányítási Rendszer (Occupational Health and Safety Management System)
MEKH	Magyar Energetikai és Közmű-szabályozási Hivatal (The Hungarian Energy and Public Utility Regulatory Authority)
MKET	Magyar Kapcsolt Energia Társaság (The Hungarian COGEN Association)
MME	Magyar Madártani és Természetvédelmi Egyesület (The Hungarian Ornithological and Nature Conservation Society)
MVM	Magyar Villamos Művek (MVM Energy Private Limited Liability Company)
NPS	Net Promoter Score
P2G	Power to Gas
PDCA	Plan-Do-Check-Act
PPA	Power Purchase Agreement
PV-power plant	Fotovoltaikus erőmű (Photovoltaic power plant)
RTB	Rend, Tisztaság, Biztonság (Order, Cleanliness, Safety)
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goals
SIF	Serious Incident Frequency
SRM	Supplier Relationship Management

Abbreviation	Full description
SVP Group Tax	Senior Vice President for Group Tax
TAO	Company Tax
TCFD	Task Force on Climate-related Financial Disclosures
TCO	Total Cost of Ownership
TET	Top Executive Team
TRIF	Total Recordable Incident Frequency
UNGC	United Nations Global Compact
VPP	Virtual Power Plant
VSE	Vezetési Stílus Elemzés (Management Style Analysis)
WBCSD	World Business Council for Sustainable Development
WLTP	Worldwide Harmonised Light-Duty Vehicles Test Procedure

Imprint

E.ON Hungária Zrt.

Address: 1134 Budapest, Váci út 17.

E-mail: eon-sajtoszoba@eon-hungaria.com

Website: www.eon.hu

Issued by:

E.ON Hungária Zrt. Budapest, 2022

Professional support:

Planet Fanatics' Network Kft. www.planetfanatics.hu

Design:

Sky Marketing Communications Kft.

Information related to sustainability:

<https://www.eon.hu/hu/rolunk/tarsadalmi-szerepvallalas/fenntarthatosag.html>

fenntarthatosag@eon-hungaria.com

If you have any suggestions, questions, or comments about our report, please contact us at fenntarthatosag@eon-hungaria.com.