

The background image shows three E.ON workers in red safety suits and helmets standing on a rooftop, looking out over a city at sunset. The sun is low on the horizon, casting a warm glow over the city skyline. The workers are wearing safety harnesses and are positioned near a metal railing. The overall mood is professional and forward-looking.

e.on

Sustainability report 2023

The E.ON Hungária Group

*it's **on** us*

Contents

| | |
|---|-----------|
| Welcome from the CEO | 3 |
| Our market role | 4 |
| Our company | 6 |
| The E.ON Hungária Group in numbers | 6 |
| About the report | 7 |
| Material topics | 8 |
| Strategy | 11 |
| Corporate strategy | 11 |
| Sustainability Strategy | 12 |
| Contributing to the UN Sustainable Development Goals | 14 |
| Our ESG report and assessments | 14 |
| Our key ESG indicators | 16 |
| Economic data | 17 |
| Taxation | 18 |
| Taxonomy | 19 |
| Impact and risk management | 19 |
| Fair company | 22 |
| The foundations of our ethical operation and respect for human rights | 22 |
| Regulatory environment and legal compliance | 23 |
| Professional interest representation | 27 |
| The management of the company | 28 |
| Corporate governance and internal regulations | 30 |
| Our business activities | 31 |
| Our energy network | 33 |
| Our electricity distribution networks | 33 |
| Liveable Future Park | 42 |
| Our natural gas network | 43 |
| Our products and solutions | 44 |
| Energy production, storage, regulations | 48 |
| Digitalisation | 51 |

| | |
|--|------------|
| Climate and environmental protection | 54 |
| Preserving biodiversity | 55 |
| Circular economy and management of waste that is generated | 59 |
| Soil and water protection | 61 |
| Climate protection | 63 |
| Our society | 69 |
| Our stakeholders | 69 |
| Our employees | 70 |
| Employee data | 70 |
| Collective bargaining agreement | 72 |
| Remuneration | 72 |
| Training, talent management | 75 |
| Succession in the industry | 76 |
| Diversity, equal opportunities and inclusion | 78 |
| Our internal communities | 82 |
| The health of our employees | 83 |
| The safety of our employees and partners | 85 |
| Our partners | 90 |
| Our customers | 90 |
| Our suppliers | 92 |
| Social inclusion | 94 |
| Donation, support | 94 |
| Brand campaigns | 95 |
| Sponsoring activities | 96 |
| The Independent Practitioner's Limited Assurance Report | 98 |
| The GRI-index | 101 |

Welcome from the CEO



Dr. Guntram Würzberg
E.ON Hungária Group
chairman-CEO

Dear Reader,

According to the international slogan of the renewed E.ON brand, "it's on us to make new energy work". We at the E.ON Hungária Group are indeed in an exceptional position, as energy is an industry that has a direct impact on Hungary, with particular regard to the sustainability of the economy. This represents a great opportunity, but it is also a huge responsibility, as our business decisions directly affect the lives of not only the present, but also future generations. Accordingly, sustainability is a strategic pillar of the international and domestic E.ON group and a value that permeates and inspires every decision we make. For us, sustainability is not simply a social expectation, but also a business opportunity that creates the basis for growth.

As one of the leading energy companies in Hungary and in Europe, we are not only committed to making our energy networks more efficient and reliable. In addition, our network operation activity lays the foundation for the entire energy transition leading to the spread of renewable energy sources, so our business activity itself also concerns sustainability. Since 2022, we have invested a total of 115 billion HUF in network development, and, thanks to this, more than 20,000 new projects have already been completed in the Transdanubian region, Budapest and Pest County.

Our priority mission is the further spread of renewable energy sources, and in 2023 we made every effort to ensure that a total of 1,047 MW of new solar panels can now be connected to the grid in our service area.

Among the many network modernisation projects that we have implemented this year, we are particularly proud of the one in which we built our first solar power plant in Környe, which ensures that we can supply a local plant with green energy in the long term. In this outstanding project of our energy infrastructure solutions, our specialists installed 8,802 solar panels, enabling this solar power park to produce 4.8 GWh of energy per year, which corresponds to the annual energy consumption of approximately 1,900 households. The energy storage facility built in Aszófó helps provide secure supply for the northern shore of Lake Balaton and the connection of solar panels to the grid. By the end of the year, the number of our smart meters exceeded 432,000, representing a 37% increase compared to the previous year.

In order to protect biodiversity, we made our network bird-friendly in a total of 206 places during the year, and in the Buda hills we replaced the overhead cables running in the forest with an underground cable, hence we were able to return several hectares of land to nature. We have started the preparation of our Green Corridor Management programme, in order to minimise the maintenance work necessary along the high-voltage lines, and thereby protect the natural habitats.

Throughout the dynamic implementation of the developments, we have always made sure that we performed our work with as minimal an ecological footprint as possible. Our CO₂ emissions decreased further in 2023: Scope 1 direct emissions, which aggregate our fuel consumption and methane leakage, as well as the Scope 2 indirect

emissions of our electricity and district heat consumption fell by 27%, and the Scope 3 indirect emissions of the quantity of electricity and natural gas sold dropped by 54%. According to the taxonomic classification of the European Union, 87.5% of our investments are considered sustainable. We recycle nearly 95% of our waste and 98% of non-hazardous waste.

We have always treated the safety of our employees as a priority, and it was no different in 2023. While the number of working hours increased by 16% compared to the previous year, the rate of accidents per one million working hours decreased from 3.7 to 3.1. In Budapest, we built a new head office building designed with sustainability aspects in mind, and, with regard to the electricity supply of the other properties that we own, we made sure that by the end of 2023 they would already use green energy in 100%.

In our sustainability report, we present in detail the steps we took in 2023 to achieve sustainable operation and the transition to green energy. On behalf of all my colleagues, I can promise that we will continue this work for the sake of our company, our customers and the well-being of society as a whole.

A stylized handwritten signature in black ink, reading 'Würzberg'.

Dr. Guntram Würzberg
E.ON Hungária Group chairman-CEO
The 22nd of October, 2024

■ Our market role

Our market role

E.ON – an essential player in the energy market

The energy market is a complex, multi-player area, in which the joint, coordinated work of different actors creates access to energy for consumers. The E.ON Hungária Group performs a number of activities in this market, thereby ensuring that our customers can have access to their energy solutions with the highest possible quality.

When presenting the most important roles of the energy market, we highlight the areas in which the E.ON Hungária Group operates.

The most important players in natural gas supply are as follows:

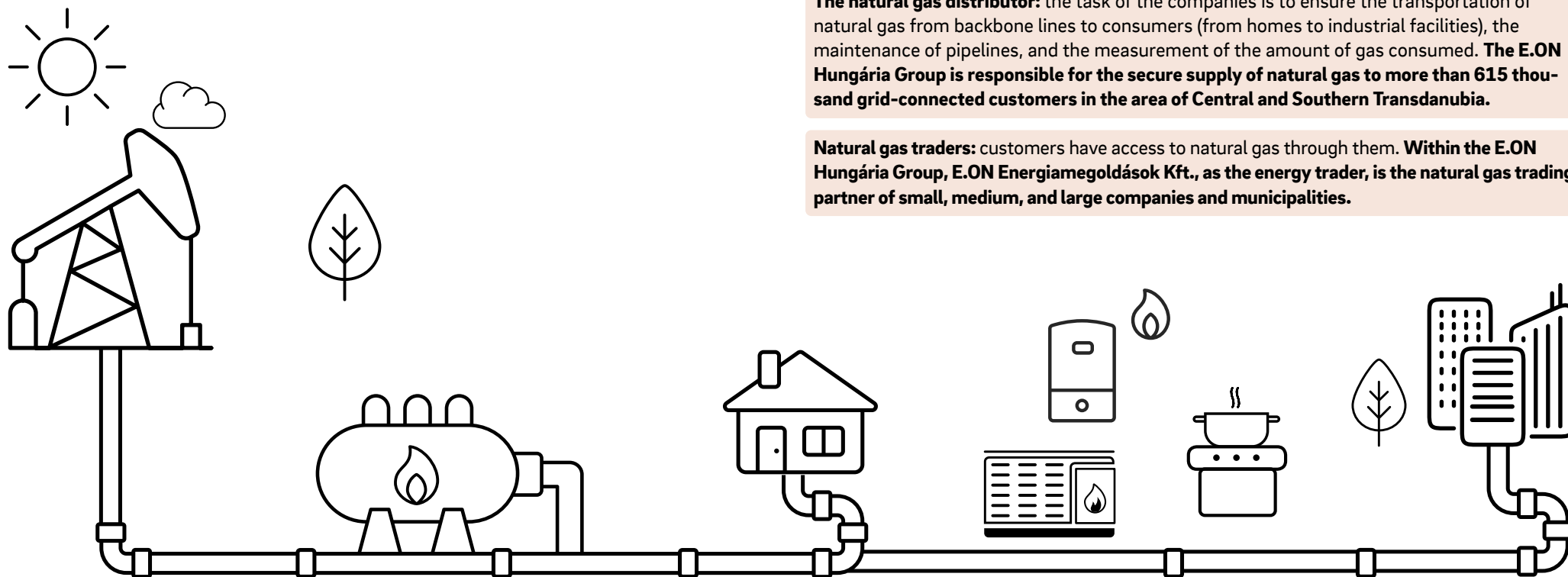
Gas producers, who explore gas fields and extract gas. In Hungary there are relatively few active gas fields; 80% of domestic gas demand is imported from abroad.

Natural gas storage facilities: natural gas is usually stored in natural geological formations separate from the production site. Hungary has a relatively significant quantity of storage capacity, and we can store approximately 40% of our annual natural gas consumption at the same time.

The natural gas transmitter: the high-pressure natural gas transmission pipeline network ensures the transportation of natural gas between the production site and the country of consumption. The transmitter operates the backbone pipelines of the countries; in Hungary this operator is FGSZ Zrt.

The natural gas distributor: the task of the companies is to ensure the transportation of natural gas from backbone lines to consumers (from homes to industrial facilities), the maintenance of pipelines, and the measurement of the amount of gas consumed. **The E.ON Hungária Group is responsible for the secure supply of natural gas to more than 615 thousand grid-connected customers in the area of Central and Southern Transdanubia.**

Natural gas traders: customers have access to natural gas through them. **Within the E.ON Hungária Group, E.ON Energiamegoldások Kft., as the energy trader, is the natural gas trading partner of small, medium, and large companies and municipalities.**



■ Our market role

In the electricity market, we also distinguish between several players:

Generators (power plants), which generate electricity by converting a renewable or non-renewable energy source, and sometimes, in connection with it, also exploitable thermal energy. **The E.ON Hungária Group is represented in this segment by E.ON Energiatermelő Kft., which owns and operates more than a dozen gas engine power plants nationwide, as well as several solar power plants and a wind power plant.**

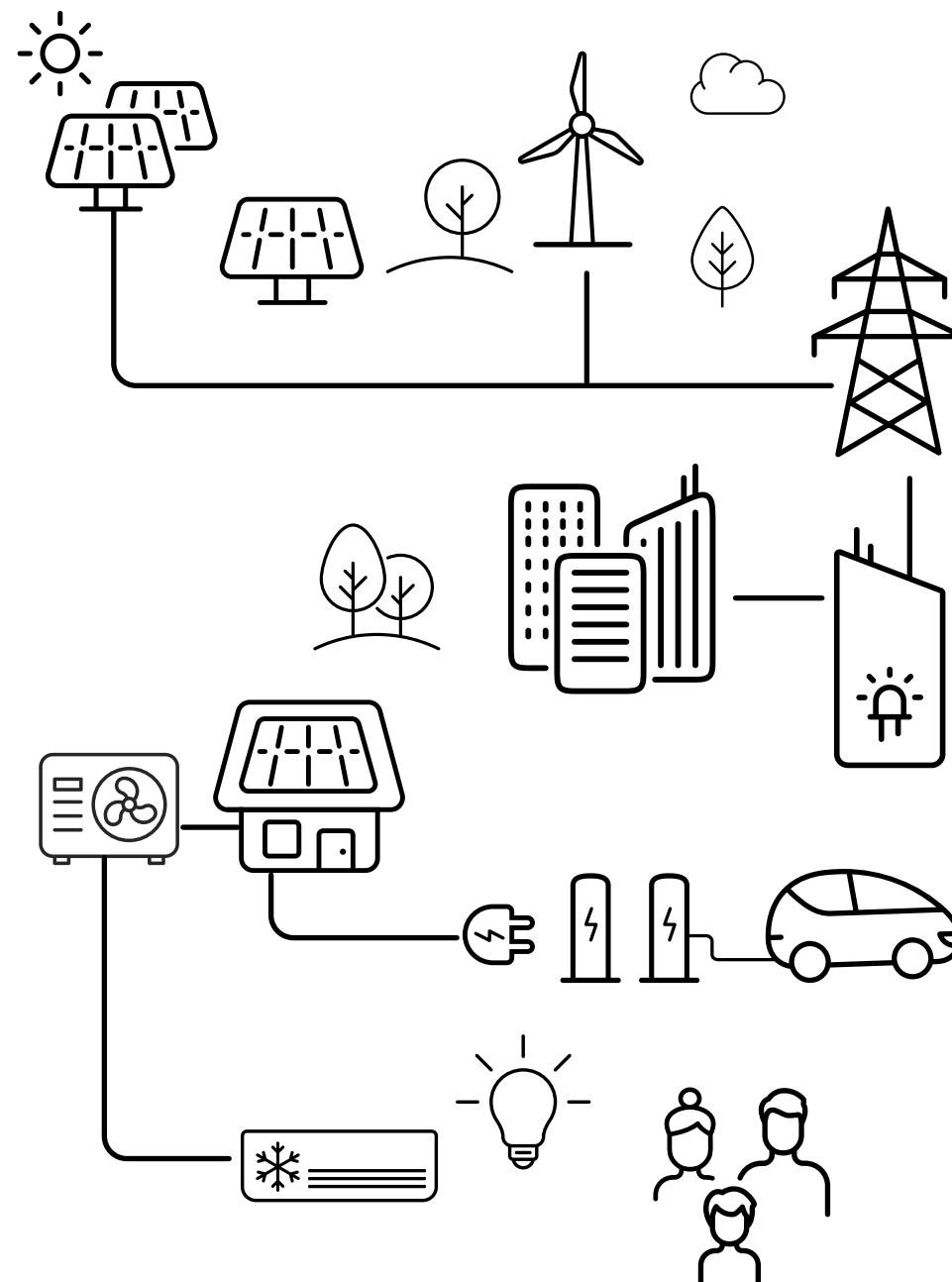
Electricity traders, with whom end-users of electricity can enter into a contract to satisfy their needs for energy they plan to use. **The E.ON Hungária Group trades electricity products with national commercial coverage through E.ON Energiamegoldások Kft.**

The transmission system operator, the operator of the national backbone network, whose task is to maintain and improve the condition of the national backbone lines. In Hungary, the operation of the transmission network is the responsibility of MAVIR Zrt.

Distribution system operators (DSOs), who ensure the path of electricity from the backbone network to the consumers as well as providing the necessary equipment, including the maintenance of these and the metering of the electricity consumed. **Through its three distribution network companies, the E.ON Hungária Group performs distribution network licensee tasks in the entire Transdanubian region, Budapest and Pest County**

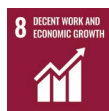
A system operator, who is responsible for monitoring the balance between energy production and consumption at all times. In Hungary, the system operator tasks are performed by MAVIR Zrt.

This complex package of services is complemented by energy solutions that are of interest to residents, business companies and municipalities, such as electric transport, solar power plant installation, and building energy and energy efficiency products and services. As the E.ON Hungária Group is involved in almost all aspects of energy services and solutions, we can ensure a high quality and comprehensive service to our customers, while at the same time being able to represent aspects of sustainability throughout our entire value chain.



■ Strategy ■ Economic data ■ Fair company ■ Our business activities

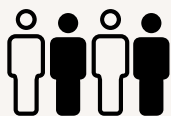
Our company



The E.ON Hungária Group in numbers

Number of employees:

6,547 persons
↑ in 2022: **6,265**



Number of hours worked:

10,084,294 hours
↑ in 2022: **8,686,367** hours



Number of working hours
spent volunteering:

3,996 hours
↑ in 2022: **2,469** hours



Length of the electricity network:

84.060 km
↑ in 2022: **83,610** km



Length of the gas network:

18,242 km
↑ in 2022: **18,235** km



Number of smart meters
installed:

432,361 pcs
↑ in 2022: **313,827** pcs



Total capacity of self-owned solar
power plants:

24 MWp
→ in 2022: **24** MWp



Amount of savings obtained from energy
efficiency investments in real estate:

230 MWh/year
↑ in 2022: **166** MWh/year



Number of locations of bird
protection interventions:

206 pcs
↑ in 2022: **150** pcs



Recovery rates for
non-hazardous waste:

98%
↑ in 2022: **95%**



Recovery rate of total waste:

94.3%
↑ in 2022: **92.7%**



The value of our social
contribution:

140,823,269 HUF
↓ in 2022: **286,877,299** HUF



Ratio of domestic suppliers: Of the total invest-
ment amount, the proportion of investments
spent on sustainable activities in accordance with
the EU Taxonomy Regulation:

87,5%
↑ in 2022: **86,5%**



Total number of days lost due to
accidents at work:

873 days
↓ in 2022: **892** days



Rate of accidents at work
(for 1,000,000 working hours)

3.1
↓ in 2022: **3.72**



Proportion of domestic
suppliers:

97.7%
↑ in 2022: **92.3%**



■ Strategy ■ Economic data ■ Fair company ■ Our business activities

About the report

[GRI 2-1] [GRI 2-2] [GRI 2-3] [GRI 2-4] [GRI 2-5] [GRI 2-14]

This document is the third stand-alone Sustainability Report of the E.ON Hungária Group, sharing corporate sustainability information and results with our readers for the 2023 calendar year. The E.ON Hungária Group is committed to reporting its sustainability performance annually in a voluntary sustainability report in order to make our Group's operations even more transparent.

The E.ON Hungária Group prepared its report following the methodology of the GRI Standards¹ in compliance with the "In Accordance" level for the period between the 1st of January, 2023, and the 31st of December, 2023. In compiling the report - in accordance with the requirements of the GRI standard - we have focused on material topics, the involvement of stakeholders, completeness, accuracy, comparability, timeliness, reliability, balance, and the presentation of the context of sustainability.

The data and information in this report provide information on the financially consolidated companies of the E.ON Hungária Group (hereinafter referred to as the E.ON Hungária Group), unless otherwise indicated. Our report has been validated by KPMG Hungária Kft. in accordance with the ISAE 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information) and ISEA 3410 (Assurance Engagements on Greenhouse Gas Statements) methodologies for the review of sustainability disclosures. The certification was ordered by senior management. The report of KPMG Hungária Kft. is included **in the chapter titled Independent Practitioner's Limited Assurance Report**. The KPMG audit examined the following GRI topics:

- Global Reporting Initiative (GRI) 1 Basic principles
- Global Reporting Initiative (GRI) 2 General disclosures

- Global Reporting Initiative (GRI) 3 Material topics
- Global Reporting Initiative (GRI) 305-1 Direct (Scope 1) GHG emissions
- Global Reporting Initiative (GRI) 305-2 Indirect (Scope 2) GHG emissions

| | |
|--------------------|--|
| Reporting period | the first of January, 2024 – the 31st of December, 2024. |
| Reporting standard | GRI Standards 2021 – In Accordance |
| Reporting period | Annual |

Disclosure of the report: the 22nd of October, 2024

Please send any questions about the report and the information reported to the address fenntart-hatosag@eon-hungaria.com.

Our accident figures for 2022 presented in the report have been recalculated² due to an error in the previous year's data. The 2022 Scope 1-2 emission was recalculated and the value was corrected.

Regarding staff turnover, compared to last year³ we made a methodological correction in line accordance with GRI requirements, that is, only employees who leave during the year are included in the turnover data, and those who join during the year are not.

Regarding the gender wage gap figures for female employees, we performed the calculations using the statistical methodology used by E.ON SE. Our report covers the financially consolidated companies of the E.ON Hungária Group⁴, (listed below):

The core companies of the E.ON Hungária Group:

E.ON Hungária Zrt.
E.ON Gazdasági Szolgáltató Kft.
E.ON Ügyfélszolgálati Kft.
E.ON Digital Technology Hungary Kft.

The E.ON Hungária Group Energiahálózatok Customer Solutions Business Line, that is, the companies related to the business

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

The companies of the E.ON Hungária Group line of electricity and gas distribution network

E.ON Energiamegoldások Kft.
E.ON MyEnergy Kft.
E.ON Energiatermelő Kft.
E.ON Energiatároló Kft.

More detailed information is available on our companies and their activities on the website of the [E.ON Hungária Group](#).

¹ GRI stands for Global Reporting Initiative, which is the most widely accepted and applied standard for sustainability reporting on the international level.

² The data reported in the previous year are provided in a footnote in the text in which this year's data is reported.

³ The data reported in the previous year, calculated using the incorrect methodology, is 23.96%.

⁴ An exception to this is E.ON Digital Technology Hungary Kft., which is not included in the financial consolidation, however (due to its significant number of employees), we also present data on this company in our disclosure of employee information. This difference is indicated separately in the relevant chapter. Another exception is Klíma Kft., which is part of the group of companies included in the financial consolidation of the E.ON Hungária Group, but which is not included in our sustainability report (due to its small number of employees).

■ Strategy ■ Economic data ■ Fair company ■ Our business activities

Proprietary structure:

Through E.ON Hungária Zrt., E.ON Beteiligungen GmbH holds a 75% stake in the E.ON Hungária Group, while MVM Zrt., the central holding company of the MVM Group, holds a 25% stake. The sole owner of E.ON Beteiligungen GmbH is E.ON SE. The data presented in our report is the comprehensive data of the E.ON Hungária Group, and we do not disaggregate it by ownership share.

The international E.ON Group is one of the largest non-state owned energy group companies in the world, and is present as a major player in the energy markets of most Central and Eastern European countries, including Hungary. With approximately 48 million customers in Europe, 1.6 million kilometres of energy networks and 72,000 employees, the international group is active in the operation of energy networks and infrastructure, and in the provision of innovative energy solutions to customers.

The E.ON Hungária Group is actively working towards a more sustainable future all across Hungary. Our network business provides electricity distribution activities in Budapest, Pest County and the entire Transdanubia, and our natural gas distribution activities cover Central and South Transdanubia. We provide our complex energy services, called customer solutions, to our customers throughout Hungary, so that they can more easily achieve their sustainability goals. The head office of the E.ON Hungária Group is located in Budapest, at Váci út 17⁵.

Material topics

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

We are in constant contact with our stakeholders:

- we provide them with information and notify them of our available products and services;
- we are in dialogue with them regarding specific matters; and
- in connection with our sustainability report, we ask for their opinion on our operation and the topics they consider most important.



The latter process is the key to identifying our material sustainability topics, and the proper involvement of our stakeholders and requesting their opinions ensure that we receive an external opinion on the operation of our corporate group in order to identify our material topics.

In 2023, the E.ON Hungária Group developed a research series with the involvement of our stakeholders. After identification of the stakeholder organisations and the stakeholders relevant for our group, we conducted the research in the following groups: the E.ON Hungária Group's employees and executives, residential customers, public administration customers, large corporate customers, small and medium-sized corporate customers, NGOs, universities, media, and other professional organisations. Stakeholders were involved and their opinions on sustainability were sought in order to take into account the interests of the concerned groups and their comments and suggestions on the operation of our company in our future sustainability efforts - this assessment ensures that our report covers and presents all the topics that are relevant to the operation of the E.ON Hungária Group.

Our investigation into the material topics consists of the following five main steps.

1. Compilation of a comprehensive list of topics with the participation of the Strategy and Sustainability Department of E.ON Hungária Zrt, evaluating the company's negative and positive impacts on the topics of economy, environment and society, including human rights. In conducting the materiality analysis and identifying the material topics, we also took into account the GRI sector-specific recommendations.
2. Questionnaire survey of stakeholders.
3. Evaluation of the results received.
4. Validation of the results received based on the year 2022 materiality survey and management results.
5. Formulation of the final list of material topics and its approval by senior management.

⁵ As of the 1st of October, 2024, the registered office of the E.ON Hungária Group will move to 1117, Budapest, Hengermalom út 18.

■ Strategy ■ Economic data ■ Fair company ■ Our business activities

After processing the results, we defined the following material topics regarding the operation of the E.ON Hungária Group:

| Material topic | Related GRI topics |
|--|--|
| Occupational health and safety | GRI 403 |
| Security of supply | EU-21 |
| Customer satisfaction | GRI 416, GRI 417 |
| Sustainable operations, digitalisation, operational efficiency | GRI 303, GRI 304, GRI 305, GRI 306, |
| Risk and crisis management | GRI 201 |
| Economic aspects of sustainable business | GRI 201, GRI 203, GRI 204, GRI 205, GRI 206, GRI 207 |
| Innovative, sustainable service for customers | GRI 416 |
| Conditions of employment | GRI 202, GRI 401, GRI 407 |
| Labour and management relations | GRI 401, GRI 402, GRI 407 |
| Energy efficiency in business operations and for consumers | GRI 302 |

We have grouped the material topics due to the similarity of the subject matter:

| Description of grouped topic | Material topic (result of survey) | Related GRI topics and reporting chapters (3.3) |
|------------------------------|--|--|
| Health and safety | Occupational health and safety | GRI 403 – 1-10 Health of our employees Safety of our employees and partners |
| Fair workplace | Employment conditions Labour and management relations | GRI 202, GRI 401, GRI 402, GRI 407 Our employees, The foundations of our ethical conduct and respect for human rights |
| Stable operation | Security of supply Risk and crisis management Economic aspects of sustainable business | GRI 201, GRI 203, GRI 204, GRI 205, GRI 206, GRI 207, EU-21, Our electricity distribution networks , Our natural gas network , Economic data , Risk management process , Taxation |
| Sustainable company | Sustainable operations, digitalisation, operational efficiency Energy efficiency in business operations and for consumers | GRI 302, GRI 303, GRI 304, GRI 305, GRI 306, Climate and environmental protection , Energy consumption , Soil and water protection , Circular economy and the management of the waste generated , Preserving biodiversity , Digitalisation |
| Our customers | Customer satisfaction Innovative, sustainable service for customers | GRI 416, GRI 417, Our customers , Sustainability Strategy , Our products and solutions |

■ Strategy ■ Economic data ■ Fair company ■ Our business activities

Compared to our 2022 report, we have clarified which of our topics are considered material under the GRI.

Furthermore, the following sectoral standards have been taken into account in the preparation of this report:

- a) GRI G4 Electric Utilities Sector Disclosures 2014 standard for our electricity distribution networks and electricity generation; and
- b) GRI 11: Oil and Gas Sector Disclosures 2021 standard for our natural gas distribution network.

The standard referred to in point b) also contains a number of other issues relating to the oil and gas industry that are not relevant to our business.

Our report also includes disclosure of other GRI indicators that are not classified as material, but GRI indicators 3-3 on the treatment of material topics are only disclosed for our material topics as required by the GRI. The results of our stakeholder survey and our list of material topics have been reviewed and approved by the CEO and the Strategy and Sustainability Department of E.ON Hungária Zrt.



Strategy

Corporate strategy

The three main business pillars of the business strategy of the E.ON Hungária Group remain **growth, sustainability, and digitalisation**. The strategic framework gives priority to sustainability, the key elements of which are the reduction of the negative impact of our company's activities on the environment and the protection of the safety and health of our employees.

In addition to this, and in accordance with our Integrated Management System policy, our corporate strategy also places great emphasis on customer focus and the continuous improvement of our operations. The E.ON Hungária Group comprises committed, expert partners of Hungarian society, focusing on a sustainable future in energy solutions and services, as attested by the motto of our mission: **"With our energy for a more sustainable tomorrow"**. Our mission is to be at the forefront of the energy transition and to play an active role in creating change.

We provide forward-looking and reliable energy solutions to our customers, thus supporting them on the path to a carbon-neutral future. In line with domestic and international trends, the matter of sustainability has become considerably more prominent for all of us. The key to the future growth of our Group is a significant increase in the performance of our network solutions and energy customer solutions, as well as an increase of the share of green energy in energy sales. We have set ourselves ambitious goals in each segment. In our network investments, in addition to security of supply, we prioritise aspects of sustainability, as well as developing a flexible, modern infrastructure.

With regard to customer solutions, we provide innovative, green energy solutions for our residential, corporate and municipal customers, which fully satisfy complex customer needs and electrification aims. The spread of energy solutions for residential and industrial customers that utilise renewable energy sources and serve energy efficiency (for example, solar power systems, and heat pumps), as well as the network development projects that make this possible, will determine conditions in the years to come. Their fundamental goal is to modernise the infrastructure and prepare the distribution network for the needs of the new energy world.

The E.ON Hungária Group is focusing on the opportunities inherent in digitalisation. Our goal is to develop digital customer experience and customer solutions, as well as improving digital analytical capabilities and 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, based on their feedback and the analytical data generated by using our products and services.

In line with our commitment and ambitions regarding sustainability and climate protection, our group has a sustainability strategy, the implementation of which will ensure that sustainability is an integral part of our daily operations. Our goal is to build an E.ON that is sustainable both in its processes and operations.

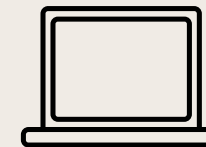
In our strategy, we undertake to meet customer expectations related to our operations at the highest possible level, in addition to continuous growth. Our focus is on our customers, but efficiency and flexibility also represent key elements of our business. In addition to this, the realisation of our strategy is supported by the values of our corporate culture, as well as the fact that, as a responsible company, we place our employees at the centre of our attention, thereby providing stability in a changing and turbulent world.



Growth



Sustainability



Digitalisation

Sustainability strategy

[GRI 3-1]

Sustainability is a strategic pillar of the international and domestic E.ON group and a value that inspires everything we do.

The operation of our Group is fundamentally driven by offering sustainable products and services to our customers, and by creating opportunities for them to adopt a more sustainable lifestyle through network development, while leading the green energy transition.

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 building and continuously developing the energy distribution network of the future in order to connect as many energy producers based on renewable energy sources to our networks as possible, in addition to continuously 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 resources account for an increasing proportion of the E.ON Hungária Group's energy production and, with the help of our energy distribution networks and customer solutions, they can be more easily delivered to our customers. We are convinced that the E.ON Hungária Group's operations serve the interests of Hungarian 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 in which they have the opportunity for continuous development. At the end of 2021, the management of the E.ON Hungária Group 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 their representation on an appropriate level. In order to better monitor and plan the areas included in our strategy, we also prepared a five-year sustainability roadmap in 2023.

The activities defined in our sustainability strategy are grouped around four main messages. Only those initiatives and thematic areas that form part of the main objective are listed here, and we will elaborate on those in which we have achieved more significant results or launched initiatives in 2023 later in this report.

The four main focuses of the E.ON Hungária Group's sustainability strategy:

1. Low carbon operations and green solutions for customers

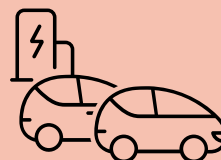
The E.ON Hungária Group can do the most for sustainability if it can serve its customers as widely as possible and with the highest possible level of customer satisfaction with its green services and products. Although the vast majority of our emissions are related to our services, we know and feel our responsibility to lead by example. Our own emissions are, for the most part, related to our vehicle use and our energy consumption in buildings.

Our goals and achievements:

In relation to building energy, our goal is to supply our own buildings with green electricity, thus reducing our resulting emissions. In the case of our vehicle fleet, we apply a complex approach, following three principles:



1. rationalisation of vehicle use, and reduction of mileage.
In this context, we maintain the option to work from home in those jobs in which it is feasible and continue to encourage our colleagues to arrange meetings online to avoid travel;



2. we see the transition to electric vehicles as an opportunity for reducing the emissions of our existing fleet, and we aim to launch a project in 2024 for transition to an electric fleet; and



3. for those vehicles for which the transition is not feasible considering the currently available electric vehicles, we give priority to vehicles with lower consumption and emissions in our purchases, taking into account the circumstances of use.

2. Maintaining a healthy ecosystem



The natural environment around us has a major impact on the conditions of our everyday lives. We make an impact on our environment and we have a role to play in maintaining a healthy natural environment and biodiversity. Accordingly, we have developed and operate our two flagship projects: our bird conservation programme, which dates back almost two decades, and which also delivered significant results in 2023, and our Green Corridor Management initiative, which is rethinking the principles of managing areas under our high-voltage power lines that cross forested areas, drawing on best practices from the international E.ON Group.

Our goals and achievements:

In 2023, we spent 667 million HUF on bird protection projects; as part of this we cooperated with the Hungarian Ornithological and Nature Conservation Society in ringing more than 400 stork chicks, and we rebuilt almost 70 km of power line sections to make them bird-friendly. In our green corridor management project, we completed the two-year preparatory phase of the project in 2023 and started the tendering process for the involvement of conservation experts. Our goal is to create at least 646 hectares of green corridors in our country by 2030.

We also aim to launch local biodiversity conservation initiatives in our areas of operation in 2024 in order to try and test nature-based solutions and good practices.

3. Transparent communication and dialogue with stakeholders

In order to understand exactly the effects of our operations, we must maintain continuous and two-way communication with all parties that are directly or indirectly affected by our operations. Their feedback, needs, complaints or praise help us identify the factors that can be changed or maintained to create a socially more sustainable operation. Sustainability permeates our marketing activities and communications, and we try to communicate our results and messages to as many people as possible. We stand up for and support those who share our values. We provide both financial and technical support to the NGOs and aid organisations that approach us. We revise our processes by constantly measuring the satisfaction of our customers, and our customer service works every day to ensure that our services and products can serve our customers with the greatest satisfaction.

Our goals and achievements:

In 2023, we maintained the forums that we introduced and operated in previous years. At our customer service points, we keep in constant contact with our customers and work on increasing customer satisfaction with our products and services. In 2023 we conducted a comprehensive sustainability assessment, which we aim to repeat at the end of 2024, and at that time we will fully take into account the dual materiality criteria system required by the new international regulations⁶.

4. An ESG⁷-conscious E.ON Hungária Group



ESG awareness within the E.ON Hungária Group is interpreted according to two aspects. On the one hand, we take into account and integrate ESG considerations into our decisions, where relevant, and take into account not only the direct but also the indirect effects of our operations. On the other hand, we are also integrating transparent ESG reporting into our corporate governance, which is supervised by the international E.ON Group and audited by our auditor.

Our goals and achievements:

At the level of the international E.ON Group, we have set uniformly high expectations for our non-financial reporting. As part of this, our ESG data provision activity was checked by an audit, which confirmed its adequacy with a positive result. With this, we belong to the small group of domestic companies that have an audited reporting system, so our non-financial data is not only published, but also checked for accuracy. The importance of the topic is shown by the fact that our company's Deputy Chief Financial Officer is responsible for ESG reporting. Our short-term future goal is the in-depth analysis of the so-called domestic ESG law⁸, which will be introduced from the beginning of 2024, and the also new international regulations (CSRD and CSDDD regulations⁹) and the preparation for meeting the new expectations by the set deadline.

⁶ The European Commission's corporate sustainability reporting directive (CSRD) defines the requirements for conducting a double materiality test, which takes into account both the impact of a company on climate change and sustainability and the impact of sustainability-related opportunities and threats on company operations.

⁷ ESG is an acronym, an umbrella term for environmental social and governance aspects.

⁸ Act No CVIII of 2023 on the rules of corporate social responsibility, taking into account environmental, social and societal aspects, and amending other related acts, in order to promote sustainable financing and unified corporate responsibility.

⁹ Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464 of the European Parliament and of the Council: <https://eur-lex.europa.eu/legal-content/HU/TXT/HTML/?uri=CELEX:32022L2464>) and Corporate Sustainability Due Diligence Directive

Contributing to the UN Sustainable Development Goals

We prepared our sustainability strategy in accordance with the sustainable development goals of the UN, taking into account the objectives specified therein. Through our core activity, we can make the greatest contribution to the following objectives:



At the beginning of the chapters describing the individual pillars of our sustainability performance, we indicate with icons which of the UN's Sustainable Development Goals we address touch on in relation to the given topic.

In 2015, the UN member countries created the global sustainable development goals for 2030, which serve peace, development and prosperity, in seventeen main directions. 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.

As described in the section titled **Fair company**, our group is also committed to complying with the ten principles of the UN Global Compact on human rights, labour, environmental protection and anti-corruption, as well as integrating them into our business processes. Read more about the UN Global Compact: <https://www.unglobalcompact.org/>. Read more about the Sustainable Development Goals: <https://sdgs.un.org/goals>, <https://www.ksh.hu/sdg>.

Our ESG report and assessments

The international E.ON Group has been publishing sustainability reports for two decades. The E.ON Hungária Group has participated in this practice since the beginning, as every year we have also provided data for the parent company's reports. With sustainability becoming one of the pillars of our corporate strategy, in 2021 we published our first standalone sustainability report focusing specifically on our Hungarian operations. Over the past twenty years, independent reporting to stakeholders has been replaced by reporting that meets growing market expectations.

Capital market participants, investors and equity owners have also become increasingly conscious of taking ESG considerations into account in their decisions, and have set new expectations for companies to provide transparent data. International, independent ESG evaluators have appeared on the market as new players, whose results are taken into account by increasingly more investors in making their decisions. As a result of this process, we have introduced a uniform ESG reporting practice at the international E.ON Group level. We have developed more complete, accurate and reliable data reporting practices than ever before for the nearly one hundred indicators that are most critical to our operations, in preparation for an independent third-party audit of the data. With this, we have raised the reporting of our ESG performance data to the same level as our financial reporting and regard it with equal importance. With this, we strengthen transparent communication about our sustainability performance, while also satisfying the data and information needs of international ESG assessors, strengthening our existing ESG assessments at the level of the international E.ON Group.

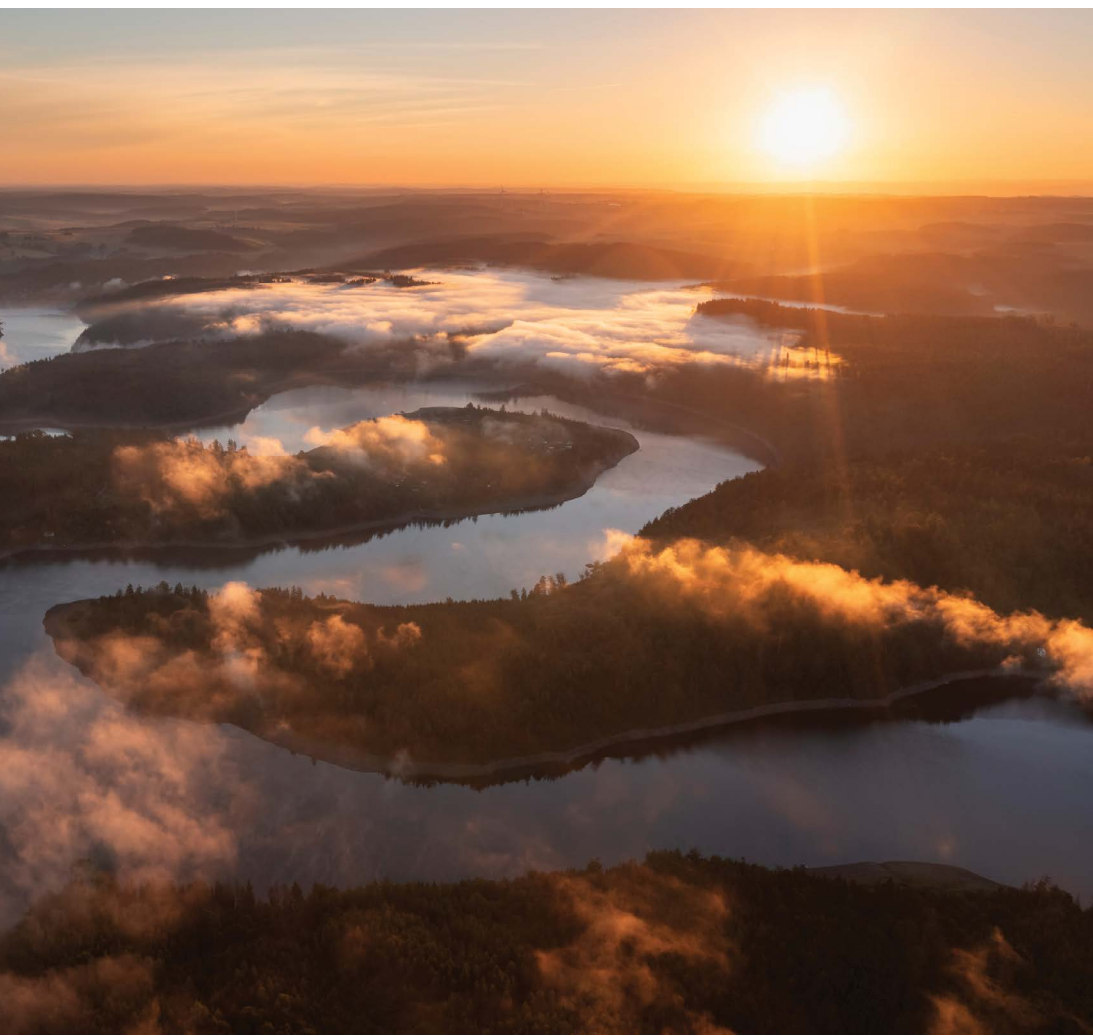
The ESG reporting obligation is increasingly shifting from voluntary data disclosure to a legal obligation. At the beginning of 2023, the German federal law on the due diligence of supply chains came into force (LkSG¹⁰), to enforce respect for human rights and mitigate human rights and environmental risks in respect of direct and indirect supplier chains. The scope of the law covers companies that have their head office, core place of business activities, administrative centre or registered office in Germany and employ at least 3,000 people (from 2024 the threshold is now 1,000). Given that this includes affiliated companies, that is, all employees of all companies legally dependent on the German parent company, as well as all companies that appear as direct suppliers in the commercial chains of the directly affected companies, thus - in order to fulfil our legal obligation - we have conducted a risk analysis for the E.ON Hungária Group, according to the results of which all our companies have a low level of reviewed, related risks. In addition, a human rights questionnaire has become part of the evaluation of our suppliers, by which we assess the indirect risks affecting us through them. For more details on this topic, see the chapter titled **Our suppliers**.

¹⁰ Lieferkettensorgfaltspflichtengesetz, the German law on supply chain due diligence

■ **Strategy** ■ Economic data ■ Fair company ■ Our business activities

The Hungarian ESG Act, which was promulgated in January 2024, which implements the EU's Corporate Sustainability Reporting Requirement (CSRD) within the domestic legal environment, introduces a new type of ESG reporting obligation for domestic companies. In 2024, we will mobilise considerable energy to fully integrate new expectations and regulations into our operations.

The international E.ON Group excels in the lists of independent, international ESG assessors, and the detailed ESG scores that we have achieved are presented below.



CDP: "A" rating: the CDP has given the international E.ON Group the best 'A' rating in the environmental reporting category for 2023, making us one of the top 346 companies out of the 15,000 companies assessed



ISS ESG: The international ESG rating company ISS has rated the international E.ON Group in category B-, which is a significant improvement on our previous C+ score and means that we meet the high standards set by ISS ESG for the players of our industry. The rating scale ranges from D- to A+. Companies at or above the B- threshold are among the leaders in their industry.



MSCI ESG: Research: MSCI is one of the world's best-known index providers. The scale used for the rating ranges from CCC to AAA. The international E.ON Group was rated AA by MSCI.



SUSTAINALYTICS: Sustainalytics is a global leader in ESG and corporate governance research and certification. In 2023, the international E.ON Group significantly improved its previous result, achieving a risk rating of 17.6 points, which falls into the low risk range. The international E.ON Group is ranked 4th out of 101 mixed utility companies. This result significantly exceeds that of our domestic competitors.

The above list only shows our valuations renewed in 2023 as of the status on the 31st of December, 2023.

The latest ESG assessments of the international E.ON Group can be found on the following website: <https://www.eon.com/en/about-us/sustainability/reporting.html>

■ **Strategy** ■ Economic data ■ Fair company ■ Our business activities

Our key ESG indicators

Key ESG indicators of the E.ON Hungária Group

| | Measurement unit | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------------------|------------|------------|-------------|-----------------------|-------------|
| Climate and environmental protection | | | | | | |
| Scope 1-2 greenhouse gas emissions | t CO _{2e} | 1,126,047 | 1,017,805 | 932,347 | 368,657 ¹¹ | 270,811 |
| Scope 3 greenhouse gas emissions | t CO _{2e} | 4,201,148 | 6,431,120 | 4,677,285 | 1,922,479 | 884,892 |
| Social contribution | | | | | | |
| Number of staff | Persons | 5721 | 5572 | 5943 | 6265 | 6547 |
| Number of accidents at work ¹² | accidents | 66 | 37 | 35 | 27 | 30 |
| Voluntary working hours | hours | 3300 | 314 | 661 | 2649 | 3996 |
| Donations | HUF | 65,832,090 | 93,849,386 | 117,187,230 | 286,877,299 | 140,823,269 |
| Responsible corporate governance | | | | | | |
| Value ratio of domestic suppliers | % | 87.8 | 91.7 | 92.3 | 93.3 | 97.7 |
| Sustainability strategy | | | | ✓ | ✓ | ✓ |
| Issue of the sustainability report | | | | ✓ | ✓ | ✓ |

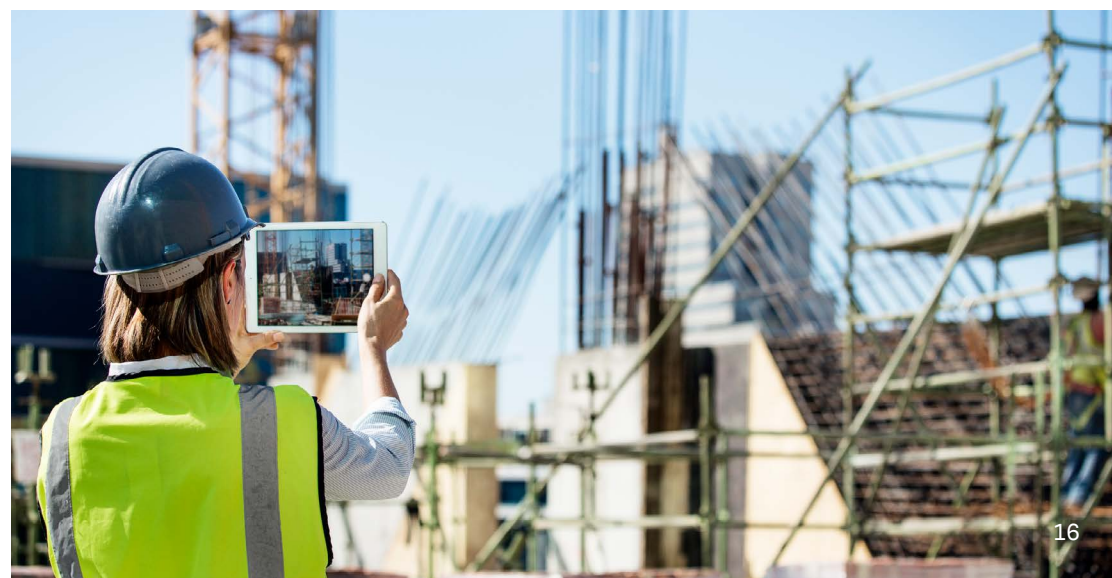
A good measure of our equal opportunity efforts is the gender pay gap indicator, which we examine at company level as well as in job categories. Based on this, the overall indicator of the E.ON Hungária Group is higher than 97% (at subsidiary level [94-102%]).

Under the EU Taxonomy Regulation, our group, as part of the international E.ON Group, is required to demonstrate through its key financial indicators the proportion of our activities that can be considered sustainable, based on the EU list of activities. We are proud that, according to the definitions contained in the Taxonomy Regulation, our year of 2022 was characterised by a rate of sustainable activity of nearly 90%¹³.

11 The 2022 Scope 1-2 emission was recalculated and the value was corrected. The value reported in the previous year was 351,710.

12 In 2023, we made a methodological change to the reporting of the number of accidents at work. Number of accidents at work = accidents with missed days + accidents requiring medical care. Incidents not resulting in injury and accidents among our contractors are not included in the reported value. The number of accidents at work has also been corrected retrospectively. The values previously reported are: 2019: 66 accidents, 2020: 43 accidents, 2021: 56 accidents, 2022: 49 accidents.

13 According to the international E.ON Group materiality rules, all the E.ON Hungária Group is required to report on the sustainable share of their investments. The sustainability of the maintenance costs and net sales data is only examined for companies above the thresholds of 4 million Euro and 200 million Euro.



■ Strategy ■ **Economic data** ■ Fair company ■ Our business activities

Economic data

[GRI 3-3]

[GRI 201-1] [GRI 201-4] [GRI 203-2] [GRI 11-14]

The E.ON Hungária Group is not required to publish consolidated financial statements, and its member companies prepare individual reports on their performance. They also provide the international E.ON Group with data, which is used to prepare international consolidated accounts. The consolidated annual report of the international E.ON Group is available [here](#). The E.ON Hungária Group prepares their stand-alone financial statements in accordance with the provisions of the Hungarian Accounting Act (HAS), with the exception of E.ON Hungária Zrt., which prepares its accounts in accordance with International Financial Reporting Standards (IFRS). The E.ON Hungária Group's key financial indicators for 2023, broken down by member company, based on Hungarian accounting rules, are as follows:

| Data in HUF (Thousands) | Balance sheet total: | Shareholders' equity | Revenues from sales | Profit after taxes | Dividend paid | Economic Value Distributed ¹⁴ | Economic Value Retained ¹⁵ |
|---|----------------------|----------------------|---------------------|--------------------|---------------|--|---------------------------------------|
| E.ON Hungária Zrt. | 603,392,557 | 412,953,686 | 16,073,946 | 25,786,463 | 19,288,881 | 46,273,766 | -30,199,820 |
| E.ON Gazdasági Szolgáltató Kft. | 18,926,380 | 6,579,893 | 51,030,550 | 5,524,998 | 3,295,065 | 48,613,760 | 2,416,790 |
| E.ON Ügyfélszolgálati Kft. | 5,973,426 | 1,436,859 | 22,621,739 | 857,090 | 472,403 | 22,083,589 | 538,150 |
| E.ON Dél-dunántúli Áramhálózat Zrt. | 171,235,760 | 16,979,437 | 144,928,894 | 3,278,910 | - | 180,342,382 | -35,413,488 |
| E.ON Dél-dunántúli Gázhálózati Zrt. | 34,820,273 | 5,664,802 | 15,840,328 | 1,750,216 | - | 13,982,973 | 1,857,355 |
| E.ON Észak-dunántúli Áramhálózati Zrt. | 282,764,512 | 44,132,297 | 248,004,111 | -2,800,055 | 1,495,026 | 293,203,533 | -45,199,422 |
| E.ON Közép-dunántúli Gázhálózati Zrt. | 32,327,847 | 19,282,979 | 15,359,691 | 3,065,301 | 114,722 | 12,373,785 | 2,985,906 |
| ELMŰ Hálózati Kft. | 344,969,371 | 133,110,465 | 319,809,171 | 1,776,465 | 18,602,005 | 364,207,859 | -44,398,688 |
| E.ON Energiamegoldások Kft. | 131,950,131 | 42,229,662 | 715,216,970 | 18,994,586 | - | 656,401,308 | 58,815,662 |
| E.ON Energiatermelő Kft. | 20,124,934 | 4,480,012 | 23,167,887 | 3,646,905 | 3,669,734 | 29,870,415 | -6,702,528 |
| E.ON Energiatároló Kft. | 1,896,462 | 1,674,479 | 1,930,641 | 1,503,307 | 1,152,131 | 1,505,657 | 424,984 |
| E.ON MyEnergy Kft. | 20,345,216 | -1,206,924 | 6,132,150 | -4,252,625 | - | 8,521,531 | -2,389,381 |

According to the consolidated financial statement of the E.ON Hungária Group, our net sales revenues amounted to 1.131 billion HUF, while our balance sheet total was 1.135 billion HUF in the 2023 financial year.

¹⁴ The economic value distributed, according to the GRI definition, was the sum of material expenses, other expenses, employee wages and benefits, paid dividends and income-type taxes.

¹⁵ The economic value retained, in accordance with GRI requirements, is formed by subtracting the economic value distributed from the sales revenue.

■ Strategy ■ **Economic data** ■ Fair company ■ Our business activities

The E.ON Hungária Group is entitled to benefit from various grants, tax benefits or contributions from the state. The table below shows the grant amounts we received for the last five years.

| Data in HUF (Thousands) | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------|---------|-----------|-----------|---------|
| Tax base-reducing tax effect due to TAO (corporate tax) donation | 2,933 | 1,918 | 1,331 | 5,549 | 5,424 |
| Tax credit due to sports subsidy | 6,913 | 8,516 | 41,275 | 26,882 | 10,470 |
| Tax base reduction tax effect due to TAO vocational trainees and further employment | 3,156 | 5,102 | 4,909 | 6,077 | 11,199 |
| Social contribution tax relief for vocational trainees and students in dual training | 81,558 | 94,113 | 134,916 | 184,938 | 121,862 |
| Financial assistance received from the Government (total) | 94,560 | 109,649 | 189,431 | 223,446 | 148,955 |
| The amount of sports subsidies granted | 319,216 | 393,325 | 1,864,714 | 1,127,015 | 483,468 |

We have examined the indirect economic impacts of our activities. In all their business activities, the E.ON Hungária Group strives to create added value for the players of the economy, the general public and the local government sector. With the construction of each new network connection point, our network business contributes to creating a more competitive Hungary. The most significant effect is the connection of new domestic plants and industrial parks to the grid and the supply of their energy needs. Thanks to the operation of our customer solutions business unit, we can solve our customers' electromobility aspirations, energy procurement needs, and complex energy solution challenges.

Planned and unplanned service outages, as well as environmental damage potentially caused by our operations, can have a negative impact on the economy. We are constantly working to minimise these and eliminate any potential damage.

Taxation

[GRI 3-3]

[GRI 207-1] [GRI 207-2] [GRI 207-3] [GRI 207-4] [GRI 11-21] [GRI 11-22]

Our functional guidelines on taxation are consistent across the international E.ON Group, based on operation with 100% compliance. To check this, we use a general compliance management system, which is complemented by comprehensive risk management. The Audit and Risk Committee of the Supervisory Board of E.ON SE closely monitors the tax-related issues and risks of the E.ON Hungária Group, which, depending on the value threshold, are included in the consolidated

risk assessment of the E.ON Hungária Group. Our central tax department also actively and continuously identifies, assesses, monitors and manages tax risks locally to ensure compliance with the general business and strategic objectives. The analysis, evaluation, minimisation and monitoring of tax risks are primarily the responsibility of the head of taxation.

At least once a year, we hold a management-level discussion and informative meeting on our risks. Our head of taxation is responsible for the development of the overall tax strategy for the E.ON Hungária Group and for ensuring that they operate in line with it, based on the principle of 100% tax compliance.

To avoid tax evasion and profit shifting for transfer pricing in relation to cross-border transactions, the relevant representatives of the different business and support functions meet at least once a year on a centrally organised basis to coordinate these transactions. The guidelines and procedures of the E.ON Hungária Group, which also regulate the prevention of tax evasion, include, in addition to the above, the obligation of all employees to report any suspicions or concerns to their supervisor, the head of taxation or the whistle-blower hotline, which also allows for anonymous reporting.

The tax audits conducted in 2023 did not reveal any systemic problems in the Group, and the companies in the E.ON Hungária Group are considered reliable taxpayers and are included in the tax authority's database of taxpayers with no past due public payables. Our Group is involved with the tax authorities of several NAV directorates and municipal tax authorities.

Due to the specific local tax legislation, some of our companies are taxpayers with thousands of municipalities. The Budapest-based member companies of our Group belong to the Directorate of Priority Taxpayers of NAV, in which there is a separate administrator delegated to the E.ON Hungária Group. In rural directorates, our companies

■ Strategy ■ **Economic data** ■ Fair company ■ Our business activities

are among the priority taxpayers, with a similarly delegated contact person. If necessary, we contact the tax authorities with issues regarding the interpretation of laws or procedural questions.

The E.ON Hungária Group has designed their contract review process in such a way that sample contracts and non-template based contracts may only be concluded with the opinion and approval of the accounting department and the legal and compliance directorate. In the event of complaints about invoicing, we provide professional support to our colleagues working in customer service, and we also support the accounting departments from with regard to compliance.

The E.ON Hungária Group has no specific tax-related regulatory activities, and we are mainly involved in this area through an advisory company, the Directorate for Regulatory Affairs, in the form of expert support. We consult on an ad hoc basis with regulators and legislators (the Ministry of Finance) and, as required, we participate in industry consultations. At present, the tax department does not have a specific role in any organisation or committee, nor is it a member of a specific chamber.

Taxonomy

Under the EU Taxonomy Regulation, our group, as part of the international E.ON Group, is required to demonstrate through its key financial indicators the proportion of our activities that can be considered sustainable based on the EU list of activities.

We are proud that, according to the definitions contained in the Taxonomy Regulation, our year of 2023 was characterised by a rate of sustainable activity of nearly 90%. In the case of our 2023 investments, we were able to distinguish a sustainable activity share of more than 87%. Investments in our electricity distribution network, with which we support the transition to green energy, played a significant role in achieving this extremely high ratio. Almost 99% of our activities that qualify as sustainable (taxonomy eligible) are performed in a way that qualifies them as sustainable and taxonomy aligned within the meaning of the EU definition. In the case of our maintenance costs, we can report a sustainable share of over 87%, while the reported share of our sales revenues is lower, at 61%. This is because revenues from fossil and electricity trading are only considered sustainable revenues if they are realised as green energy sales. We are working to achieve the highest possible share of green energy sales by serving the needs of our customers, but at the same time - not least taking into account the Hungarian energy mix - reaching the level of this share can only be achieved in the long term, step by step.

| Sustainability rate of financial indicator | From activities that qualify as sustainable (Taxonomy eligible) | From activities performed sustainably according to EU standards (Taxonomy aligned) |
|--|---|--|
| Investments | 87.5% | 86.8% |
| Maintenance costs | 87.6% | 85.7% |
| Net sales | 60.9% | 60.7% |

Since 2022, the proportion of sustainable activity in relation to sales has almost doubled.



The EU's Taxonomy Regulation distinguishes between activities that are taxonomy eligible and those that are taxonomy aligned. The list of activities considered sustainable can be found with a precise inventory in the so-called "delegated act" regulations based on the EU Taxonomy Regulation. These regulations contain in detail how an activity can be classified as a sustainably performed activity if it is performed in compliance with certain detailed rules and regulations. In addition to the detailed rules, such activities must also comply with two additional principles: the "Do No Significant Harm" (DNSH) rule stipulates that the given activity must be performed in such a way that they would not hinder the achievement of other goals, specified by the EU. The "minimum safeguard" rules set general expectations in relation to a company's activities, such as respect for human rights or anti-corruption requirements.

Impact and risk management

[GRI 3-3] [GRI 2-12] [GRI 201-2] [GRI 11-2] [GRI EU-21]

Managing economic, social and environmental impacts

The Management Board has the highest level of decision-making power in managing the economic, environmental, and social impacts of our group, but almost all our employees are involved in their 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 ensure compliance with the relevant KPIs¹⁶. A separate unit is dedicated to occupational health and safety, economic, HR, customer satisfaction, and environmental issues.

■ Strategy ■ **Economic data** ■ Fair company ■ Our business activities

The management receives information regularly regarding the topics that are covered by international, group-level initiatives, in the form of monthly, quarterly, half-yearly or annual reports. Information or decisions related to the day-to-day operational issues of the E.ON Hungária Group are presented at the weekly Management Board meetings by the managers and experts of the areas responsible for the specific topic. The CEO, who is a member of the Management Board, has full knowledge of the areas and topics for which he is responsible in his consultations with the heads of the respective areas, and thus he is fully aware of the impacts that may occur in each particular situation. He makes this knowledge a part of the decision-making process for himself and the members of the board with regard to any topic that arises during the work of the management board. Board members regularly consult with each other to ensure that all impacts are being managed effectively.

The risk management process

At the E.ON Hungária Group, we operate a complex risk management system with the same structure as that of our parent company, in order to identify risks and impacts that threaten our operations and financial performance, and the related opportunities in a timely manner, so as to prepare for them and respond proactively. The regularity and compliance of our reporting and data processes is ensured by our internal control system (ICS) - the set of rules and documentation requirements for critical processes are always defined within this.

We assess our risks within our Enterprise Risk Management (ERM) system. During our quarterly business planning periods, we always create a risk map in which we identify and evaluate each specific business risk and opportunity, and their extent. We also respond to these risks: we design our partnerships with our customers and the relevant contractual framework by taking into account the different risks.

In all cases, the risks and opportunities identified are assessed and agreed by the Risk Committee, which meets on a quarterly basis. The E.ON Hungária Group's Deputy Chief Financial Officer, the Chief Financial Officer and the respective directors of the network and Customer Solutions business segments participate in the Risk Committee with decision-making powers.

The E.ON Hungária Group is characterised by a conservative risk management attitude - we strive to avoid excessive risks in order to ensure that we can always deliver on our promises and commitments as a reliable partner to our customers. The robustness and reliability of our risk management system is clearly demonstrated by the fact that in 2023, a year with significant external influences, there was no need to review or modify the system. We were able to manage all risks within the framework of the existing system without jeopardising the achievement of our company's basic objectives.

The risks related to climate change

Based on climate model simulations, it is expected that the number and intensity of severe weather events in the territory of our country will increase in the future, which will have a negative effect on our electricity network. This is also why we have included climate risk mapping in our sustainability strategy. A clear understanding of climate risks and their impact on our networks help to develop appropriate adaptation practices, reduce damages and losses, and keep malfunctions to a minimum. These risks, as well as risk mitigation and preparation for the occurrence of risk events, are performed by the business areas. For example, for our infrastructure investment projects we take into account the extremes of weather in the design of structures, and our network business focuses on resolving damage and emergency situations related to natural hazards as quickly and efficiently as possible. For some of our specific construction and installation activities, which are subject to an environ-

mental permit procedure under the relevant legislation, the law also requires a climate risk assessment to be conducted. These analyses are conducted by our employees with expert qualifications or by the contractors. We also take the risks revealed during such investigations into account in our investments.

Business continuity management

As an infrastructure provider critical to the functioning of society and the economy, it is particularly important for us to pay special attention to business continuity.

In recent years, in response to world events and climate change, we have started to implement a renewed business continuity framework and methodology to strengthen our resilience and thus the security of supply to our customers.

Within the framework of our business continuity programme embracing the entire E.ON Hungária Group, we first reassessed the effects of possible interruptions in our processes in our network areas, with a particular focus on customers, malfunctions, data reading, measurement and invoicing activities. Accordingly, we determined the processes that we want to protect against potential threats in order to increase our availability. We embed our business continuity management into the company's operations, rethinking, expanding, and testing our existing plans, and thereby making them more smoothly applicable.

We design our forward-thinking solutions and operations based on international best practices, so that any change caused by a future event can be quickly, easily and efficiently integrated into the system.

By implementing the programme, we will mitigate the impact of unexpected events and help increase our resilience, thereby ensuring that our company can operate more flexibly.

Emergency Preparedness

Natural hazards, industrial and other disasters can cause significant damage to the infrastructure of the electricity distribution network. In order to ensure a quick restoration of service, plants need to be managed and operated differently from the fault recovery process that is prescribed for normal situations. The E.ON Hungária Group regulates this in detail, puts the regulations into effect when any of the above occurs, and requires that implementation is regularly practised and reviewed annually after the damage has been remedied.

The possible causes of network emergencies:

Natural disasters

- weather conditions, in particular:
 - windstorms, thunderstorms;
 - high winds, whirlwinds;
 - rainfall, sodden ground and wind;
 - heavy snowfall, sticky snow, wet snow;
 - blizzards, road icing; or
 - extreme cold, extreme heat;
- flooding, inland water; or
- earthquakes, landslides, subsidence.



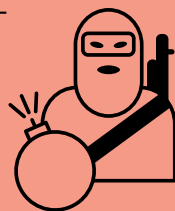
Industrial disasters, in particular:

- release of toxic, destructive chemicals;
- fires, explosions;
- malfunctions of industrial, communication and agricultural technologies; or
- malfunctions of nuclear facilities.



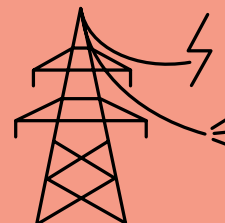
Other disasters, in particular:

- acts of terrorism;
- intentional or accidental damage resulting from human activity;
- malfunctions of a social system causing a network emergency; or
- instances of technical failure.



Emergencies based on a risk preparedness plan

- cyber attacks;
- loss of communication infrastructure necessary for management;
- lack of fuel;
- production estimation errors;
- unplanned power flows;
- pandemics;
- heat waves; or
- dry periods.

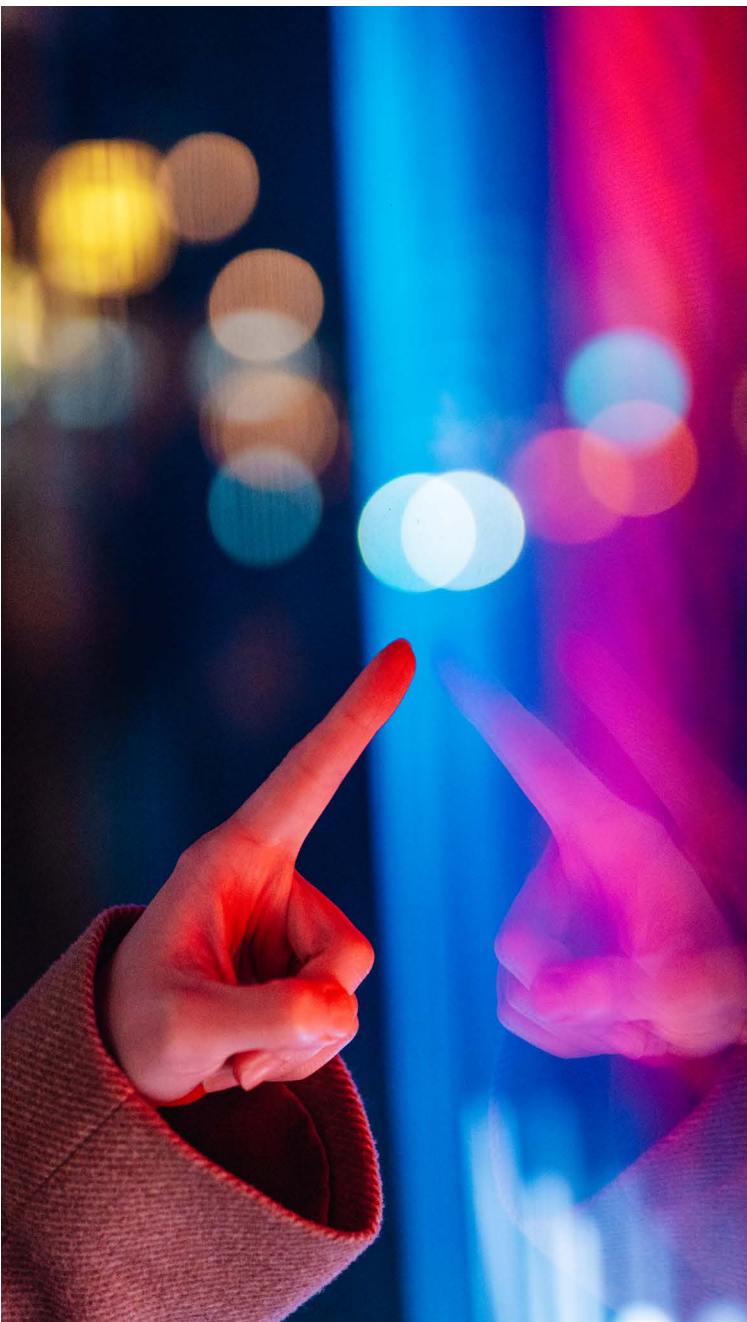


A network emergency is a situation that occurs for one of the network emergency reasons and endangers the electricity supply, the safety of the life and property of users, operational safety or the operation of network installations, and that cannot be resolved within eighteen hours with the personnel and technical equipment assigned to normal operations, or which affects more than 25,000 users or strategic facilities in the operational area for a period of more than three hours.

We distinguish between three levels of emergency, with different action plans and instructions for involvement, and determine the presence of a near-emergency situation, to which we also respond, based on the specific scenario laid down in the regulations. To the extent necessary, we co-operate with the relevant authorities, local governments, and the Emergency Management Service.

In 2023, our network companies implemented the procedures assigned to the various levels in ten situations that occurred due to external - weather-related - reasons, in eight cases they responded to a near-emergency situation, while in one case a level 3 emergency and in another case a level 2 emergency developed. Windstorms were the weather event that caused problems the most frequently, but thunderstorms, sleet and sticking snow also caused extraordinary conditions.

We also prepare for emergency situations at our sites: we conduct regular evacuation drills, hold mandatory emergency training for everyone, regularly check fire extinguishers, emergency exits and other safety equipment, and pay attention to the storage and use of used hazardous materials, in addition to which damage salvage materials are also available at all our sites.



Fair company

[2-16] [GRI 2-23] [GRI 2-24] [GRI 2-25] [GRI 2-26] [GRI 2-27] [GRI 2-28] [GRI 205 -1] [GRI 205 -2] [GRI 205 -3] [GRI 206-1] [GRI 408-1] [GRI 409-1] [GRI 415-1] [GRI 418-1] [GRI 11-19]

The foundations of our ethical operation and respect for human rights [GRI 3-3]

The basis of our corporate culture is one of fair operation, and in relation to this, the aim of our compliance framework is, in addition to full adherence to the law, to define the framework of our common values and a truly ethical corporate culture. In the course of our daily operations, we respect human rights and strive to protect them both through the activities of our managers and employees, and through the due diligence of our supply chain. The cornerstones of our operation include [Declaration of Human Rights](#), the [E.ON Code of Conduct](#) and the [E.ON Supplier Code of Conduct](#). In these documents, we reaffirm our support for the United Nations Universal Declaration of Human Rights and the [European Convention on Human Rights](#), and the statutes of the [International Labour Organisation \(ILO\)](#). Since 2005, E.ON SE, our German parent company, has been a member of the [UN Global Compact](#), which delineates ten generally accepted human rights, labour, environmental protection and anti-corruption principles for committed companies. The E.ON Code of Conduct is based on the fundamental values of the entire international E.ON Group, namely honesty, openness, trust and mutual respect, courage, and social responsibility, and covers, in addition to corruption prevention and other compliance topics, the basic internal expectations related to human rights, HR, occupational health and safety, information security, and data protection, which are detailed in additional local internal guidelines and regulations.

The provisions of the E.ON Code of Conduct and the "Employer's Guidelines", which explain in more detail certain principles and topics thereof, apply to all employees and senior executives of the international E.ON Group, including the E.ON Hungária Group. The E.ON Code of Conduct was published by the international E.ON Group with a statement indicating the commitment of its Board Members as senior managers, which is available to all employees on the internal social network site and publicly on the [website](#) of the E.ON Hungária group of companies. The managers of the E.ON Hungária Group confirm in writing at the beginning of each year that they, as well as the employees under their management, acted in accordance with the Code of Conduct during the previous calendar year.

The E.ON Code of Conduct states that we respect human rights and the principle of equal treatment and that we support diversity. Accordingly, we expect all our employees to respect the dignity, privacy and personal rights of every individual at all times. Under no circumstances will we tolerate violations of human rights, discrimination, harassment or humiliating, offensive behaviour. We expect the same from our business partners, their employees and other third parties, based on the same provisions of the E.ON Supplier Code of Conduct. In accordance with the conventions of the International Labour Organisation (ILO), we do not tolerate

■ Strategy ■ Economic data ■ **Fair company** ■ Our business activities

child labour, forced labour, illegal work or other involuntary labour in our Group or in our supply chains, and we expect the same from our contractual partners.

The E.ON Code of Conduct also includes the outstanding importance of health, security and occupational safety, as well as our determined effort to continuously improve our sustainability performance.

We act responsibly and fairly, we are committed to fair competition and we condemn tax evasion. In order to prevent conflicts of interest, we strive for a careful balance between personal interests and the interests of the company. We are committed to fighting all forms of corruption worldwide, thereby supporting national and international anti-corruption efforts.

The E.ON Code of Conduct also provides guidance on the issue of transparent donation and sponsorship activities, the prevention of money laundering and compliance with domestic and international sanctions and trade restrictions, as well as on expectations regarding relations with suppliers and service providers.

Regulatory environment and legal compliance

The E.ON Hungária Group must fully comply not only with the legal environment affecting all domestic companies, but also with a number of strict domestic regulations due to its distribution network activities. The dynamic variability of the set of conditions established by the industry regulatory authorities and affecting us due to our operation requires that we constantly review our compliance and adapt our operations to the changing regulatory environment. From a regulatory point of view, the most significant authorities and organisations are the Hungarian Energy and Public Utilities Regulatory Office (hereinafter referred to as MEKH) and the Ministry of Energy.

The E.ON Hungária Group operates its distribution network activities subject to authority price regulation. The system usage fees, connection charges and the consideration for other services provided at regulated prices set by MEKH represent the bulk of our revenue. However, our distribution network licensee companies also provide services to our customers for tariffs not regulated (through set rates). Although the activities of the Customer Solutions segment are for the most part subject to licensing, they are less regulated than those of the Energy Networks, and the price of services is mostly determined by the market conditions and agreements entered into with the customers.

Compliance is a primary value for all members of the international E.ON Group, including the E.ON Hungária Group, in order to comply with both our external regulatory environment and our own internal regulations. Clean and sustainable business relations, a proper working environment and responsible corporate governance are of paramount importance to E.ON, its managers, employees and shareholders.

Administrative procedures, fines

No significant supervisory or regulatory fines exceeding 10,000 Euro were imposed on the member companies of the E.ON Hungária Group in 2023. The table below shows the consumer protection procedures initiated against the E.ON Hungária Group by government agencies and MEKH.

| | |
|--|---|
| Administrative fine | 34 7,400,000 HUF |
| Amount of fines imposed in 2023 in cases launched in 2022 | 850,000 HUF |
| Number of penalties other than fines | 63 |
| Types of penalties other than fines and products/topics concerned | <ul style="list-style-type: none"> • failure to respond, delay or inadequate response; • billing; • change of traders; • data readings, measurements are incorrect or not taken; • conclusion of contract - termination of contract; • replacement of meters; • breach of contract; and • complaints related to the installation of solar, air conditioning products and small household-sized power plants |
| The authority made a valid decision, but did not impose a fine or obligation | 25 |
| Total administrative condemnations | 122 |

■ Strategy ■ Economic data ■ **Fair company** ■ Our business activities

We have a legitimate interest in protecting personal data from unauthorised processing, handling, modification, transmission or deletion. All employees are obliged to protect personal data entrusted to the E.ON Hungária group and its subsidiaries from illegal data processing and handling, as well as from data misuse.

In 2023, the National Authority for Data Protection and Freedom of Information initiated a total of three proceedings against companies belonging to the E.ON Hungária Group, of which one investigation has been closed so far, and no reprimands have been issued by the Authority.

Training courses in the field of compliance

The first step in the compliance training of new employees is an e-learning course, centrally developed by the international E.ON Group, which covers the basic principles and content of both the E.ON Code of Conduct and the employee guide, testing the acquired knowledge with tasks related to practical situations. Due to the importance of this topic, the employees of the E.ON Hungária Group participate in annually repeated compliance training, in the form of e-learning, and their knowledge is tested with case studies. In addition to the above, the domestic Compliance department regularly organises knowledge refresher training for a specific target group, based on the results of a preliminary risk assessment or internal request.

The whistleblowing system

Through the E.ON Hungária Group's online whistleblowing system and the Whistleblowing Hotline over the telephone, both employees and external third parties can report their concerns regarding suspected abuse. These channels can be used to report any observed or suspected violations that are related to a breach of laws, the policies of the international

E.ON Group, the internal written regulations of the E.ON Hungária Group or the E.ON Code of Conduct.

The main categories of violations are as follows:



Unfair market conduct and violation of the rules of competition restriction



Harassment, discrimination and sexual abuse



Fraud and theft committed against E.ON



Violation of human rights and environmental standards



Corruption, fraud the alleged interest of E.ON, and money laundering



Data protection or data in security incident and violation of cyber security

A report can be made even if the person concerned is not sure that a violation has occurred. The organisational unit of the E.ON Hungária Group responsible for conducting the investigation will check whether the reported incident is a violation of the rules and which department is responsible for it.

Whistleblowers contribute significantly to the detection and elimination of abuses committed at or against E.ON. For this reason, the protection of whistleblowers is a priority for E.ON. We provide whistleblowers with anonymity, confidentiality, and protection against discrimination and support. All information contained in such reports will be treated confidentially during the processing of the report. Even if their identity is known, whistleblowers are fully protected against discrimination or retaliation, such as dismissal, warning, transfer, or harassment.

The area responsible for the management of the whistleblowing system reports to the Management Board at least twice a year, including a summary of the substance of the high-priority cases reported through the whistleblowing system. In other respects, the Management Board will be informed of the results of the investigation of the reports concerning E.ON Hungária Zrt, while the results of the investigation of the reports concerning other companies of the Group will be communicated to the senior management of the company concerned.

In addition to the Hungarian whistleblowing channel¹⁷, it is possible to make a report to the E.ON SE Group Compliance and Data Protection team through the E.ON Group's centralised international whistleblowing channels.

Internal audit

The international E.ON Group - and therefore also the domestic group - pays serious attention to preventing, identifying, and eliminating corruption and any business practices that adversely affect customers or other stakeholders.

¹⁷ Our domestic whistleblowing channel complies with the provisions of Act XXV of 2023 on complaints, reports of public interest and rules on whistleblowing.

Corporate Audit, as a central function, was established to conduct audits in the international E.ON Group as an independent organisation based on a uniform methodology. The activity supports the Board of Directors of the international E.ON Group to manage the company with due diligence, as required by legislation and internal policies.

The risk analysis used in internal audit covers the identification of financial, process-related, efficiency-related, legal, labour and environmental risks, and the monitoring and testing of the risk management procedures developed - or not developed - to address these risks. Our approach is always risk-based, but we also place great emphasis on the implementation of good practices seen elsewhere - whether domestic or international. Another relevant part of our work is checking compliance with the requirements of the Internal Control System (ICS Internal Control System), which is operated as a unified system in the international E.ON Group.

Internal Audit also participates in investigation-based work, if nonconformity affecting a process and resulting risks can be assumed.

| The audit processes in 2023 | |
|---|----|
| The number of planned audits: | 18 |
| The number of closed audits ¹⁸ : | 17 |
| The number of recommendations made during 2023 as a result of audits: | 87 |
| Of which recommendations are closed/completed ¹⁹ : | 77 |
| The number of delays related to recommendations: | 0 |

The fight against corruption

Our anti-corruption action is based on three pillars:

- the E.ON Code of Conduct and the E.ON Employee Guide on The Prevention of Corruption;
- the E.ON The Supplier Code of Conduct; and
- regular training of our employees on the subject.

The E.ON Code of Conduct and the E.ON Employee Guide on the Prevention of Corruption

The entire international E.ON Group is committed to combating all forms of corruption worldwide. Within the international E.ON Group, rules and guidelines for the prevention of corruption are contained in regulations at different levels for all employees. The most important collection of these is the E.ON Code of Conduct described earlier and the related employee guides. In accordance with the E.ON Code of Conduct, we are committed to fighting all forms of corruption worldwide, thus supporting national and international anti-corruption efforts. This commitment is reinforced by our participation in the UN Global Compact as indicated in the E.ON Code of Conduct, one of the pillars of which is action against corruption. As a member of the Global Compact, the international E.ON group publishes information on progress towards each of the targets on an annual basis.

The employee guide titled "The Prevention of Corruption" provides information on the management of corruption risks as well as actions to be taken in order to prevent them, providing detailed guidance on the expectations to be observed when interacting with business partners, public officials and political office holders, and when accepting or providing benefits, or making donations and sponsorships. The guide uses a classification system similar to a "traffic light system" (with the following signs: red - forbidden; yellow -

subject to prior approval; green - no prior approval required) to describe the criteria according to which employees may accept or give benefits on behalf of the E.ON Group. The gross upper limit of the benefit received from or provided to external third parties aggregated at the level of the calendar year is 100 Euro per person per year (gross) for employees of the E.ON Hungária Group, below which employees may accept or offer such a benefit without the prior approval of the compliance department, provided it does not influence decisions or business conduct. All benefits (regardless of value limit) granted to public officials, public officials and elected representatives must be approved in advance by the local compliance organisation. The following benefits are not allowed, and are prohibited:

- offering or accepting cash or equivalent benefits (for instance, an interest-free loan) in order to influence a decision;
- services provided free of charge or offered by third parties on unusual market terms in a private or workplace environment, unless such services are in accordance with normal business practice;
- donations to public officials and political actors (as individuals), candidates for political office and political institutions, political parties and/or organisations associated with parties; and
- benefits (especially donations and sponsorship activities) that may have a negative impact on E.ON's reputation, for example, benefits to beneficiaries whose reputation or goals are not in accordance with the group's policies, guidelines or E.ON's Code of Conduct.

In the case of donations and sponsorships, the guide applies approval value limits, along which prior approval of our tax department is required, while in the case of a higher amount the manager responsible for the cost centre and the Compliance Officer jointly decide on the donation or the sponsorship. Read more about our donation and sponsorship practices in [this chapter](#).

18 We moved a planned audit to the 2024 audit plan due to a significant change in business processes.
19 The deadline for recommendations not closed by the 31st of December, 2023, was in 2024.

The Supplier Code of Conduct

The Supplier Code of Conduct forms an integral part of the contracts between the suppliers of the E.ON Hungária group and their subcontractors; we explain this in more detail in the chapter titled [Our suppliers](#). If the suppliers fail to comply with the Supplier Code of Conduct, they must take immediate corrective action. The E.ON Hungária group reserves the right not to enter into a supplier contract or to terminate it with those who cannot prove that they comply with the Supplier Code of Conduct. On the basis of the Supplier Code of Conduct, the suppliers of the E.ON Hungária group must act against corruption, which includes taking all necessary and appropriate measures to prevent corruption during their business operations, as well as in their own supply chain.

Anti-corruption training

We apply extensive training related to corruption prevention in the E.ON Hungária group. As a first step of the mandatory compliance training for new employees, the compliance e-learning organised by the international E.ON Group Compliance area includes a specific section on the prevention of corruption, in accordance with the principles of the E.ON Code of Conduct and employee guides, and is enhanced with practical exercises. The compliance training, which is repeated annually in the form of e-learning, also emphasises provisions on the prevention of corruption, with the evaluation of case studies. In addition, the Compliance department of E.ON Hungária Group regularly organises awareness-raising activities (for example, by processing thematically related cases that have occurred outside the Group and drawing lessons from them) and interactive, face-to-face/online training on the prevention of corruption, based on local risk assessment and internal requirements. In the course of 2023, 98% of the total number of employees²⁰ attended anti-corruption training.

The identification and naming of significant corruption risks

The occurrence of corruption risks could have a significant negative impact on the reputation that E.ON has built up over the years, the trust placed in us, and even on our day-to-day business activities and operations (for instance, disqualification from participating in public procurement procedures). Therefore, both the international E.ON Group and, on a local level, the EHU Companies take every possible measure to prevent the occurrence of corruption situations and risks, through training and consulting, which is provided by the Compliance department.

Own activities assessed in terms of corruption risks

The activities most in focus in terms of corruption risks are the following:

- donations and sponsorship;
- giving and accepting benefits (gifts, hospitality, invitations to events, or discounts, etc.) to and from external third parties
- relations with parties, politicians, mayors, local governments, state authorities and public administration bodies;
- investments and projects that are implemented from the state budget or the budget of municipalities; tender grants provided by the European Union and other sources;
- customer service activities; and
- (public) procurement procedures (as contracting authority and tenderer).

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

In the event of suspicion of active or passive bribery, the Compliance department conducts a fact-finding investigation with the involvement of the relevant departments.

Corruption-related risk assessment

The risk assessment related to corruption is part of the compliance risk assessment, the methodology of which was developed centrally by the Compliance area of the international E.ON Group, uniformly for all business areas.

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, etc.);
- compliance culture within the given business unit (assessment of patterns identified from previous corruption cases; pressure and hierarchy, benefits system, and the results of an anonymous internal employee survey, etc.);
- external, business and market environment (for instance, corruption index, market control environment, presence of competitors and authorities, or industry habits); and
- knowledge of and compliance with external and internal rules (for instance, e-learning participation rates, the number of compliance questions and consultations, use of the Digital Rule Book, or the number of abuse reports in relation to the total number of employees).

There were no confirmed, proven incidents of corruption at the E.ON Hungária group in 2023. Therefore, on these grounds:

- no action under labour law was taken against an employee, and
- no tenders were declared invalidated, no contracts were cancelled and it was not necessary to terminate any contracts.

²⁰ The reason for the deviation from 100% can be derived from the data of long-term absences related to having a child and employees joining and leaving the company.

Commitment to fair competition

The international E.ON group is committed to fair competition, so competition law regulations and guidelines are contained in regulations at different levels. The basis of the governing regulation of competition law is contained in the basic principles of the Code of Conduct, which declare that the E.ON Group is committed to the free market and fair competition, and we also demand this from our business partners. The employee guide titled "Compliance with competition law" contains the detailed interpretation of the related principles of the E.ON Code of Conduct, which presents the main topics of competition law, defines general prohibitions of conduct for employees, and also describes the main actions to be taken in the event of a violation of competition law.

In addition to the above, the international E.ON Group regularly publishes information materials that define certain rules of conduct applicable at group level. Such include, for example, a publication delineating the principles for exchanging information with competitors.

In 2023, the Hungarian Competition Authority (GVH), as the Hungarian competition law regulatory authority, did not impose any fines on companies belonging to the E.ON Hungária Group.

Professional interest representation

The international E.ON Group sees itself as the leader of the European green transition, as a key player in a new energy industry with low carbon emissions. E.ON is a pan-European infrastructure provider operating according to sustainable principles and offering complex energy solutions for responsible and authorised users, but the achievement

of climate goals is only possible with the cooperation of industry and business associations and legislators. The members of the E.ON Hungária Group in Hungary only join those interest representation bodies that share the values and principles represented by E.ON and whose activities contribute to the realisation of the aforementioned goals. The most important interest representation memberships are as follows:

- the Hungarian Renewable Energy Association (MMESZ) (E.ON Hungária Zrt. was a founding member of the MMESZ in 2023. The main mission of the association is to represent the interests of the players operating in the Hungarian renewable energy market, to develop the market and to promote sustainable energy production and technological solutions [www.magyarmegujulok.hu]);
- the Hungarian Energy Traders' Association (the representative body for natural gas and electricity traders);
- COGEN Hungary (district heating and electricity generation);
- the Hungarian District Heating Association
- the Hungarian Battery Association
- the Future Mobility Association (e-mobility);
- the Jedlik Ányos Cluster (e-mobility); and
- the Eurelectric Hungary Section (the Hungarian member organisation of the entity representing the energy industry in the EU).

In addition to the representative bodies, prominent employees of the E.ON Hungária Group are members, officers or delegates of several scientific, professional and academic organisations in the industry, such as:

- the Business Council for Sustainable Development in Hungary (BCSDH);
- the Energy Innovation Council;

- the Scientific Association for Energy Management;
- the Zero Carbon Centre;
- the Hungarian Business Leaders Forum (HBLF);
- the Hungarian Corporate Compliance Society;
- the Joint Venture Association;
- the Hungarian Advertising Association and Advertising Self-Regulatory Board;
- the American Chamber of Commerce;
- the German-Hungarian Chamber of Industry and Commerce;
- the Business Association of Hungarian Managers; and
- the Hungarian Electrotechnical Association;

In addition, the employees of the E.ON Hungária group participate in the work of a number of ad-hoc committees, working groups or groups established to solve a regulatory problem with the participation of government and/or regulatory authorities, in the framework of which they have the opportunity to comment on draft legislation, climate and energy policy-related materials, or to initiate the issuance of such acts. In this capacity, the delegates are guided by the following four main conditions:

- representing E.ON's leading role in the green transition, testing innovative ideas, bold application of forward-looking technologies;
- maintaining normal business operations and security of supply, maintaining practices that have proven to work well;
- exploring the interests of the individual stakeholders, striving for consensus based on cooperation and dialogue; and
- contribution to a market model that reflects the value of energy services based on needs and in a transparent manner, which works by applying consideration values that ensure a fair return on the investments of market participants, as well as fees and costs that are understandable and affordable for users.

■ Strategy ■ Economic data ■ **Fair company** ■ Our business activities

The management of the company

[GRI 2-9] [GRI 2-10] [GRI 2-11] [GRI 2-12] [GRI 2-13] [GRI 2-14] [GRI 2-15] [GRI 2-16] [GRI 2-17] [GRI 2-18]
[GRI 2-19] [GRI 2-20] [GRI 202-2]

The Management Board

The central holding company of the E.ON Hungária Group that operates in a holding structure is E.ON Hungária Zrt., whose operational management is performed by the Management Board, in which the proportion of local top managers²¹ is 75%. The task of the Management Board is to be the creator of the organisation's goals, values or mission statements, to give instructions for the development and updating of its strategies, policies and goals related to sustainable development, and to grant its approval if it meets the objectives it has defined. The members of the Management Board are selected with the utmost care, taking into account the perspectives of the stakeholders, the existing competence and independence of the board members, as well as our corporate values (for example, diversity).

Its members are the following:

Dr. Guntram Würzburg – Chairman of the Board of Directors, Chief-Executive Officer

All areas of the E.ON Hungária Group indirectly belong to our CEO, and he represents a direct management function in the following areas: Strategy and operational development; HR; Law and Compliance, Regulatory Management; Environmental protection and occupational safety; Internal audit; Corporate communication, and the Cabinet Office of the Chairman-CEO.

Zsolt Jamniczky – Deputy Chief-Executive Officer for Customer Solutions

Our Deputy Chief-Executive Officer, who is responsible for customer solutions, oversees the areas of energy sales, solution sales and implementation, customer service, brand and marketing, fleet management, facility management and document management.

Ádám Katona – Deputy Chief-Executive Officer for Energy Networks

Our Deputy Chief-Executive Officer, who is responsible for energy networks, is in charge of the strategic management of electricity and gas network companies, in accordance with the statutory unbundling²² rules applicable to the networks.

Zsolt Zsedényi – Deputy Chief-Executive Officer for Finances

Our Deputy Chief-Executive Officer for Finances is responsible for our finance, IT, procurement and logistics, as well as information security and crisis management areas.



Dr. Guntram Würzburg



Zsolt Jamniczky



Ádám Katona



Zsolt Zsedényi

²¹ Hungarian nationals are considered local managers.

²² . According to the unbundling rules, network licensees, that is, companies performing transmission, transport and distribution activities, must be separated from competing companies involved in production and commercial activities from the aspect of corporate law, decision-making and accounting.

■ Strategy ■ Economic data ■ **Fair company** ■ Our business activities

The **Management Board** may decide at its meeting on all operational matters that are not the responsibility of the Board of Directors.

The Management Board takes into account the company's impact on the economy, environment and society, and tries to mitigate its negative effects. Mapping the effects and consulting with the stakeholders concerns the individual areas; the heads of the specific areas are responsible for this, and they report to the responsible director and the Management Board at regular intervals. Managing the effects is the responsibility of the director responsible for the topic. The Management Board regularly reports on its work to the Board of Directors and the Supervisory Board of the company group, through the CEO.

The Chief-Executive Officer

The Chief-Executive Officer has the right to decide on all matters that do not fall within the competence of the General Assembly or the Board of Directors. The Chief-Executive Officer exercises the employer's rights over the employees employed by the Company, with the exception of the members of the Management Board. The CEO is entitled to delegate this authority to a member of the Management Board.

As of the 1st of July, 2022, the position of Chief-Executive Officer of the E.ON Hungária Group has been held by Dr. Guntram Würzburg.

The Board of Directors

The Board of Directors makes decisions on non-operational, priority strategic matters, including decisions on the sale and investment of tangible and intangible assets with a financial value exceeding 2.5 million Euro in each case, provided that these are not included in the approved financial plans, and the approval of the annual planning for the following financial year, in particular regarding investments, personnel, and financial planning.

The members of the Board of Directors are appointed by the shareholders on the basis of their competence. The Chairman of the Board of Directors reports to the Group's Supervisory Board and the General Assembly.

Its members in 2023 are listed as follows:

- Dr. Guntram Würzburg: Chairman (E.ON Hungária Zrt.),
- Johan Mörnstam (E.ON SE),
- Dr. Christian Ohlms, then as of the 1st of September, 2023 Diddo Tjakko Diddens (E.ON SE),
- László Fazekas (MVM),
- Dr. Tamás Cseh, then as of the 24th of May, 2023, and Dr. Gáspár Gábor Ugron (MVM).

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. It meets at least once every quarter. It reports its comments to the Board of Directors and the General Assembly.

Its members in 2023 are listed as follows:

- Dr. Thomas König: Chairman of the Supervisory Board (E.ON SE),
- Alan Bevan (E.ON SE),
- Attila Kiss (E.ON SE),
- Dr. Edit Juhász, then as of the 4th of February, 2023 Benedek Fluck (MVM),
- György Kóbor, then as of the 24th of May, 2023, and Katalin Gál (MVM).

The General Assembly

The supreme body of E.ON Hungária Zrt. is the General Assembly, which is formed by the shareholders, E.ON Beteiligungen GmbH and MVM Zrt. The General Assembly decides on matters that fall within its scope of authority according to the law and the Articles of Association, including, among other things, the payment of dividends or the adoption of the annual report. The chairperson of the General Assembly is the Chairman of the Board of Directors.

The managing of conflicts of interest

Section 2.2 of the E.ON Hungária Group's Code of Conduct provides for the prevention of conflicts of interest, as we strive for a careful balance between personal interests and the interests of the company.

Taking into account the provisions of the Labour Code, the employment contract and the regulations on activities outside full-time employment include general detailed rules on activities outside full-time employment in the E.ON Hungária Group, including rules on prohibited activities, cases of conflict of interest, special rules for employees in managerial positions, the procedure for reporting conflicts of interest, and the process for authorising certain activities outside the full-time employment. In accordance with the relevant legal regulations, senior officials declare by accepting the position that there is no conflict of interest in their case. If this changes, the senior officials have a legal obligation to inform the company. No conflict of interest occurred in 2023.

Employees can submit their declarations of conflict of interest (including the declaration to be filled in when the employment relationship is established and - after the declaration - the changes that have occurred) electronically via a screen, after which, based on the proposal of the head of the organisational unit, these will be assessed by the party exercising the employer's right. In the case of questions, they can contact the Compliance department for support. The declaration shall indicate whether the employees concerned have any employment relationship other than their full-time employment with the employer and/or whether they hold any ownership or shares in other business companies which would be incompatible with regard to the job they have with the employer.

The members of the Management Board, senior managers and senior officials, in accordance with the relevant regulations, actively support the Compliance area in the implementation and

■ Strategy ■ Economic data ■ **Fair company** ■ Our business activities

execution of the measures of the Compliance Risk Management System. The Compliance Officer of the E.ON Hungária Group reports on the status of the Compliance Risk Management System to the Head of Compliance of the international E.ON Group on a quarterly basis and at least twice a year to the Management Board of E.ON Hungária Zrt.

Performance appraisal and compensation of the top management

The performance appraisal and compensation of the top managers is governed by the rules established by the parent company, more information on which can be found in the [Compensation Report](#) on the international website of E.ON.

The top management and sustainability

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 E.ON Hungária group 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 2023, the management team participated in the review and validation of the E.ON Hungária Group's climate targets, the review and approval of our ESG reporting for the previous year, and

the supervision of the ESG validation exercise also conducted at E.ON Hungária Group on behalf of the international E.ON Group, as well as the review and assessment of the 2023 sustainability results, and adopted the E.ON Hungária Group's sustainability roadmap for the following five years. Information published in the Sustainability Report has been approved by Dr. Guntram Würzburg, CEO of the E.ON Hungária Group prior to publication.

In addition, our executives are members or board members of several umbrella organisations; for example, Deputy CEO Zsolt Jamniczky is a board member of the Business Council for Sustainable Development in Hungary (BCSDH) and the Joint Venture Association.

Corporate governance and internal regulations

The E.ON Hungária Group has recognised that continuous improvement is the key to good performance. This is in accordance with the expectations of the quality management system in accordance with the ISO 9001:2015 standard, the environment-oriented management system defined by the ISO 14001:2015 standard, and the workplace health protection and safety management system in accordance with ISO 45001:2018, as well as the energy management system that was established based on ISO 50001:2018. In addition, as an integrated framework, it improves the operation of the company - including all its activities - in a systemic approach, making it transparent and more efficient. That is why the E.ON Hungária group decided on the integrated introduction, operation and certification of the standards by an independent party.

Our related [policy reflects our approach, values and commitment](#).

[Our external certification partner has also confirmed our compliance with the standards for the year 2023, without finding any instances of non-compliance. Following the principle of continuous improvement, we incorporate suggestions for improvement into our operations, and the many positive comments we receive serve as a guide to reinforce and extend the good trends.](#)

[Our certificates are available by clicking on the management system symbols.](#)



ISO9001



ISO14001



ISO45001



ISO50001

Our internal regulations

In order to function properly, we regulate our processes and activities, keeping in mind the aspects of the parent company and legal considerations. The mandatory approvers of all regulations include the legal area, the safety and health interest representation body, as well as environmental protection, operational development, security and crisis management and relevant professional areas.

The regulations are put into effect by the directors of the specific areas or by the Management Board, and are then systematically published on our internal website, to which all employees have access.

The owner of the regulation is also responsible for the introduction within the organisation, and his responsibilities include informing and training the employees concerned. The regulations need to be revised immediately in the event of any changes, otherwise they should be revised at least annually, if not more frequently, which is also performed by the author of the regulations.

We make sure that we operate in accordance with the regulations in the framework of internal audits.

Our business activities

[GRI 2-6] [GRI 413-2] [GRI 416-1] [GRI 416-2] [GRI 417-1] [GRI 417-2]
[EU-19] [EU-20] [EU-22] [EU-23]

We pay particular attention to all three business areas of the sustainable energy of the future: energy networks, renewable energy and forward-looking and simple energy solutions offered to our customers. The E.ON Hungária group is committed to supporting the reduction of its customers' carbon footprint in partnership.

Our business activities are essentially organised around two focus areas: one is the operation of electricity and natural gas distribution networks, and the other is the provision of a wide range of flexible customer solutions. There were no significant changes in the scope of our activities compared to the previous year. The use of as much renewable energy as possible is emphasised in both focus areas. In our business activities, the most important priorities are occupational health protection, sustainable operation, safety, and environmental protection, so we are continuously developing these areas and making them an integral part of our operation. We strive to reinforce their primary importance as part of our corporate culture for all our employees.

While energy supply is a basic need, negative effects on local communities may inevitably arise during our operation, such as disruptive effects related to the construction and maintenance of the network, as well as the necessary restrictions of individual ownership rights based on legal requirements. During 2023, no one was significantly disadvantaged in connection with our projects, and no property was expropriated. We indemnify damages incurred during maintenance on agricultural land and the property of the affected parties.

When designing our networks, we comply with the legal requirements, we take into account the interests of the stakeholders during the installation of the networks, and we initiate consultations with them if necessary. In our service area, we cooperate with local governments, professional organisations, competent authorities and MEKH.

The majority of our networks operate in public areas, so we must do everything we can to prevent or inform the population of possible dangers, thereby preventing potential accidents from occurring. This is why it is particularly important for our networks to place warning and prohibition signs, notices and regulations in accordance with the relevant standards.





After installation, before commissioning, we check the existence of the necessary signs, notices and labels during the required technical safety inspection and, naturally, we preserve them during their entire life cycle. The maintenance tasks also include replacing or supplementing them if they become damaged. The network elements most affected are overhead line poles, distribution cabinets and transformer stations.

Protecting life and health is one of the main considerations when designing network investments and reconstructions. In 2023, there were no accidents related to the unsafe operation of the network, and in their decisions the authorities did not impose any fines or order any changes.

In order to protect the health of our customers, we always provide our products and services with the appropriate markings and labels. The electrical equipment is installed according to the prescribed technical and safety rules, one of the basic objectives of which is to comply with the protection against accidents. With regard to our products and services, we strive to ensure that they comply 100% with health and safety regulations, and in 2023 there were no incidents related to non-compliance with the regulations regarding the marking and labelling of our products and services.

We pay particular attention to providing our services to so-called "vulnerable consumers" on specific terms and conditions, in accordance with legal requirements. Vulnerable consumers include socially disadvantaged and disabled customers. For customers who qualify as socially deprived under the law, we can offer instalment or deferred payment or the use of a pre-payment meter, while for our disabled customers we can ensure uninterrupted access to services by providing the necessary extra services related to their disability. This may include, for example, different meter designs, payment of bills in cash at the point of consumption, individual assistance for the interpretation of invoices, or provision of an uninterrupted power supply. Information concerning vulnerable consumers is available [here](#). Our multilingual customer service also ensures access to energy supply.

Our partners are informed on the website www.eon.hu about the [composition of the source of the current we sell](#), the [safe use of natural gas](#), and the [safety data sheet of the natural gas sold](#).

Our energy network

[EU-4] [EU-6] [EU-7] [EU-8] [EU-10] [EU-12]
 [EU-17] [EU-19] [EU-20] [EU-21] [EU-22] [EU-23]
 [EU-26] [EU-28] [EU-29] [GRI 11-1] [GRI 11-2]
 [GRI 11-3] [GRI 11-14] [GRI 11-15] [GRI 11-16]
 [GRI 11-17] [GRI 11-21] [GRI 203-1] [GRI 302-1]
 [GRI 302-2] [GRI 302-5]



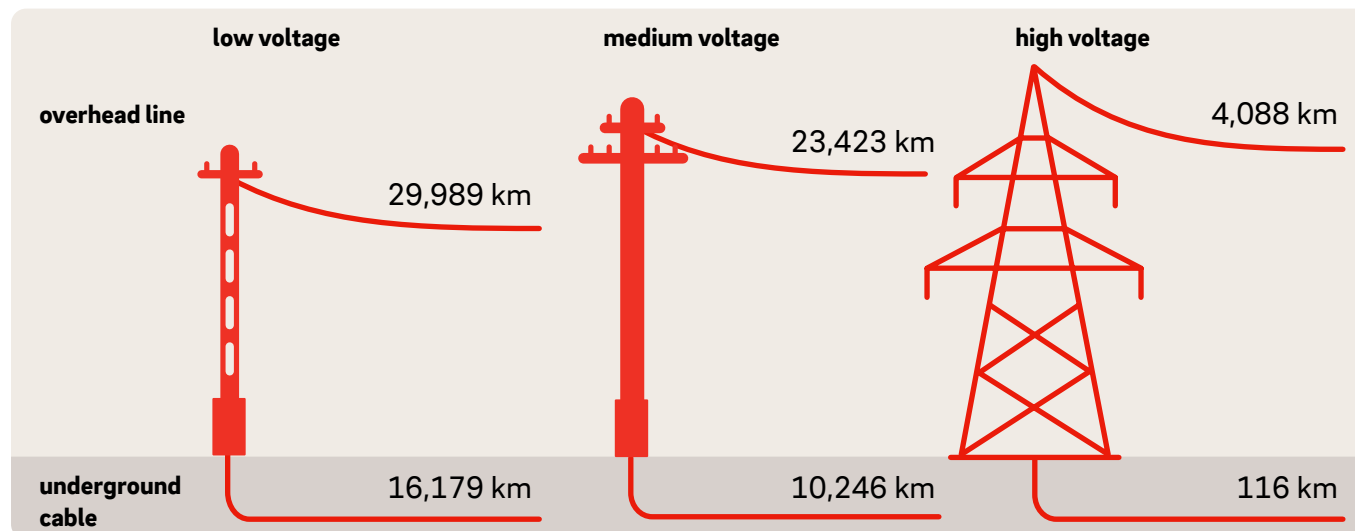
Did you know?

Our networks would go around the Equator two and a half times!

The length of our electricity network: 84,060 km

The length of our gas network: 18,242 km

Network lengths and types at the different voltage levels:



Our electricity distribution networks

[GRI 3-3]

In more than one third of Hungary's territory, in Transdanubia, Budapest and Pest County, with a total area of 36,524 km², the electricity distribution network is owned and operated by the E.ON Hungária Group. This network is necessary to ensure that the users of electricity are supplied with the electricity they need for their operation, at the required voltage level - in the case of households and small companies, usually at low voltage (no more than 1 kV), in the case of companies with high energy needs, at medium (1-35 kV) or, in rarer cases, at high voltage (greater than 35 kV) – and that power plants can feed the generated 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 the energy supply also remains reliable in the future.

We are making our distribution networks increasingly “smart” through the installation of sensors and automation. As a result, we obtain a more detailed and continuously updated picture of the energy flow, which not only means better quality data, but, by enabling remote intervention, it can even make the further expansion of the network avoidable. Smart grids form the basis for a number of innovative technological solutions that also help achieve the clean energy transition needed to reach carbon neutrality. They play a role in being able to handle even momentary changes in energy demand considerably faster and more efficiently, and they also help the development and spread of our aggregator²³ service and energy storage solu-

tions. In addition, they play a major role in making the energy distribution network more decentralised and flexible.

The increase in demand for electrification also necessitates network development and expansion in addition to smart solutions, so the total length of our overhead lines and cables **increases** from year to year.

Our distribution network improvements are expected to not only ensure the safe and smooth operation of the network, but to also have a social-economic impact, as network improvements typically have a positive impact on distribution network users, contribute to job creation and socio-economic development. It is important to us that our investments are implemented with only the necessary amount of land use, preferably while preserving or restoring the original state of the environment, and that our buildings blend with the given environment. We do not appropriate land, our distribution network investments are per-

²³ The aggregator is the combination of power plants, user equipment, electricity storages connected to the distribution, transmission network or private line, for the purpose of sale, purchase or auction in an electricity market.



formed in accordance with the law, with the compensation of the property owners concerned, 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, with efficient preparation we aim to minimise disruption to residents, pedestrian and vehicle traffic directly affected by the project, inconveniencing them for the shortest possible time and to the smallest extent.

We adhere to and enforce environmental regulations and conduct the necessary consultations with the competent authorities, paying particular attention to bird protection regulations. Our investments in reconstruction and new distribution networks are implemented according to the technological standards for bird protection.

We consider the government and local governments as key partners, and we take their ideas and expectations regarding urban landscape development into account in our investments. Investments in job creation, social initiatives, healthcare, cultural events and sports facilities, as well as the development of community spaces, are treated as particularly important investments, in close cooperation with our governmental and municipal partners. We also support smaller municipalities' own development projects with pro bono network replacement work, following individual assessment processes.

Challenges for distributors - energy prices and the solar panel boom

Although energy markets seemed to calm down in 2023, this year saw a particularly large increase in system usage charges for industrial users, who typically have energy-intensive activities and buy electricity at high voltage. The high competitive market energy prices and system usage costs across the EU had a negative impact on the cost of industrial production and the worldwide competitiveness of energy-intensive production. The decreasing prices resulted in a reduction in distribution costs, so in 2024 it was possible to eliminate the overhead protection compensation²⁴ applied for the previous year, and the decreasing cost made it possible to reduce the system usage fees at higher voltage levels.

The fact that ISD Power Kft. lost its electricity trader in November 2022 due to the insolvency of the Dunafer group represented a significant loss for our distribution network business. Following the Government's decision, a disconnection ban came into force at the connection point of ISD Power Kft. as of the 1st of December, 2022. As disconnections were not implemented, ISD Power Kft. used the electricity of the distribution licensee as a non-contracted customer, and the resulting additional cost was borne by our group.

The connection to the network of the large number of solar power demand received in 2022 caused a significant overload, not only for our specialists, but also for our networks. Considerable network development is necessary for the supply of electricity related to significant industrial developments and new plants, as there are facilities that have the capacity requirements of several smaller cities (150-200 MW). These, together with the demand for small household-scale connections, place a significant additional burden on our network departments responsible for grid development. These are the reasons why in 2023 we reduced the related risks by increasing our own installation and construction resources, and we continue to build the energy network of the future. We have also expanded our design team and established a new substation launch team in order to serve customer needs and perform network upgrades.

Outage indicators

In addition to security of supply, one of the most important indicators for a distribution system operator (DSO) is how well it can serve its customers without interruption. These are monitored by MEKH through various indicators (SAIFI, SAIDI, and outage indicators). MEKH defines requirements for unplanned (malfunction) indicators for all distribution network companies.

The authority compares the three-year averages with the expected requirements defined by it. The requirements for the SAIFI, SAIDI, and outage indicators are becoming increasingly strict every year. If the requirement for unplanned indicators is not met, the company will have to pay a penalty specified by MEKH, depending on the extent of the non-compliance. Regarding unplanned indicators, all three of our electricity distribution system operators met the MEKH expectations.

²⁴ Compensation for universal service providers to guarantee the financial security of their operations, given that fixed residential sales prices and high market purchase prices would have resulted in losses.

■ Strategy ■ Economic data ■ Fair company ■ **Our business activities**

The so-called recognised cost varies depending on the degree of over- or under-performance²⁵ in accordance with the bonus-malus²⁶ rules in force. This means that in the case of providing a higher quality service, the authority rewards the service provider with higher revenues from network usage fees.

The automation of our networks is essential for further improving outage indicators. On an ageing network, the number of outages can increase, but by automating processes the duration of outages may be significantly reduced, allowing us to provide a higher quality of service to our customers.

For all three of our electricity network distributor companies, we measure the indicators presented in more detail in the tables below, which show that the average customer experiences an unannounced malfunction or outage lasting longer than three minutes less than once a year, and, on average, a planned outage related to network maintenance once every three years.

SAIFI:²⁷ The average number of long term (longer than three minutes) outages per year for all users (number of outages/number of users/year). The planned, unplanned, and aggregated SAIFI are calculated separately.

| SAIFI (unplanned) | 2023 | 2021–2023 average | Requirement | Performance ratio ²⁸ |
|--|--|----------------------|-------------|------------------------------------|
| | (number of outages/number of users/year) | | | |
| E.ON Dél-dunántúli Áramhálózati Zrt. | 0.72 | 0.77 | 1.45 | 52.64% |
| E.ON Észak-dunántúli Áramhálózati Zrt. | 0.79 | 0.79 | 1.42 | 55.63% |
| ELMŰ Hálózati Kft. | 0.73 | 0.76 | 1.28 | 59.36% |

| SAIFI (planned) | 2023 | 2021–2023 average | Requirement | Performance ratio ²⁸ |
|--|--|----------------------|-------------|------------------------------------|
| | (number of outages/number of users/year) | | | |
| E.ON Dél-dunántúli Áramhálózati Zrt. | 0.36 | 0.36 | 0.41 | 86.85% |
| E.ON Észak-dunántúli Áramhálózati Zrt. | 0.42 | 0.39 | 0.41 | 96.97% |
| ELMŰ Hálózati Kft. | 0.28 | 0.28 | 0.39 | 70.80% |



²⁵ The recognised cost methodology is the basis for calculating the network usage fee, which accounts for the majority of the revenues of the distribution system operators. The amount of the network usage fee is calculated based on a methodology described in a legal regulation, the starting point of which is the itemised costs reported by the DSOs. These costs are reviewed by MEKH, and it decides on full or partial recognition of these costs in its own authority.

²⁶ This is an evaluation system in which distribution system operators can receive advantages or disadvantages depending on performance. A bonus represents an advantage and a malus a disadvantage.

²⁷ Calculation: All affected users/ All users on all networks (Total outages HV [high voltage], MV [medium voltage], LV [low voltage]).

²⁸ The lower the completion rate for these indicators, the better, as we can then demonstrate a lower network disruption for our customers.

■ Strategy ■ Economic data ■ Fair company ■ **Our business activities**

SAIDI:²⁹ The average duration of long-term outages (more than three minutes) for all users (minutes/number of users/year). The planned, unplanned, and aggregated SAIDI values are calculated separately.

| SAIDI (unplanned) | 2023 | 2021–2023 average | Requirement | Performance ratio ²⁸ |
|--|-----------------------------|-------------------|-------------|---------------------------------|
| | minute/number of users/year | | | |
| E.ON Dél-dunántúli Áramhálózati Zrt. | 61.2 | 60.4 | 72.9 | 82.78% |
| E.ON Észak-dunántúli Áramhálózati Zrt. | 60.0 | 60.3 | 75.4 | 79.97% |
| ELMŰ Hálózati Kft. | 53.0 | 50.7 | 70.6 | 71.76% |

| SAIDI (planned) | 2023 | 2021–2023 average | Requirement | Performance ratio ²⁸ |
|--|-----------------------------|-------------------|-------------|---------------------------------|
| | minute/number of users/year | | | |
| E.ON Dél-dunántúli Áramhálózati Zrt. | 92.3 | 97.7 | 113.2 | 86.27% |
| E.ON Észak-dunántúli Áramhálózati Zrt. | 125.4 | 122.9 | 104.3 | 117.91% |
| ELMŰ Hálózati Kft. | 69.8 | 66.6 | 92.4 | 72.16% |

Outage indicators:³⁰ The ratio of the electricity not supplied due to an unplanned electricity supply interruption of more than three minutes to the available electricity (MWh/GWh –‰).

| Outage indicator (unplanned) | 2023 | 2021–2023 average | Requirement | Performance ratio ²⁸ |
|--|-------|-------------------|-------------|---------------------------------|
| | ‰ | | | |
| E.ON Dél-dunántúli Áramhálózati Zrt. | 0.048 | 0.048 | 0.087 | 54.48% |
| E.ON Észak-dunántúli Áramhálózati Zrt. | 0.047 | 0.046 | 0.080 | 57.24% |
| ELMŰ Hálózati Kft. | 0.061 | 0.058 | 0.083 | 70.22% |

In order to further reduce SAIDI and SAIFI indicators, we have introduced process-based thinking within the entire area covered by the E.ON Hungária Group, and we strive to respond to disruptions as efficiently and quickly as possible. We monitor times, analyse malfunctions, look for root causes, and take measures to improve the process. We control data and outliers on a daily, weekly and monthly basis.

In recent years we observed that there has been a significant increase in the number and impact of malfunctions caused by third parties (tree falls from outside the safety zone³¹, or unintentional damage caused by, for example, an accident, or carelessness in other public works). We are taking a number of measures in order to further reduce the number and impact of malfunctions.

We use automated switching devices in order to locate faults more quickly, and we run cable diagnostics to filter out incipient faults in the cable network, and we check the condition of the networks through regular measurements and inspections. In addition, we regularly clear the openings of overhead line networks. During the fault isolation phase, we use one-man work in order to detect it more effectively, that is, our colleagues do not inspect the sites in pairs, but alone.

²⁸ The lower the completion rate for these indicators, the better, as we can then demonstrate a lower network disruption for our customers.

²⁹ Calculation: Aggregated outage time ($\sum [\text{users affected} \times \text{outage time}]$) / Total number of users (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 downtime events (for instance, due to malfunctions).

³⁰ Outage indicators are to be calculated for outages only on medium and high voltage networks.

³¹ The safety zone is the distance calculated from our overhead power lines where there should be no vegetation, branches, etc. that could endanger the lines. We maintain this zone with pruning.

Extreme weather conditions

We constantly monitor weather forecasts, so we are prepared for extreme weather situations, with reinforced standby service and increased technician capacity. In the event of an emergency, we act on the basis of our relevant regulations, thus helping restoration as quickly as possible. In 2023, the impact of outages due to extreme weather was even more significant for all three of our electricity companies, compared to previous years. The South Transdanubian and North Transdanubian areas each suffered four weather-related major outages, while Budapest and Pest County areas suffered two. The most extreme impact occurred in the southern area during the emergency period from the 4th to the 6th of February. Here, E.ON Dél-dunántúli Áramhálózati Zrt. incurred a SAIDI value³² of almost 70 minutes in two days, which exceeds the SAIDI value that occurs in the course of an entire year under normal conditions (58-60 minutes). In addition, the number and impact of third-party malfunctions continued to increase, especially the number of tree falls outside the safety zone.

On the 6th of December, winter hit Hungary: half of the country was covered in snow, which also caused disruptions in E.ON's service area. Trees fell under the weight of the thick snow cover and heavy branches broke, tearing our wires in several places. At some places poles were broken and fell. Despite the harsh weather, our colleagues immediately started troubleshooting and worked tirelessly to repair the damaged network components.

Heavy snowfall caused supply disruptions in Somogy and Zala Counties, and later in Pest and Komárom-Esztergom Counties, mainly in the forests in the vicinity of Esztergom, Dobogókő and Oroszlány, in the Pilis Hills, in the Börzsöny Mountains and in the Gödöllő Hills. In many places, the trees could no longer bear the heavy weight of the snow in the soggy soil that was soaked due to previous rainfall.


An increased number of our colleagues worked continuously to repair the faults in cooperation with the experts of the National Directorate General for Disaster Management to restore power to customers affected in the E.ON service area. Their work was significantly impeded by slippery, icy roads, sometimes completely blocked stretches of road, and the fact that some of the breakdowns occurred in forested areas only accessible by foot.

A drone was also used in the area of the Győr operations to quickly locate the points of failure. Despite the difficult circumstances, our employees did everything they could to ensure that the electricity supply was restored as soon as possible in the affected households.




Major electricity network projects

Handover of the Kisbér substation

Within the framework of the Danube InGrid project, which is supported by the European Union and implemented in cross-border cooperation, we will strengthen and expand the electricity network infrastructure of Northern Transdanubia until 2025. Our goal is to use intelligent technologies to enable even more solar power systems to be connected to our network and improve security of supply. 

As part of a series of improvements, a new transformer station was built in Kisbér, which was made necessary by the growing energy demand in the region and the developments expected in the near future. The total cost of installing the new station, which was completed in June 2023, reached 1.5 billion HUF. The station built near Kisbér is fully automated, meaning that all its equipment can be remotely accessed and switched on.

Expansion of the power supply of the Sümeg castle


The Sümeg Castle is one of the most beautiful medieval fortresses in Hungary, the construction of which began in the 1260s. In 1713, after the failure of the Rákóczi War of Independence, the Habsburgs blew it up so that it could no longer be used for military purposes, and from that time it was continuously falling into disrepair, until it was finally declared structurally unsound in 1988. Recently, however, the castle has been restored: with 1.1 billion HUF of EU and government funding, the complete reconstruction of the building has started, including the extension of the electrical network. 

This task presented E.ON colleagues with unusual challenges. At the foot of the castle hill, they had to install a nearly ten-tonne transformer station and lay more than 500 metres of cable, partly in the city centre, under the asphalt pavement and

³² It is necessary to prove to MEKH that the outage occurred due to other network disturbances. If the evidence is accepted by the office, the value of the loss caused by the event does not have to be included in the value of the annual performance.

roadway, and partly at the side of the Sümeg castle. It required careful consideration as to which route the ground cable should be laid on the hillside that was almost vertical at some places. This posed certain dilemmas, such as how to transport equipment up the narrow serpentine road leading to the castle, how to dig a cable trench in the steep, rocky ground where one could barely stand, let alone work with both hands, and how to prevent the detached stone debris from falling on tourists and parked cars at the foot of the mountain. Our colleagues, who used alpine technology solutions, found answers to these questions during the construction and solved the task safely.

Network development in Buda - a renewed substation and underground cable in the forest

For the first time in E.ON's history, we renovated our Solymár substation with a so-called container solution, and in the settlements and protected forests of the area, we will dismantle four hundred and fifty poles and fifty kilometres of overhead lines and replace them with underground cables. Thanks to the development worth more than 2 billion HUF, the forest can reclaim nearly [a hundred hectares of land in the Buda Landscape Protection Area](#). 

The Buda Landscape Protection Area borders Budapest from the west with its hill ranges wedged deep into the city in many places, typically covered with indigenous forests. The Natura 2000 protected area has unique botanical, geological and landscape value and is also known as the "lungs" of the capital. Its territory is crossed by the backbone networks of E.ON and its predecessor companies built in the 1970s and 1980s, which were built fifty years ago in an uninhabited area, but since then the agglomeration has grown around them. The increased population of the surrounding settlements - Nagykovácsi, Máriaremete, Remeteszőlős, Solymár, Pesthidegkút, Pilisszentiván, Pilisvörösvár, Piliscsaba - and the ever-increasing demand for energy, as well as the combined need to protect the natural environment, gave rise to one of E.ON's most significant network developments in the Buda region.

Initially supplying 7,500 consumers, the substation in Solymár now supplies power to 40,000 points of consumption. The renewal of the substation, which serves the region's most energy-intensive municipalities, became necessary by the ever-increasing demand for energy. This time, we did not opt for traditional, dynamic, time-consuming development, but chose a completely new solution: we demolished the old brick building of the substation and installed the new medium-voltage switchgear and protection-control technology systems in a standard container used in sea freight transport.

In parallel with the renewal of the substation, we have started to dismantle a part of our 20 kV medium-voltage network that cross the surrounding settlements and protected

forests and replace it with underground cables. The entire process will take place in several stages between 2022 and 2025, while ensuring the continuous supply of electricity to customers.

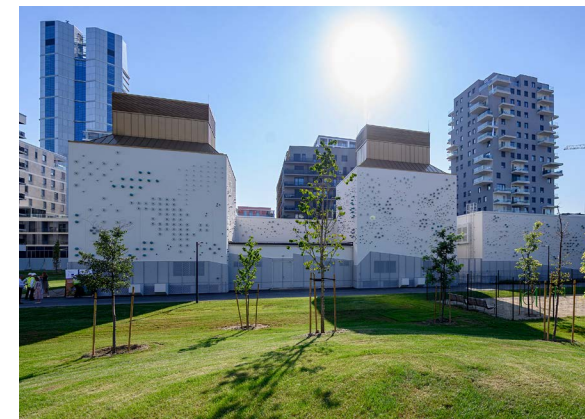
In addition to the need for a more reliable network, the termination of the overhead line network was justified by a number of weather and natural factors. The difficulty is that in impassable steep forested sections, this operation can only be performed manually, and replacing a pole knocked down by a storm is time-consuming and can only be solved by using a helicopter. In the context of the development, more than four hundred and fifty poles and fifty kilometres of overhead lines will be removed and replaced with underground cables in the Natura 2000 areas of the Buda Landscape Protection Area and in residential zones in the region. Underground cabling also represents a major step forward from a conservation perspective. With the dismantling of the medium-voltage network, the forest can heal the artificially straight lines of the openings by self-reforestation or by planting native tree species by the experts of the Pilis Park Forest, which manages the area.

We handed over a new substation in Kelenföld that blends into the urban environment

The transformer station, which was handed over in August 2023, is located in the South Buda area of Budapest and is equipped with state-of-the-art remote-controlled equipment and smart devices. The station supplies electricity to almost twenty-nine thousand residential customers.


The transformer station, previously consisting of several separate parts and surrounded by a fence, was rebuilt in parallel with the development of the BudaPart district, as part of a project costing 3.4 billion HUF.

The special feature of the completed alteration is that, in response to the proximity of the newly built residential buildings, the facility has been given a modern appearance that satisfies aesthetic aspects at a high level: around five thousand porcelain and glass insulators adorn the walls of the substation, and it is surrounded by a sledging hill, a dog run and a community garden built for the people living in the area. On an area of 252 square metres on the top of the building, a green roof with special vegetation was also installed.



Budapest, Vizafogó – the largest network development in the capital

The landscape of Budapest's 13th District has changed with the demolition of a line of poles supporting 1.6 kilometres of high-voltage transmission lines between Csavargár utca and Árpád Bridge. In the area parallel to the River Danube, significant real estate developments have taken place in recent years, new residential complexes have been erected, and thousands of residents have found new homes. After the removal of the poles, the redevelopment of the vacated areas along Cserhalom utca and Esztergomi út may begin.

In response to the increased energy demand in the district , at the initiative of the municipality, as well as the built and economic environment, taking into account the development goals of the area, we replaced the line of poles and overhead lines that had been there for forty years with underground

cables. The benefits of the development can be enjoyed primarily by the population and the municipality, as the freed-up area can be used for planned developments and landscaping, and roundabouts, car parks, new pavements can be built, and the area can be taken over and made green.

The most beautiful and panoramic stretch of the Danube on the Pest side is considered a valuable area with regard to real estate development, and due to the increasing demand for energy, the capacity of the network had to be increased. Forty metre high steel poles held the overhead lines, which we have now replaced with new and modern underground cables. By dismantling the giant poles, not only the security of supply, but also the cityscape itself will improve.

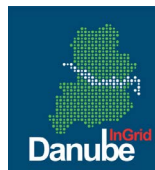
In total, more than a hundred of our colleagues worked to make the project a success. It is to their credit that we succeeded in completing this complex investment of 1.7 billion Euro, realised exclusively from our own resources, within the deadline and budget.

This investment will allow the construction of three new sub-stations in the region - Vizafogó, Dunavirág, Tahi utca - which will, among other things, ensure the connection of renewable energy sources and solar power systems to the grid.

Our network investments and developments

In 2023, we were able to allocate significant investment resources to network upgrades. These developments are needed not only for security of supply, but also for sustainability: we need a modern and innovative network to support the spread of renewables and the transformation of consumer habits. By creating and maintaining it, we can support not only our own sustainability efforts, but also those of our customers and Hungary as a whole. In addition to our currently running two major development programmes funded by European Union development funds, Danube InGrid and RRF, we also place great emphasis on testing and spreading the use of innovative network solutions.

The Danube InGrid project



The Danube InGrid project, based on international cooperation in addition to EU subsidy, is being implemented in the North Transdanubian region of Hungary and Western Slovakia with the professional support of MAVIR Zrt. The share of the project in Hungary is 137 million Euro (approximately 53 billion HUF), of which 48 million Euro is the amount of the support of the European Union for E.ON Észak-danunántúli Áramhálózati Zrt., and 89 million Euro is spent by E.ON on these network development investments.

The Danube InGrid project aims to improve security of supply and quality of service through smart grid solutions in order to connect renewable power plants and new customers. The project involves the installation of smart grid devices. In Hungary, this means the establishment of nearly a dozen smart micro stations and the networks connected to them. The capacity

increase and reliability of the distribution networks will be ensured by the implementation of a smart transformer substation solution and the installation of network switching elements. In the project, the acquisition of data on the network status will be achieved by the installation of measuring points, the increase of the transmission capacity will be achieved by the installation of a smart transformer that can be controlled under load, and the improvement of reliability and the management of network errors will be achieved by the construction of a remotely operated switching device and a short-circuit alarm system. In addition to the above, the basic IT systems supporting the distribution of electricity will also be replaced.

During the installation process, special attention is paid to protecting the environment and minimising the impact of the electricity network. The transmission lines crossing the bustard protection area of the Fertő-Hanság region will be replaced with underground cables, and the connections of the installed micro stations will be equipped with bird protection devices. Smart devices help save fuel by providing an accurate identification of the exact location of the fault, thus reducing the impact on the environment.

The RRF Project

Three of our electricity distribution network companies, E.ON Dél-dunántúli Áramhálózati Zrt., E.ON Észak-dunántúli Áramhálózati Zrt. and ELMŰ Hálózati Kft., are implementing a complex distribution network investment in a project funded by the Recovery and Resilience Facility (RRF). The main objective of the project is to promote the integration of weather-dependent renewable energy sources in the distribution network in the North and South Transdanubian regions of Hungary and in Pest County.

As part of the network upgrades, we have installed new devices and improved the security of supply of existing devices. EU funding granted under the RRF can be used for development tasks in the period between 2021 and 2026:

1. Installation of new devices, including

- the installation of new distribution network elements to increase capacity or the replacement of existing devices with higher capacity equipment; and
- the installation of new equipment to allow better use of capacity (for example, sensors and other monitoring equipment, plant management equipment, or equipment to allow the exploitation of demand-response possibilities).

2. Investments to improve the security of supply of existing devices with inadequate reliability and security of supply risks (for example, replacement of existing devices with more reliable or more state-of-the-art equipment, possibly with a higher capacity reserve).

Innovation

In 2023, a total of 47,546,000 HUF was spent on research and development activities in the IElectrix and OneNet projects.

The IElectrix project

Within the framework of the IElectrix project - during which we develop forward-looking solutions that enable the faster and more cost-effective connection of renewables to the grid, as well as the more efficient use of existing equipment and solutions - at two demonstration sites at E.ON Észak-dunántúli Áramhálózati Zrt. and at E.ON Dél-dunántúli Áramhálózati Zrt., we are pilot testing battery energy storage systems and an improved controlled consumer system as new, innovative solutions. The international IElectrix has a total of five demonstration sites in the following four countries: Hungary, Austria, Germany and India.

During the demonstration in Hungary, we had two main goals: at Zánka, our first demonstration location, we aimed to compensate for the voltage drop during the early evening

peak period with battery energy storage, while at our second location, Dúzs, we moderated the voltage increase effect caused by the solar parks.

The IElectrix project was launched in 2019 and completed in 2023. In the past more than three years, we installed and commissioned both energy storages and developed the energy management system, which can be considered the "brain" of the storages.

In the controlled consumer system, in addition to the design of new, modern controls, we also installed more than one hundred and twenty smart meters.

The OneNet project

In connection with the spread of renewable energy sources, their impact on the balance of the electricity system and the receiving networks arises as a difficulty.

The OneNet (One Network for Europe) project, which is supported by the European Union and involves twenty-three countries, aims at creating the conditions for a new generation of network services, involving an unprecedented number of countries in a single project, which is capable of fully exploiting response to demands, storage and distributed generation, while creating fair, transparent and open conditions for consumers.

As a result, it is developing a customer-centred approach to network operation. This ambitious vision will be achieved by offering new markets, products, and services and by creating a unique IT architecture. The project also aims at building a broad consensus on this solution by launching various initiatives, including a broad discussion forum within the international energy community. The OneNet project will be completed in 2024.

The DAPPoD project

In the framework of the project, with the participation of residential customers who own solar panels, we are

looking for configuration characteristics that are useful for both the customers and the distribution network. In the project, we activated a preset on the equipment of forty-six of our customers, which is expected to make the inverter more stable, with less switching, thus improving its lifetime. As part of the project, we are back testing both the operation of our customers' equipment and the condition of the network. The measurement results will be used to assess whether the customers' generation equipment can help mitigate network challenges.

The Flex.ON project for the resilience of our networks

One of the goals of our Flex.ON project, which is supported by the European Union, is to test innovative network devices in operational conditions that can be used to increase the flexibility of the electricity network. The continuous growth of renewable energy production and the solar panels installed by residents cause a significant load on our distribution networks. Our flexibility programmes facilitate the network delivery of the largest possible amount of solar energy, which can also increase the quality of our distribution service and the security of supply.

With our Flex.ON project, we will be able to solve or prevent voltage problems faster, more cost-effectively and tailored to the needs of the specific location than traditional network construction.

In this programme, we installed the following solutions and devices on our network.

The Inline Voltage Regulator at low voltage (IVR)

One of the key devices of the E.ON Hungária Group's alternative network development programme is the inline voltage regulator (IVR), which was developed to quickly eliminate voltage problems that occur on the low-voltage network, usually only in single streets, due to high load or regeneration. The IVR

■ Strategy ■ Economic data ■ Fair company ■ **Our business activities**

(Inline Voltage Regulator) can be used to eliminate voltage fluctuations on the grid, for example in situations in which the load on the grid is higher during the day and lower at night and in the evening, due to the production of solar PV systems.

Low and Medium Voltage Transformers (OLTC), adjustable under load

In a transformer circuit, the voltage fluctuations caused by solar panels connected at medium voltage can be reduced by replacing the transformer machine and by building a proper control circuit.

Measurement and sensor infrastructure

While we have the measurement data for high and medium voltage networks and can intervene remotely in the operation of the network, this is not the case for low voltage networks. We intend to improve the remote monitoring of this low-voltage network. To this end, we are installing measuring sensors on our networks, which transmit voltage, current and voltage quality data to a remote cloud database.

Divided storages

We are installing battery systems with a capacity of 8 kW/15 kWh for 100 residential generator/consumer customers with household solar panels, the purpose of which is to reduce the voltage-increasing effect of the solar panel systems on the given low-voltage sections.

Central storage

A battery system with a capacity of 2 MW / 2 MWh will be installed at the substation in Aszód to remedy the medium voltage grid overloads during the summer peak season. This storage, in addition to its network stabilising effect, is also used in our aggregator service for system-level control.


Regulation of solar power plants

In this project, we control the effective and passive power of eleven solar power plants with a capacity of 500 kW in order to learn about their effect on the medium voltage network. Our goal is to use power regulation of solar power plants to stabilise the grid and reduce losses.

Developing a resilient market environment

In order to operate the flexibility market, within the framework of the Flex.ON project, we are creating an IT solution that predicts network bottlenecks and works with unique algorithms in the EU, which helps electricity distribution companies map problem areas and manage them.

Smart meters

Smart meters are able to provide almost real-time information on consumption locations, thus providing useful assistance to both customers and service providers, as their use can reduce overhead costs on the one hand, and, on the other hand, they can be used to continuously monitor the state and the [load](#) , of the networks, besides which they also provide an opportunity for demand-side intervention.

When installing smart meters, our primary concern is to ensure compliance with the legislation, which states that smart meters must be installed in all locations

- where the annual energy consumption is greater than 5,000 kWh;
- where the customer has or will have a small household-scale power plant installed;
- where new users reaching or exceeding the 3x32 ampere connection value; and
- where users with an existing electrical connection for which, in the case of power expansion, the new connection value reaches or exceeds the 3x32 ampere connection value limit.

In pilot projects, we have tested smart meters for consumers switching on and off appliances on the controlled circuit (for example, boilers) with approximately 450 customers. These devices help us in investigating voltage complaints, and they create the opportunity for us to use the devices to obtain information about where the electricity service has stopped, thereby speeding up our troubleshooting process. The latter would represent a great step in the operation of the network, since currently we can only start after the reports have been made, and locate the faults that occur at low voltage.

By the 31st of December, 2023, we had installed a total of 432,361 smart meters on our network, representing 9.6% of all meters. This means that we accomplished nearly 120,000 new installations in 2023.



Liveable Future Park

The E.ON Hungária Group pays special attention to research in the field of new technologies and places great emphasis on the implementation of innovative pilot projects. The use of renewable energy sources and their increasing role at local, regional and global level is one of the most important tasks of the twenty-first century. The finiteness of fossil energy sources and the reduction of import dependence are important elements of European Union directives and Hungarian commitments.

With this in mind, in 2012 we started to lay the foundations for a renewable energy park in partnership with the International Children's Emergency Service. The energy park planned in the area of the Fót Equestrian Therapy Centre contributes to the use of locally available renewable energy sources.

In the decade since then, a number of innovative energy solutions have been deployed in the Liveable Future Park. We have installed a small wind turbine, a micro-hydro turbine on a stream running through the area, and a heat pump for cooling and heating the visitor centre. Solar panels and solar collectors were installed on the south-facing roofs, and a comprehensive data acquisition system was installed to continuously collect and monitor production data. Smart LED street lighting has been installed in the Fót park area, and electric bike chargers have been placed there.

The park, which functions as a "living laboratory", receives around three to five hundred visitors every year, and the on-site workshops and professional events provide exciting learning opportunities for people of all ages. It also serves as an excellent field experience site for university students, providing data for their theses and dissertations.

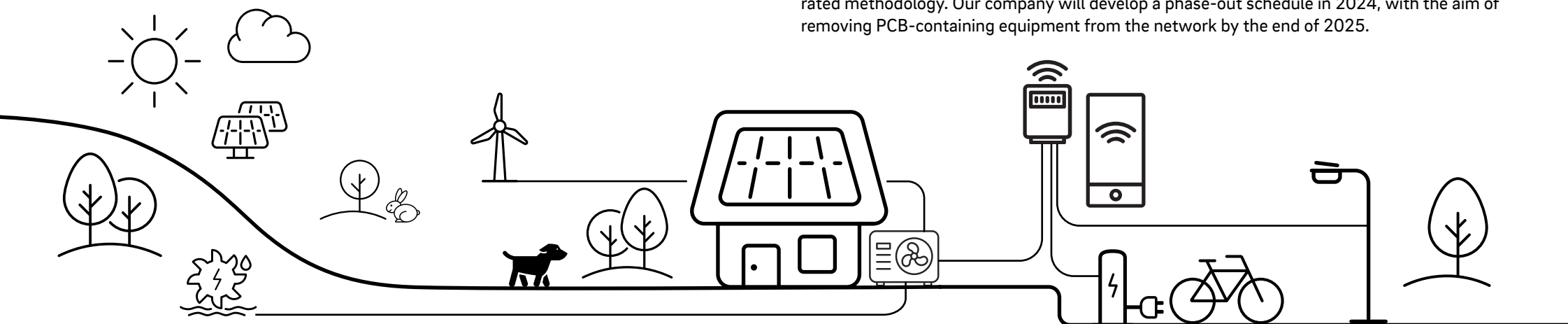
Removal of hazardous substances from the network

In accordance with the provisions of the regulations published since 2001, by the 31st of December, 2025, companies operating in European Union member states must identify and remove from use all equipment containing polychlorinated biphenyl (PCB) exceeding the limit value of more than five per thousand.



The purpose of equipment containing PCB, based on the consumer character of the time, was to improve the phase of the low- and medium-voltage network, and as a result, reduce the network loss. Over the past decades, the nature of consumption has changed significantly, and the densification and increase in the number of supply points has made it unnecessary to install PCB-containing equipment and to operate the condensers previously installed.

The E.ON Hungária Group, together with the relevant management and operational departments, is working on the gradual phase-out of PCB-containing equipment based on an elaborated methodology. Our company will develop a phase-out schedule in 2024, with the aim of removing PCB-containing equipment from the network by the end of 2025.



Our natural gas networks

[GRI 3-3]

Through its two natural gas network companies, the E.ON Hungária Group owns, operates, maintains, and develops the natural gas distribution networks in the South and Central Transdanubian region. We ensure that residential and industrial consumers in the region safely receive natural gas from the backbone pipelines that cross Hungary at the pressure and quantity that suits their needs. Thanks to the continuous development of the natural gas distribution network, we are able to serve the needs of new users and improve the quality and the technical safety standards of the existing service.

The indirect effect of the network developments is that the long-term security of supply of residents buying from the distribution network increases. With the help of our smart remote monitoring systems, we have developed our previous time-based pressure control station reconstruction programme into a risk- and condition-based reconstruction programme.

With regard to stimulating the economy, the further development pace of industrial parks and their additional gas demand, as well as the development ensuring the gas supply of the CNG well built at the Volán plant in Zalaegerszeg, have all had a positive effect on the local community.

According to the relevant legislation, when the connection contract is concluded, the technical content of the connection, as well as the connection fee, technical conditions and technical content, according to the relevant regulations, will be sent to the users. Traditional network development (reconstruction) takes place in compliance with the relevant regulations and decrees. According to Hungarian legislation we send the ten-year network development plan to MEKH and FGSZ Zrt. every year.

Natural gas is a fossil fuel, but it is orders of magnitude cleaner than solid fuel. No smoke, particulate matter, extremely harmful nitrogen oxides or sulphur oxides are produced during combustion.

In addition, in operating our networks, we aim to reduce methane emissions from leakage as much as possible. Therefore, we raised the reduction of methane emissions to a strategic level during the regulation of the pressure control stations and with the pressure dynamization programme, in order to reduce the leakage loss. We are also reducing leakage losses through our pipeline reconstruction programme with a condition- and risk-based investment strategy.

This is also important because the greenhouse effect of methane - which is a component of natural gas (97%) - is twenty-eight times that of carbon dioxide, so each leaked methane molecule contributes to the strengthening of the greenhouse effect that much more than the carbon dioxide produced during the burning of methane. For this reason, during interventions, our employees ensure that as little natural gas as possible enters the air, and, if necessary, they burn the amount of methane trapped in the pipeline section affected by the intervention by flaring. Eliminating and preventing leaks therefore has climate benefits as well as commercial ones. The amount of leaked methane is a business secret, and no other greenhouse gas emissions occur during the operation of the gas network.

Gas has a low emission of pollutants, so it is environmentally friendly, but it can also be dangerous, so we inform our partners and consumers about safe and energy-saving use [on our website](#) as well as the exact composition of the product and [its safety data sheet](#).

In the field of gas distribution, we aim to prepare for the new role of gas as an energy carrier in the future by operating it economically and maintaining the current level of technical safety. We enable the feeding of "green gases" from renewa-

ble sources (biomethane, hydrogen) into our network by mixing them with natural gas, taking into account the technical safety conditions.

Biogas from corn fibre – green and unique solution fed in 



Our more than 400 colleagues work on our 18,242-km-long gas network so that approximately 616,000 of our customers can safely use the comfort provided by natural gas, whether it is for household use, heating and hot water production, or even ensuring the heat demand of industrial processes.



■ Strategy ■ Economic data ■ Fair company ■ **Our business activities**

Together with Pannonia Bio Zrt, the largest biogas producer in Central Europe, we feed almost 100% pure biomethane into our gas distribution system. The biogas, which is made from fodder corn fibre mainly produced in Hungary, is fed into the gas network from Pannonia Bio's facility in Dunaföldvár, after biomethane conversion and under strict parameters.

The idea of feed-in for energy efficiency and sustainability goals was born nearly three years ago, which we were able to support in three roles. As a consultant, we provided detailed information about the process, and the steps that can be taken to progress to feeding. As a distributor, in our capacity as experts, we determined the technical and economic parameters. In our coordination role, we were tasked with developing the best solutions between the three companies involved in the implementation (the producer Pannonia Bio Zrt., the supplier FGSZ Zrt. and the E.ON Hungária Group). This is how the unique, company-tailored model was born, which we "just" had to implement afterwards.

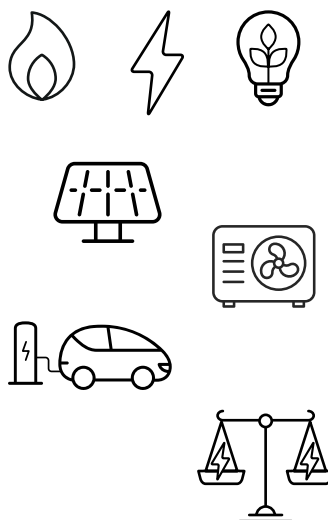
The preparation was followed by the practical steps, during which we were key players in the development of the distribution network, with regard to both the logistic and the technological aspects. Our colleagues, with the construction partner, built a 350-metre, 200 mm diameter steel pipeline to connect Pannonia Bio's gas delivery point and the existing E.ON pipeline, partially underground, with controlled drilling. The connection point is both a measuring and a filtering station at the same time, because we can only introduce biomethane with almost one hundred percent purity into the gas network. Since the start of feed-in in June 2023, biomethane has been fed into the gas network under constant quality control and in compliance with strict technical parameters.

In cooperation with Pannonia Bio Zrt., we have implemented the largest biomethane feed-in capacity in our country to date. As a result of nearly three years of preparation, we can boast an exemplary development both in terms of energy and sustainability.

Our products and solutions

[GRI 3-3] [GRI 203-2]

Our innovative energy products and services not only help our customers achieve their sustainability goals, but also contribute to the clean energy transition and to achieving the Hungarian climate ambition. Our Customer Solutions business segment is organised around four main activities:



- we sell natural gas, electricity and green energy solutions to corporate and institutional customers;
- we provide our customers with individual and integrated energy solutions, ranging from household-scale solar PV systems, heat pumps and air conditioning systems to the design, construction and operation of complex solutions. In this context, we provide a wide range of services, from lighting modernisation through gas engine replacements to the construction of solar power plants, and also taking into account their combination;
- we provide the long-term leasing of electrically powered vehicles and the sale, installation, operation and maintenance of electric car chargers;
- we generate energy to sell flexibility solutions, that is, to support the balancing of the electricity network. In addition, we map opportunities related to consumer regulation and provide aggregator services.

Energy sales

The energy crisis still had a strong impact on the energy markets in the first half of 2023. The first few months were characterised by fluctuating energy prices and a fluctuating market, to counter which several government measures were introduced, first in the public administration sector and then among SMEs. Municipalities were given the option to use fixed prices instead of tariffs indexed to the stock exchange price, while for small and medium-sized enterprises, a decree introduced a price ceiling and maximised energy prices from July, with the difference being compensated to traders from the budgetary resources.

In the second quarter of the year, markets started to stabilise and increasing numbers of industry players re-entered the market with fixed-price contracts, so that in the second half of the year both price-indexed and fixed-price contracts were available on the market. While in 2022, under strict conditions, it was possible to conclude contracts for six months, by the autumn of 2023, more risk-taking schemes appeared (for example allowing subsequent payment), and the term also increased significantly (typically for one year, but multi-year contracts were also in evidence).

■ Strategy ■ Economic data ■ Fair company ■ **Our business activities**

Stock market prices also started to rebound at the same time, and there has been no sustained price increase since then.

Our group also reacted quickly to market changes, and we adjusted our schemes to meeting customer needs and to market opportunities, thereby supporting our customers in further maintaining their competitiveness.

In addition to the electricity and natural gas markets, sustainability remains a cornerstone of E.ON's strategy; we are committed to going green, and we also offer our customers a wide range of renewable products.

The period ahead of us will be an era of renewable energy: plans in Hungary, Europe and globally call for a rapid increase in the share of green energy, mainly for reasons of climate protection. However, there is another trigger for this change in trends, namely the transformation of the energy market. As a result, strategic thinking has come to the fore, our customers are increasingly looking for green solutions, and trust and confidence have become considerably more important to them.

From 2022 to 2023, on an annual average, the share of green energy in the electricity resources procured for our competitive market customers increased by 10%, in addition, the share of green energy sold to our retail customers increased to 17% in our electricity portfolio.

Guarantee of Origin



Among the green energy products we sell, the oldest introduced is the Guarantee of Origin (GoO). The Guarantee of Origin is a certificate verifying that the electricity purchased by the customer comes from a renewable source and describes when, from which power plant, and how it was produced (for example, solar power, wind, biogas, etc.). We sell a guarantee of origin regardless of the physical product, even to customers who do not buy physical electricity from E.ON Energiamegoldások Kft. In 2023, more than 20% of our customers' energy supply was already provided by green energy with guarantees of origin.

Green Cloud

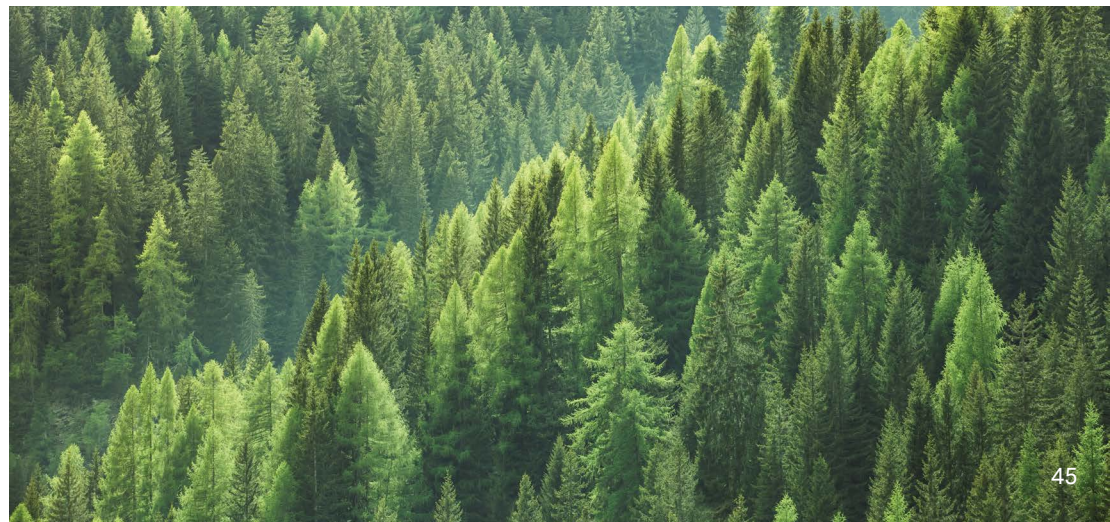
In 2022, we launched our Green Cloud product, a decarbonisation energy service package for large companies operating in Hungary, providing them with a dedicated, certified, physical green energy supply from renewable energy sources in Hungary, in the quantities they require.

The Green Cloud service ensures green energy supply in the long term and at a stable price, regardless of the price developments of the domestic green energy market, which is expected to shrink in the future. Green Cloud offers a hybrid energy strategy with full supply: up to 70% of the annual electricity demand can be provided using green energy generated in domestic solar power plants, while the remaining and necessary extra electricity is provided by E.ON Energiamegoldások Kft. with conventionally produced energy, which can be accompanied, on request, by a guarantee of origin. So, with a sustainable solution, we also guarantee security of supply, price stability and dedicated domestic production. In 2023, several of our customers have already opted for this scheme.

Green.On

In 2023, we launched our Green.On product, which can be contracted for a period of several years. It provides green energy supply in a way that satisfies the needs of both large corporate and medium and small business customers. In this scheme, E.ON Energiamegoldások Kft. is able to satisfy the overall electricity needs of our customers by providing a certain proportion of the total supply, a maximum of 70%, from a dedicated, physical green energy source within the framework of the contract, and proves it by providing a guarantee of origin, while ensuring the remaining electricity demand with energy produced in the traditional way. In this scheme we also combine the electricity delivered with the guarantee of origin certifying it. In 2023, we also ensured green energy supply to several customers in this way.

In order to achieve our greening objectives, we will continue to develop our product portfolio in the future, adapting flexibly to customer requirements.



■ Strategy ■ Economic data ■ Fair company ■ **Our business activities**

Energy solutions

We support our customers in their efforts to achieve carbon neutrality by using our integrated solutions. Our customers can find a solution to their complex energetic needs in areas related to mechanical engineering, heating-cooling-ventilation, high-current solutions, residual heat utilisation, energy management, and lighting modernisation, which they can plan by signing a single contract.

In 2023 we launched a number of complex, integrated projects for our customers, the most significant of which are the following:³³

Gyulahús

The E.ON Hungária Group has purchased and refurbished the 1.8 MW gas engine of Gyulahús, which was previously out of use. The energy generated in this way is sold on the regulatory market in order to balance the fluctuating performance of weather -dependent, renewable energy-based power plants.

Bosch

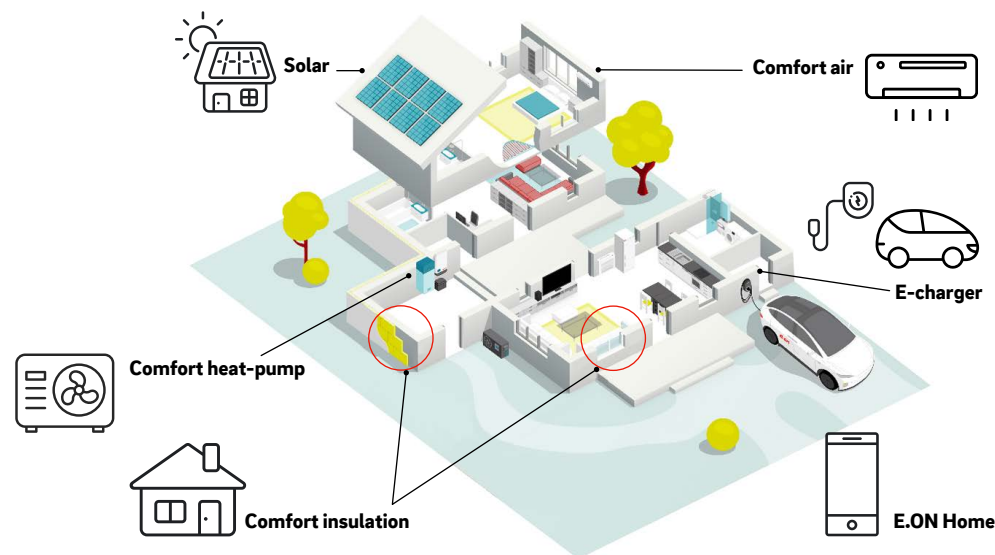
In August 2023, we concluded a twenty-year contract for the construction of a solar power plant with a total output of 4.6 MWp, adjacent to the Bosch factory in Hatvan. The locally produced and used green electricity increases the share of renewable energy in the energy mix of Bosch. Construction will be completed in 2025, after which the power plant will start producing electricity.

Samsung

In 2023, an agreement was reached with the Samsung factory in Göd for the construction of a 2.79 MWp small solar power plant installed on the ground. The company aims to increase energy efficiency and reduce its carbon footprint. Electricity production will start in December 2024. This development is also a good example of how we contribute to the achievement of our customers' sustainability goals - through our complex design, construction and operation services.

Among the energy solutions and services for SMEs and residential customers, air conditioning, heat pump and solar panels are our oldest and most popular products. More than 22,000 household-sized small power plants have been installed between the introduction of the service and 2023. We sell our solutions in an integrated manner, as a package, and we are continuously developing them.

In accordance with our sustainability goals, our solar and heat pump systems have always focused on the environmentally friendly and cost-effective production of the energy needed in homes and we encourage our customers to use energy consciously through our E.ON Energy Advisory service. With our new insulation product, we can now provide them with special support so that they would need as little energy as possible to heat and cool their homes:



E-mobility

The E.ON Hungária Group is committed to the development and support of e-mobility, which, as one of the key areas of the clean energy transition, will play an increasingly important role in the transport of the future. In our e-mobility business, we aim to develop products and services that enable a transition to sustainable transport across Europe.

We are ready to serve our customers in two main service areas: e-fleet operation and charging solutions.

Within the international E.ON Group, only Hungary offers its partners a purely electric fleet. The use of electric vehicles may significantly reduce our customers' ecological footprint: electric cars have considerably lower carbon dioxide emissions per lifecycle than their combustion engine counterparts, zero air pollution during operation and lower noise emissions. In 2023, we had a fleet of more than two hundred vehicles, which we plan to increase further.

³³ Many of these projects are still under implementation and were not completed in 2023.

■ Strategy ■ Economic data ■ Fair company ■ **Our business activities**

Our e-mobility and green energy project with the city of Szolnok is unique in the country in terms of its diversity and scale. The constantly expanding fleet of thirty electric cars operated by the E.ON Hungária Group has covered one million emission-free kilometres in seven years in the service of the municipality and the people of Szolnok.

Several funding sources available in tenders are supporting the development of regions with low access to charging points.

In the course of 2023, within the framework of the CEF2³⁴ tender, we installed eight new charging stations in cooperation with Aldi Hungary, so our customers can now use the charging service at 136 charging stations in 89 stores. We aim to install forty fast-charging stations in twenty additional locations across the country.

You can find a map of our public charging network in the free downloadable driveE.ON application. In 2023, we integrated the stations previously belonging to ELMŰ-ÉMÁSZ Energiaszolgáltató Zrt. into our network, so we now serve our customers at more than seven hundred charging points, which represents a 40% increase compared to 2022. Among the develop-

ments of our electric car charging solutions, in the course of 2023 the handover of our first ultra-fast (UFC) charging station in Székesfehérvár is considered to be outstanding.³⁵



Since 2021, our customers have been charging their cars by using green energy at all our public and home charging stations.

Among electric car charging solutions, ultra-fast chargers represent the premium segment, providing six times the capacity of the 50 kW flash chargers currently in use. These chargers, alongside the dynamic pace of development of e-mobility, will soon become indispensable for motorists on longer journeys or those who have no charging facilities at home. At 150 kW charging power, a range of 400 km can be charged in just half an hour.

Digitalisation plays an important role in our operation: we aim at making the digital user manual of the chargers available through an E.ON website specifically designed for this purpose, thereby reducing the volume of paper used during sales.



³⁴ The Connecting Europe Facility is the financing instrument for energy, transport and digital services.

³⁵ As of the 1st of January, 2024, E.ON Energiamegoldások Kft. and E.ON MyEnergy Kft. have transferred the ownership of their electric charging equipment to E.ON Drive Infrastructure Hungary Kft., a member of the international E.ON Group. E.ON MyEnergy Kft., a member of the E.ON Hungária Group, continues to provide the electromobility service at the chargers.

■ Strategy ■ Economic data ■ Fair company ■ **Our business activities**

Energy production, storage, and regulation

[EU-1] [EU-2] [EU-5] [EU-7] [EU-9] [EU-10]
[EU-11] [EU-30] [GRI 302-1] [GRI 302-2]

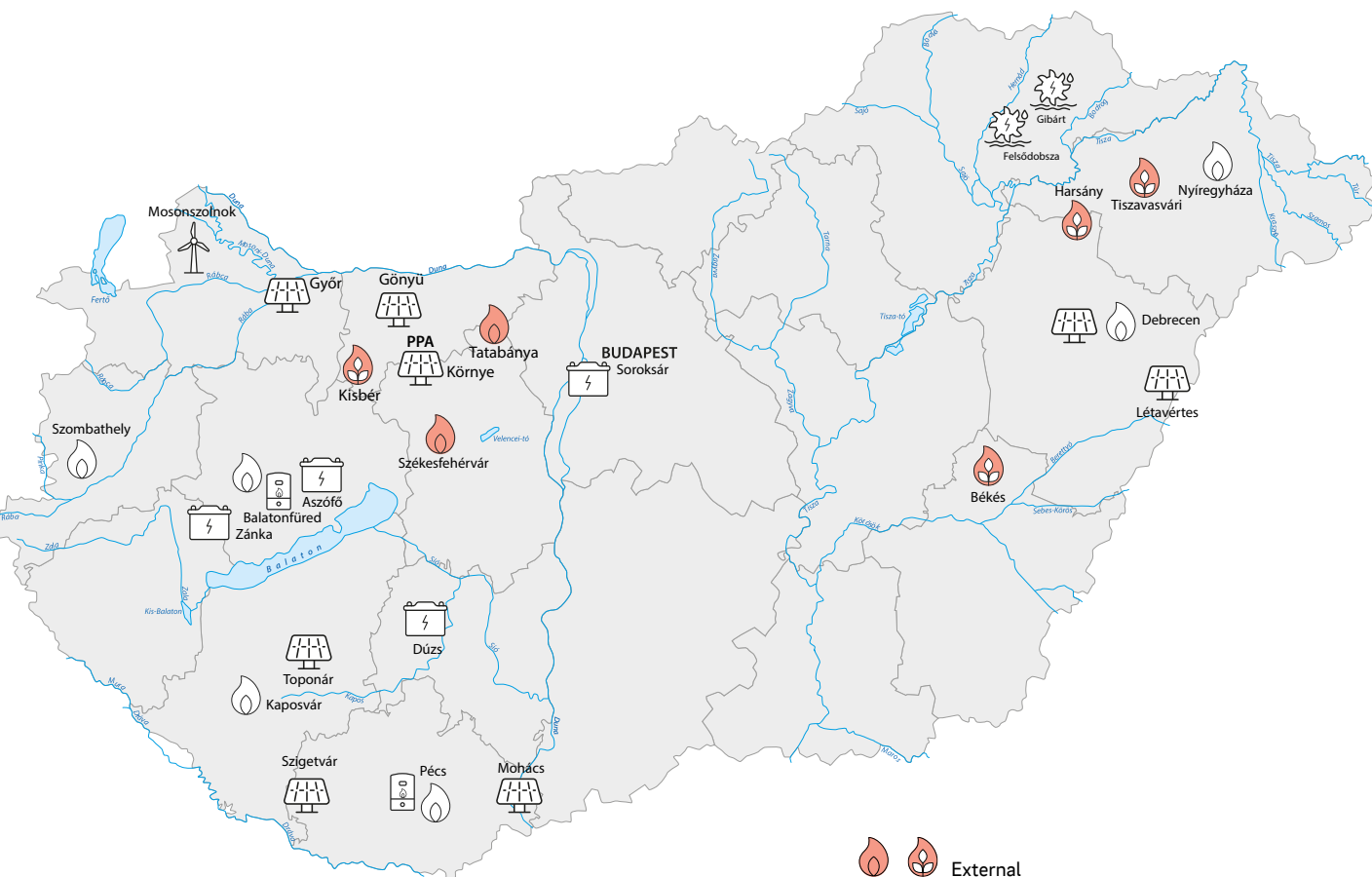
Our power plants

E.ON Energiatermelő Kft. owns the power plant companies in which the E.ON Hungária Group has a 100% interest, that is, our conventional and gas-fired heat and power generation plants, as well as our solar and wind power plants based on the conversion of renewable energy. In 2023, approximately 28% of our portfolio consisted of power plants integrated into our portfolio with our own or partner contracts from renewable sources.

We operate our own regulatory centre for sales on the system-level regulation market³⁶. There is 12 MW of energy storage equipment operating here, the capacity of which we offer to MAVIR Zrt., and it serves to support our portfolio so that we can meet MAVIR's requirements as best as possible.

We also integrated solar power plants with a total output of 24 MWp into our control centre in addition to fossil energy generating units. The expansion serves to receive additional renewable energy, so we designed and created our new regulatory centre by the end of 2023 in order to be able to regulate additional solar power plants.

In 2023, we introduced biogas-based gas engines, and, as part of a new agreement, we integrated a 4.5 MW biogas-based power plant into our energy supply system. In order to utilise the capacity of this power plant, we concluded



ed a capacity trade contract, which enables us to efficiently transmit and sell the green energy produced by biogas, thereby supporting the increasing proportion of renewable energy sources in our energy portfolio.

In addition to the above, the 1 MW wind power plant in Mosonszolnok also belongs to the company, and our two hydro power plants are utilised by long-term leasing.

³⁶ The basic condition for the sustainability of the electricity system is a continuous, close-to-equilibrium ratio between consumer demand and the production that supplies it, which can change at any moment. The system controller can react to these events by using system-level control reserves. The service of system-level regulation, which promotes the maintenance of the nominal frequency and the smallest possible deviation from balance, is purchased and used under free market conditions.

Fossil energy production

In its current fossil fuel portfolio, the E.ON Hungária Group owns and operates only gas engine power plant units operating on a natural gas basis, which have a relatively small electrical output of 1-10 MWe and 1-10 MWth of heat at the local level. We operate our fossil power plant portfolio as part of our aggregator business.

Fossil energy production in 2023:

| Site (S = own property, B = leased premises) | Energy production unit [units, type] | Installed electrical power [MWe] | Installed heat capacity [MWth] |
|--|--------------------------------------|----------------------------------|--------------------------------|
| Debrecen (S) | 6 gas engines | 11.64 | 13.24 |
| Kaposvár (S) | 4 gas engines | 4.64 | 5.4 |
| Pécs (S) | 1 gas engines | 1.16 | 1.33 |
| Balatonfüred (B) | 1 gas engines | 0.51 | 0.58 |
| Nyíregyháza (S) | 3 gas engines | 4.07 | 4.64 |
| Szombathely I. (S) | 1 gas engines | 6 | 5.6 |
| Szombathely II. (S) | 1 gas engines | 1.16 | 1.3 |
| Pécs (S) | 1 gas boiler | | 1.2 |
| Balatonfüred (S+B) | 2 gas boiler | | 1.011 |

In our sites we sold a total of 67,420 MWh electricity and 188,526 GJ thermal energy, produced by burning 660,351 GJ natural gas. The average efficiency of power plants (production efficiency) is 65.3%, and our average availability was 95.38%.


The purchase of CO₂ quotas in the European Union's emissions trading system (EU ETS) is only necessary after the Debrecen Gas Motor Power Plant has emitted 4,932 t of CO₂. This is obtained by 100% on a market basis. We acquire EU ETS quotas only to cover our own emissions, and we do not engage in quota trading in addition to that.

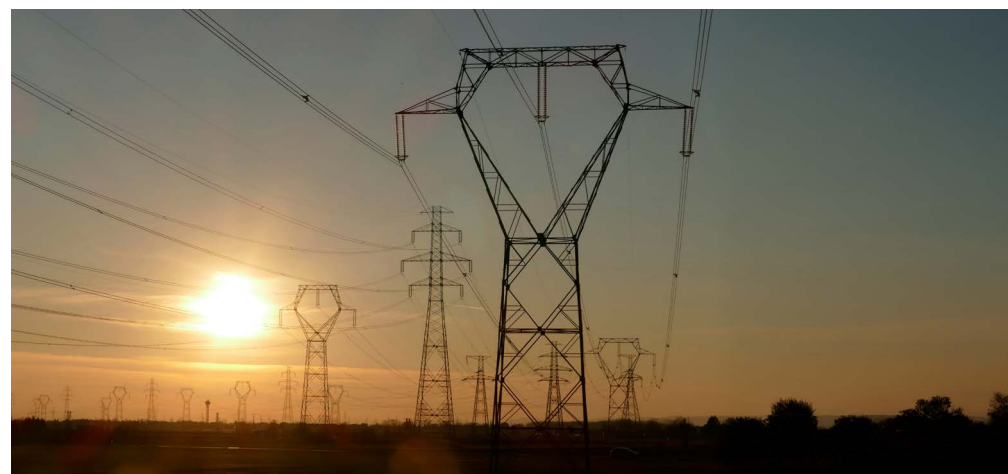
Renewable energy production

We operate our own solar power plants with a total capacity of 24 MWp³⁷ at thirteen sites across the country. The smallest has a capacity of 0.22 MWp, while the largest has one of 12 MWp. With regard to the applied technology, we have installed panels with a power of 200-400 Wp

each on a fixed base at all our locations, with a total of approximately 78,000 units in 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 market³⁸.

Our company is also associated with first PPA (power purchase agreement) contract for a solar power plant to be concluded in Hungary. Our part of the contract is to build a solar power plant at the customer's premises, thus providing the contracting party with a reliable, renewable energy source in the long term. The solar park built at AGC Glass' glass processing plant in Hungary was created within the framework of a long-term electricity purchase contract with E.ON Energiamegoldások Kft. Thanks to this innovative project, the E.ON Hungária Group sells electricity at a reasonable price, protected from fluctuations in the energy market, to the glass processing plant, which is considered an energy-intensive industrial entity, for which the reduction of carbon dioxide emissions represents a particularly significant challenge.

The solar park is located in the [Tatabánya-Környe Industrial Park, close to the AGC plant in Környe](#) . Our specialists installed 8,802 solar panels on the five-hectare area available there, so the AGC solar park enables **annual energy production of 4.8 GWh** (gigawatt hours), which could cover the annual energy consumption of approximately 1,900 families. Thirty-four inverters of 100 kW each are responsible for receiving the solar energy, which convert the energy produced from direct current to alternating current, and then supply the glass manufacturing plant with green energy with the help of two transformer stations built in the area.



³⁷ MWp = Megawatt peak: a unit of measurement of the nominal output of a solar power generating unit.

³⁸ Base-load is when the consumer (for example, a plant operating without interruption) uses a certain amount of electricity continuously without interruption or fluctuations. Because the base-load is a predictable, even load on the system, we can sell it at a cheaper price.

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. These deployments are performed on an ongoing basis.

Solar electricity production by site:

| Site | Capacity [kWp] |
|------------------------------|----------------|
| Győr | 12,003 |
| Létavértes | 5,940 |
| Szigetvár (six power plants) | 3,983 |
| Gönyű | 616 |
| Toponár (Kaposvár) | 595 |
| Mohács | 562 |
| Debrecen | 219 |

The E.ON Hungária Group owns one wind turbine power plant located in Mosonszolnok. The power plant has two wind turbine towers, each with a power output of 0.63 MW. The electricity produced at the site is sold at market prices, and it also participates in the secondary regulation of the electricity system.

The total renewable energy generated by our wind and solar power plants and sold in 2023 was 25,446 MWh.

The E.ON Hungária Group has hydropower capacities at two sites, which are operated by a third party under long-term contracts. The Gibárt hydropower plant was put into operation one hundred and twenty years ago, and its performance-enhancing and historic renovation was recently completed by the current tenant, ALTEO Nyrt. The plant has a current built-in capacity of nearly 1 MW. The hydro power plant in Felsődobsza was first commissioned also 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.

In 2023, a partner operating biogas power plants joined the portfolio with four plants with a capacity of 4.95 MW (at the Tiszavasvári, Harsány, Békés, and Kisbér sites). With this, biogas power plants as renewable capacities were also included in the MAVIR regulation.

Energy storage

Due to the rise of weather-dependent renewable energy production, temporary energy storage facilities are playing an increasingly important role in the electricity system. Currently, we have large energy storage units operating in Soroksár and Aszófő, and small energy storage units in two additional locations. The average efficiency of our energy storages is approximately 85%. The E.ON Hungária Group's first battery energy storage system was commissioned in September 2018. Our Soroksár energy storage facility was the first in Hungary to receive a storage permit. 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 a rated electrical charge/discharge capacity of 10 MW. This amount of energy could satisfy the energy needs of an average household for two-and-a-half years.

We also operate one 500 kW (1200 kWh capacity) and one 250 kW power (500 kWh capacity) energy storage unit in Zánka and Dúzs, which were implemented within the framework of our project that won support in the Horizon 2020 programme and function as integrated network elements. With these units and the joint application of the transformed controlled consumer system, on the electricity distribution grid we innovatively manage the challenges arising from the spread of weather-dependent renewable energy sources.

The new energy storage

At the Aszófő substation, which supplies the northern region of Lake Balaton, the currently existing two transformers were finding it increasingly difficult to cope with the periodic increase in load during the peak season in the summer. Another challenge arising in the region was the significant difference between consumption in the summer peak period and in winter on the shores of Lake Balaton: consumption in the summer months, especially in the period from Friday to Sunday, repeatedly breaks records. At the same time, customers wish to install increasingly more solar power plants in this area, but this places a heavy burden on the electricity distribution network. Expanding the network can only solve this situation to a limited extent, at a high cost and over a long period of time. However, the E.ON Hungária Group has found a solution to this challenge that is quick, innovative and flexible.

The new energy storage facility in Aszófő will help reduce the load on the electricity grid during the peak summer season, increase security of supply, effectively help connect renewable capacity to the grid, and provide customers with a stable grid.

As part of the Flex.ON programme, we have installed a 2 MW power and 2 MWh capacity containerised battery energy storage system in Aszófő.

The purpose of the storage is to significantly reduce the load on the transformer station, especially during the summer peak period. Peak loads on the northern shore of Lake Balaton during the July- August weekends this summer (2023) exceeded 30 MW, compared to a load of 12 MW in the winter. The energy storage now installed will help balance this difference.

An additional benefit of the energy storage system is its ability to mitigate the intermittent local voltage fluctuations caused by solar generation and increased electricity use. The 150 battery modules, each weighing 150 kilogrammes, are also connected to a digital platform that can measure the state of the grid and detect points on the network that are likely to be overloaded.

The storage facility will also play an important role outside the summer peak period, as it will provide balancing, storage and system-level services to MAVIR during the other months of the year. The energy storage in Aszófó will help ensure that the energy produced and the energy consumed are in balance at all times.

Demand side response

The process with which we can remotely control our customers' consumer equipment (for example, production equipment, machine lines, refrigeration compressors, etc.) via a communication link in a manner agreed with the customer is called a demand side response (DSR) product. This process, which requires an investment in control technology, will be able to contribute significantly to the maintenance of the national energy balance in the future, and through this it will be able to achieve significant financial performance by using existing capacities to meet the growing regulatory demands rather than installing new power plants. Our calculations suggest that this move will significantly reduce emissions of pollutants and greenhouse gases in the future. Demand side response became a standard product of the E.ON Hungária Group in 2023.

Energy communities are the future

In simple terms, energy communities are community, non-profit organisations comprising individuals, public institutions and businesses that offer a stable and environmentally friendly solution to energy supply. In order for energy market players to legally form an energy community, many conditions must be met.

Energy communities play an important role in the energy transition: they can encourage users to search for and use sustainable energy sources, and support their more active and conscious presence in the electricity markets. Community energy offers all consumers the option to have a direct interest in the production, use or sharing of electricity. Community energy can also promote energy efficiency at the household level and help tackle energy poverty by reducing consumption and lowering service charges.

Consuming electricity generated by renewable energy production units locally will help in the greening of the electricity system and thus promote more sustainable energy production and distribution. In the long term, we expect the spread of energy communities. In 2023, the E.ON Hungária Group, as part of a consortium, won a tender from the National Development and Resource Coordination Agency to participate in the creation of a new energy community, which is expected to be completed in 2024.

For this purpose, the First Hungarian Innovative Energy Community Ltd. was established, which provides the legal framework for the energy community. The project will involve the installation of a 300 kW/800 kWh energy storage system, 30 kW of solar panels and ten electric vehicle chargers, which will be operated by us. We also build a smart metering system (with smart meters and the data collection software that manages them) to support and maintain the energy community. In addition to creating the technical conditions, we are also working on the development of regulatory and operational conditions, and in this regard the First Hungarian Innovative Energy Community Ltd. is the leader of the domestic market.

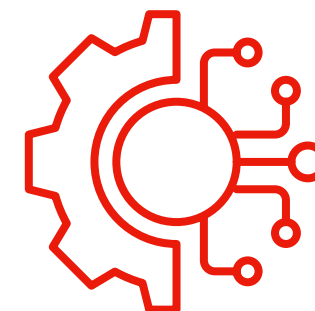
Digitalisation

[GRI 3-3]

Digitalisation plays a key role in making our activities more efficient and at the same time in the achievement of our sustainability objectives. Our digitalisation efforts across our different areas are a means of creating value that positively impacts all stakeholders.

Our digital transformation concentrates on eleven focus areas, with the core objectives of developing digital skills, spreading data-driven decision-making and developing a digital community. To do this, we have laid out the following steps of our system integration and the building blocks of digital transformation:

- we enhance the digital customer experience and develop digital customer solutions: we create and continuously develop digital products that provide real answers to our customers' problems and needs;
- we are increasing our internal efficiency: through the standardisation and automation of our processes and the possibilities of digital transformation, we build a more efficient, safer, and more flexible infrastructure, for example in the field of distribution functions, sales, and customer service; and
- we develop data-based network management, promote the use of smart devices, and pay special attention to the development of digital capabilities and skills (for instance, digital analysis capability).





The working environment

We procure our office equipment through central service providers, who strive to ensure that the use of the rented technology equipment is based on the principle of recycling, that is, used devices are not thrown away or destroyed, but reused. Our system environment, which is built on a cloud-based back-end infrastructure, is updated via Microsoft's central cloud service, which is considerably more energy-efficient than building and running our own server park. The cloud service also allows our colleagues to work from virtually anywhere. By the end of 2023, 5,000 new computers had been distributed, and soon all our employees will benefit from the new system. The international E.ON Group's global objective is to have 75% of our applications running in the cloud by 2025, and we expect to complete our domestic digital roadmap more slowly, with a target completion date of 2028-2030.

As a result of the project that our IT subsidiary, E.ON Digital Technology Hungary Kft., implemented in 2022, fifty-five applications were migrated into the cloud service. For this they won the ICT Global Award 2023 in the Best Practice - Industry Solutions category.

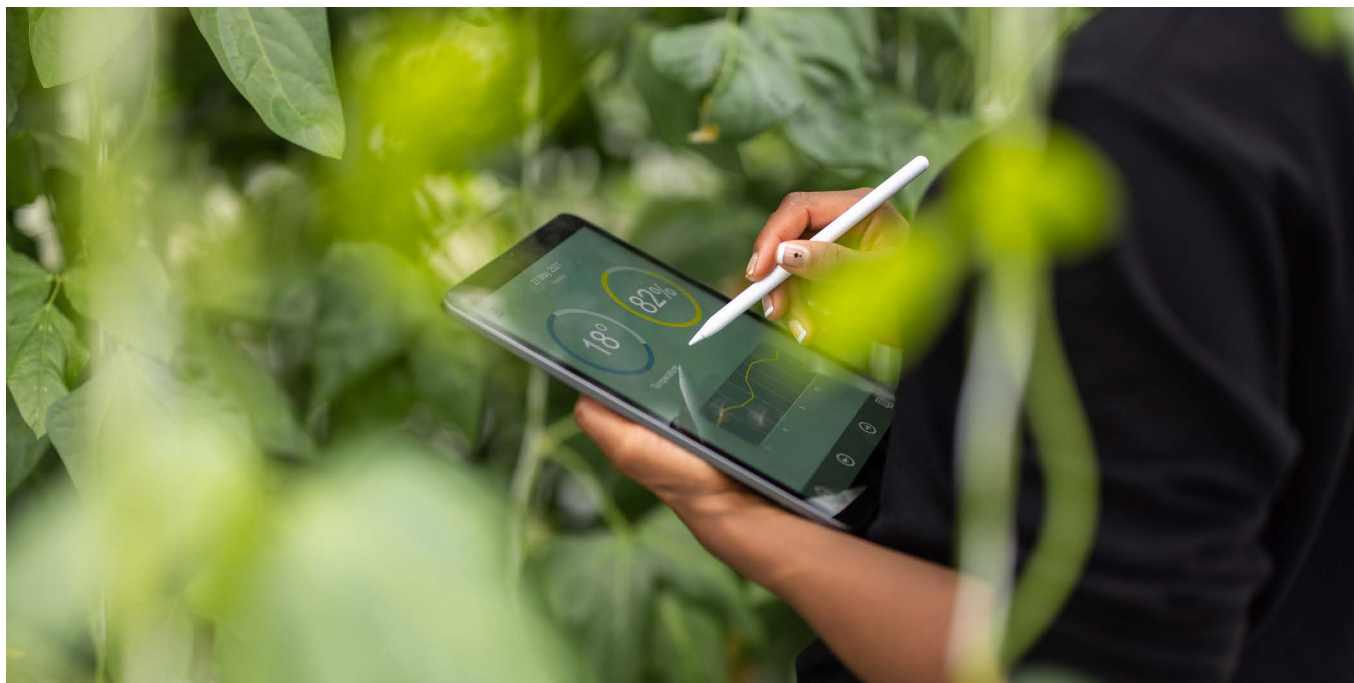
Software robotics

We have been working with software robotics (RPA - Robotic Process Automation) in the E.ON Hungária Group since 2019. The team has succeeded in replacing labour-intensive tasks with robotic solutions in a volume equivalent to the capacity of several full-time colleagues. This allowed resources to be reallocated to work with higher human added value. We have also been exploring the use of artificial intelligence in our automated processes since 2023.

Digitalisation in customer research

The results of our digital customer research help us better understand our customers' needs, expectations and behaviour. This also helped us achieve success in 2023, in increasing the digital customer experience by developing innovative products and solutions.

As a foundation for our digital developments, we conducted several customer tests, in the framework of which we examined the customer experience in connection with the submission of new requests. As a result, we renewed our connection reactivation request process, restructured [our website](#) and expanded the range of our web shop. This way, our customers can find their way around the digital space and our processes more easily.



■ Strategy ■ Economic data ■ Fair company ■ **Our business activities**

Our digital developments



In May 2023 we launched our digital meter data reporting calendar, which allows our customers to easily manage their annual reading obligations and save meter data reporting periods to their own calendar.

In 2022, interest in residential solar panels increased significantly, as a result of which we launched our External Contractor Application (KVA). This platform enables our subcontractor technicians to effectively manage the installation tasks of solar systems on a common interface from the summer of 2023, so we can respond to our customers' needs more quickly.

Process monitoring for residential solar panel installation

The dynamic monitoring project, which has been available in Transdanubia from September 2023 and in Pest County from February 2024, has been developed since 2022. We have expanded the number of customer contact channels so that all pending cases (new connection requests, capacity extension, solar panel installation) can be viewed by customers in one place. The interface is simple to use, easy to follow and, after a single identification step, it continuously informs our customer about open cases, necessary tasks and deadlines. We notify our customers of changes in the process by automatic mail.

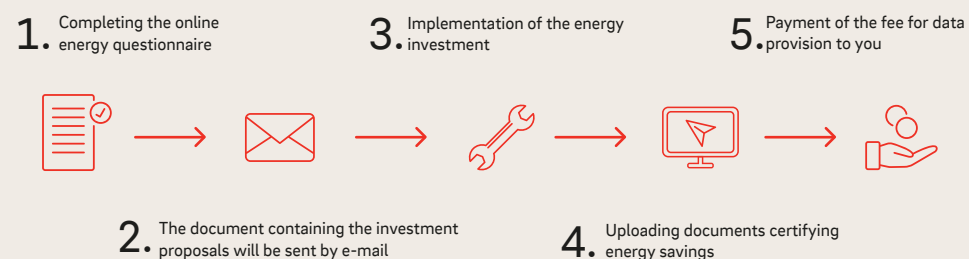


Digital energy consulting

The energy industry is going through a significant change, the impact of which affects the lives of residential customers as well. As a result of the efforts regarding sustainability and savings, energy efficiency developments have come to the fore. In January 2023 we launched our free energy consulting service for our household customers, with which our aim is to offer a helping hand to our existing and prospective customers in choosing the right investment that increases the energy efficiency of their home. Those planning modernisation can even complete our online energy survey from the comfort of their homes, the result of which, that is, the consulting document containing the investment proposals, will be returned to them in e-mail within a few minutes of completion. Our survey covers various energy improvements: heating modernisation, thermal insulation, replacement of windows and doors, and installation of a solar panel system.

The flow chart below illustrates the process of our consulting activity:

The process of consulting



The E.ON webshop

A new product has been added to the E.ON webshop: in addition to air conditioners, our Home Charger product can also be purchased online. Since the launch of the web shop, we have sold more than 150 air conditioners on the site, and in the summer months the proportion of online sales has already reached 10%. The inclusion of the Home Charger product is an important innovation in the life of both the web shop and the product itself. The channel has entered the next stage of maturity, as it no longer focuses on a single product, but operates as a general sales and communication interface, while the e-mobility area and Home Charging open up to new, digitally accessible customers via a more effective channel than before.

■ Preserving biodiversity protection ■ Our waste ■ Soil and water protection ■ Climate protection

Climate and environmental protection

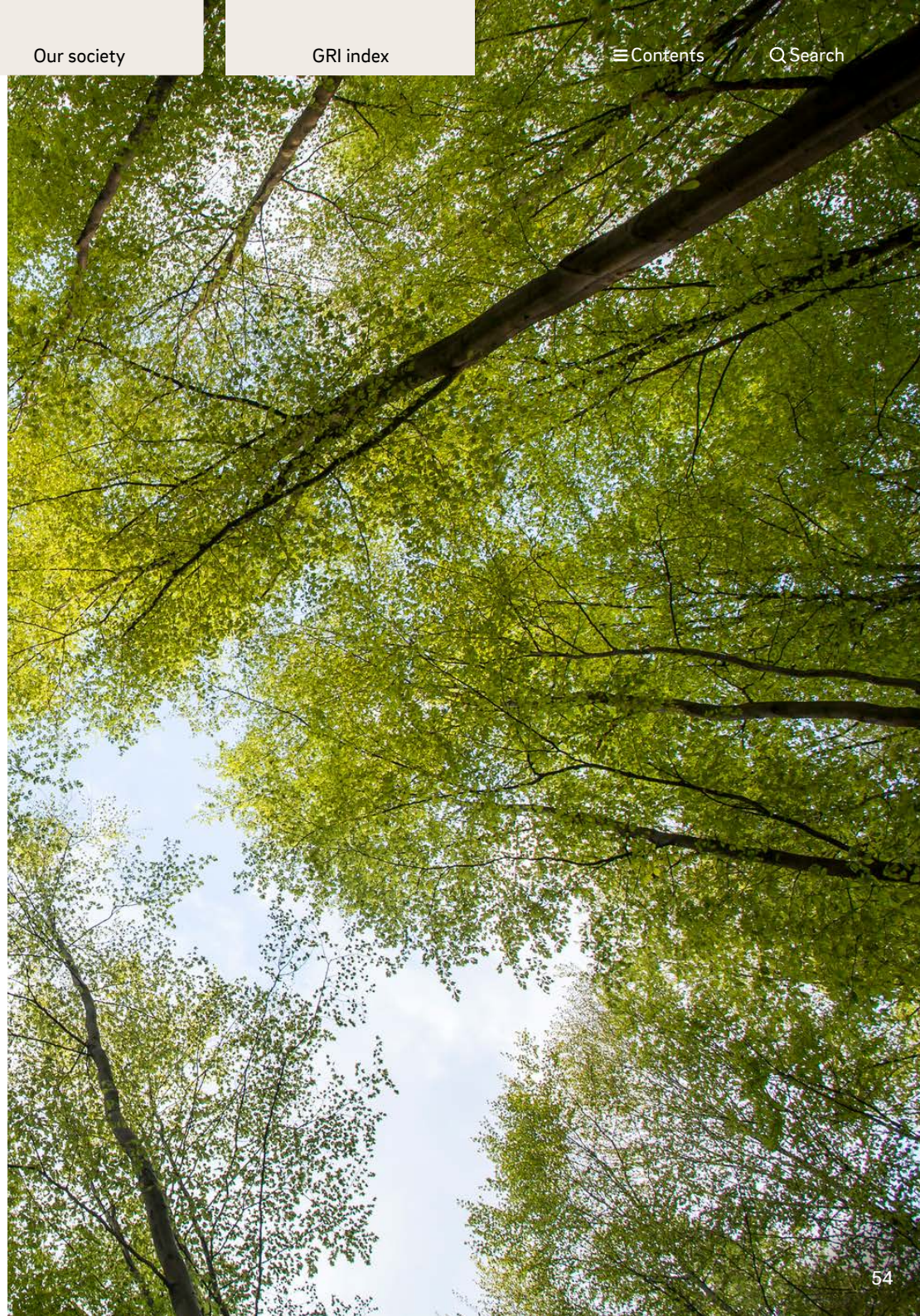
[GRI 3-3]



Climate change is one of the most urgent global challenges of our time, and its significance has only increased in the year since our previous sustainability report. Observing the devastating extreme weather events around the planet in the past period, a broad layer of society has now experienced that this not only poses a threat that will occur in the distant future, but is an ongoing process that is becoming increasingly more powerful. Each one of the previous eight years was among the eight warmest years since measurements began.

In Hungary, the mean temperature in 2023 was, on average, 1.5 degrees Celsius above the normal mean temperature between 1991 and 2020, making it the warmest year since 1901. Temperatures were higher than usual for most of the year. After the dry years of 2021-2022, the year 2023 saw a sustained period of precipitation, to the extent that it became the eighth rainiest year on average since the beginning of the 20th century.

Climate change in our country is causing the distribution of precipitation to become more extreme: we need to prepare for prolonged droughts, sudden heavy rainfall and flash floods. In parallel, the length and intensity of summer heat waves is expected to increase. In the future, our energy consumption habits will change, a trend that has been clearly visible in recent years: residential electricity consumption is steadily increasing in the summer due to the need for cooling in response to the increasingly hot summers. However, extreme weather does not spare our networks either, so network outages due to storms are becoming more frequent. Our employees are doing their utmost to restore the storm-damaged network as quickly as possible, as explained more in detail in the chapter titled [Impact and risk management](#).



■ Preserving biodiversity protection ■ Our waste ■ Soil and water protection ■ Climate protection

Preserving biodiversity

[GRI 3-3]

[GRI 304-1] [GRI 304-2] [GRI 304-3] [GRI 304-4] [GRI 11-4]

Climate change and human activity are rapidly reshaping natural habitats, and a severe ecological crisis is unfolding across much of our planet. The protection of biological diversity and the related ecosystem services are of critical importance with regard to food security and health care, among other things, as they provide a livelihood for hundreds of millions, and what is more, diverse ecosystems play an important role in mitigating the effects of climate change and natural disasters. With this in sight, the protection of our natural environment, including biodiversity, is an integral part of our sustainability strategy, and we are expanding its elements from year to year. The major pillars of our efforts are our Bird Conservation Programme and our Green Corridor (Ecological Corridor) Management Programme, which is currently being implemented, and we are also testing other biodiversity conservation initiatives (for example, pollinator conservation, and grazing with live animals instead of mowing).

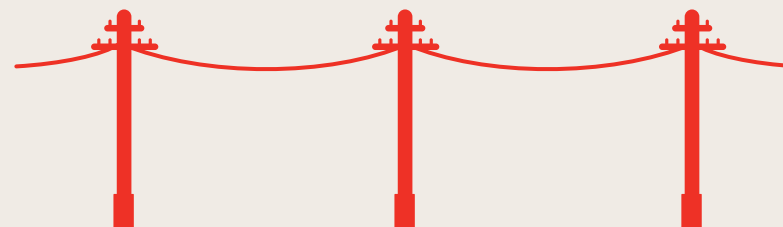
Our bird protection measures

Our electricity grids provide suitable resting and nesting places for birds, and this is becoming increasingly important as natural roosting and nesting sites are declining. Our measures to protect birds are of paramount importance because birds landing on overhead power lines can, unfortunately, be electrocuted on live parts, and in poor visibility conditions, some species of birds can be injured by colliding with the power lines.

With regard to the latter occurrences, nocturnally active birds are particularly threatened, for example, large, poorly manoeuvring birds, such as bustards, shorebirds flying in large flocks, cranes, grey herons and swans. We place great emphasis on traditionally applied bird protection solutions, such as insulating the overhead line network and providing it with bird protection covers, and our newly built networks are all designed in this way. However, these do not always provide sufficient protection, so in some cases the only safe solution is to place the cables underground. The cost of laying underground cables is extremely high, as not only the networks but also the related equipment (transformers) have to be rebuilt. Where underground cabling is not possible, the visibility of overhead lines is increased by using different coloured or reflective devices to facilitate detection.

With regard to our bird protection activities, the goal is to create a sustainable and safe network that protects wildlife. Whether it is the placement of stork nests, the protection of bustards, maintenance or making our network bird-friendly, we wish to further expand and capitalise on the experience that we have gained so far in cooperation with our professional partners. We are building our networks with new technologies, in cooperation with conservation specialists, in a way that is safe for birds, and we are constantly working with our partners to make existing networks bird-friendly, too.

Our bird protection activities in 2023, in numbers:



Nearly **70 km** of cable section was made bird friendly

581 poles became safer, suitable for landing and breeding for birds

We conducted bird conservation interventions at more than **200** locations



80 stork nests were built, replaced or made safer

We helped ring **400** nestlings

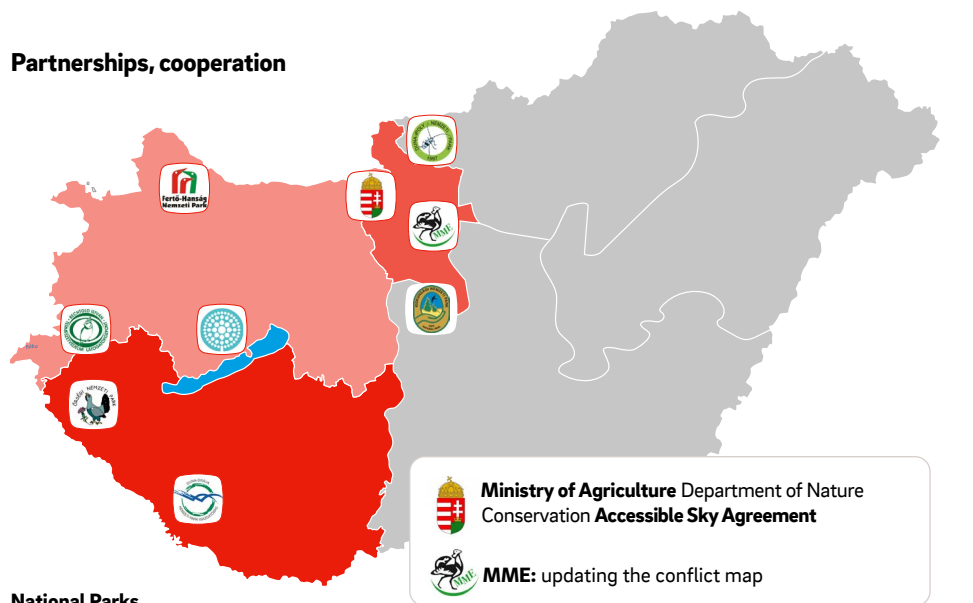


667 million HUF was spent on the protection of our winged friends by making our grids bird-friendly

■ Preserving biodiversity protection ■ Our waste ■ Soil and water protection ■ Climate protection

Our Group has been working together with the regionally competent national park directorates and the Hungarian Ornithological and Nature Conservation Society (the MME) for several decades in order to mitigate adverse effects. In 2008, the electricity providers at the time (today's electricity distribution licensees), the Ministry of Environment and Water Affairs and the MME signed the Accessible Sky Agreement, which laid down the framework for cooperation with the aim of preventing nature conservation damage suffered by protected birds through electric shocks and collisions with power lines, and reducing these to the lowest possible extent. Following the agreement, the nature conservation organisations prepared the risk classification of the medium-voltage line sections with regard to bird protection, which was updated in 2021. We mapped the habitats of bird species along our networks, and the development of bird-friendly network elements began with the cooperation of bird protection specialists. We plan our bird protection measures in close cooperation with the specialists of the regionally competent national parks and the MME, based on the classification and geographical distribution of the protected animals.

Partnerships, cooperation



National Parks



Monitoring, within the framework of the Accessible Sky Agreement, is conducted by MME specialists, with regular and targeted visits and evaluation of what they have observed. After that, we consult with the directorate of national parks regarding nesting sites or migration routes that are important for bird populations, where we perform technical interventions as necessary.

In 2019, we made a strategic decision to build only bird-friendly networks. Instead of the previous networks with vertical insulation, we switched to the construction of hanging insulation. In the case of newly built networks, dangerous equipment is placed below the level of the wiring and, if possible, covered, thus creating a safe place for birds to roost. 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 use of extended tension insulators, the covering of the wiring and the use of bird-friendly couplings to keep birds with larger wingspans safe.

The National Bird Conservation Priority Map identifies the places where there is the greatest need to transform the power line network. Every year, in cooperation with the MME, we receive updated data on the sites that need intervention, and we also give priority to the conversion of these sites into bird friendly spots and to requests for intervention from national parks.

The close professional cooperation with the MME and the employees of the national park directorates helps us prioritise our bird conservation measures in accordance with nature conservation considerations, taking into account the biodiversity of the habitats in our area of operation and the spread of bird species on the Red List of Threatened Species of the International Union for Conservation of Nature (IUCN).

In 2023, we implemented bird protection interventions at 206 locations, worth a total of 667 million HUF. Interventions include underground cabling, wire insulation, works related to nests, stork ringing, installation of bird perches and barriers, conversion of a pole to be bird friendly, and installation of a breeding box. With the participation of national parks, the MME and local communities, we perform annual stork, falcon and kestrel ringing, where our specialists transport the ringed nestlings down from the nest and back again, while de-energising the network. The MME conducts most of the stork ringing events as a "stork road show" to promote the involvement of local communities and interested parties, and to raise awareness. Over the course of 2023, our joint stork ringing events in several parts of the country attracted a total of 3,125 people, resulting in more than 400 nestlings being ringed.

■ Preserving biodiversity protection ■ Our waste ■ Soil and water protection ■ Climate protection



We usually perform our nest-related work (for example, nest base placement and nest repair) in the period after the stork migration, from September to March. Most of these are preventative activities, the volume of which varies from year to year: we receive a detailed list of the tasks to be undertaken in the relevant period from the national parks responsible for the area. We already maintain more than 3,000 stork nests in our network. In order to increase the number of the most endangered birds of prey, we also undertook to install artificial nests to compensate for the loss of natural habitat. On our high-voltage network, there are nearly a hundred artificial nests that offer a safe roosting place for red harriers, saker falcons, ravens, and owls.

Our major bird conservation projects completed in 2023 are listed as follows:

- At the request of the **Duna-Dráva National Park**, we transformed an area near Lake Bonyhád known as the "stork resting place", replacing tension insulators, covering power lines, replacing a pole switch with a bird-friendly version, installing bird perches and replacing a 180 m long overhead line section with an underground cable.

- In cooperation with the **Duna-Ipoly National Park Directorate**, a further three kilometres of the Esztergom-Pilis-Marót-Dobogókő section of the network was made bird-friendly with insulation, increasing the length of the bird-friendly network in the Danube Bend to twelve kilometres. The area concerned is an important feeding ground and migration route for the rare black storks and the also protected white storks in the region.
- **The Ráckeve branch of the River Danube:** in cooperation with the Bird of Prey Protection Department of the MME, we equipped the electricity network of the saline meadows along Szigetszentmiklós with bird-friendly coverings and wing deflectors.
- At the request of the **Duna-Ipoly National Park**, we increased the number of artificial nesting boxes for peregrine falcons and saker falcons, and red harriers in the county of Komárom-Esztergom to ninety-three by installing new ones in addition to the existing ones. A total of 170 saker falcon and 150 peregrine falcon breeding pairs are known throughout the country (peregrine falcons are worth 500,000 HUF per individual, and saker falcons are worth 1 million HUF.)
- **Landfills** and their surroundings are popular habitats for birds:
 - **Pusztázámor** – there is a significant population of storks living on the site, so we have started the transformation of the Pusztázámor landfill with underground cables to make it safe for nesting there.
 - **Bagola** – the grid of the landfill near Nagykanizsa was insulated and provided with bird perches.
 - **Tatabánya** – the transformer pole and related fittings were made bird-friendly, and a bird perch was placed on the pole switch.
- **The Siklós–Villány region:** the complete reconstruction of the now outdated network section, which was built in the 1970s, took two years and was completed in May 2023. In the course of the 132 million HUF investment financed

from our own budget, we built a new six km medium-voltage network section and erected a total of 71 electricity poles, all of which are equipped with bird-proof head structures.

- In the settlements and forests of the **Buda Landscape Protection Area**, we will dismantle 450 poles and 50 km of overhead lines and replace them with ground cables, so that the protected forest can regain its former areas. The network development to be implemented between 2022 and 2025, which is worth more than 2 billion HUF, will be created partly with the financing and support of the European Union, and partly from our own resources, with the financing of the E.ON Hungária Group.

Our bird protection activities are also particularly important because, although none of our sites are located in protected natural areas (national parks, landscape protection areas, nature conservation areas, or natural monuments), at the same time, the following elements of our operational area fall into such protected natural areas:

- from our network service area: 3,844 km² = 10.52%,
- from our underground cable networks: 121.5 km,
- from our overhead lines: 31.98 km, and
- a high voltage substation (in the area of the Őrség National Park).



■ Preserving biodiversity protection ■ Our waste ■ Soil and water protection ■ Climate protection

Green Corridors - Ecological Corridor Management (ECM)

An important part of our biodiversity strategy is the so-called Green Corridor Management project. The green corridor project aims to contribute to the conservation of biodiversity by introducing (with the help of biologists and other conservation experts) a considerably more habitat-friendly management method under our high-voltage power line network,

which involves significantly less intervention than the usual complete vegetation clearance and stem crushing. Our aim is to keep the network as close to its natural state as possible, with the minimum intervention necessary for its maintenance.

The domestic preparation of the project took place over two years, starting in 2022 when we identified the vegetated areas in the environmental zoning classification from satellite

maps covering Hungary, which means clearings³⁹ or areas with vegetation, on non-urban and non-arable land. In the course of 2023, an assessment was made of the areas that were suitable for creating green corridors, and the technical documentation.

The practical implementation of the green corridor project will start in 2024, with plans to carry out ECM surveys of eighty hectares of tracks and ECM maintenance of thirty hectares of tracks. The target of the International E.ON Group is to involve around 70,000 hectares of land across Europe in the project, as part of which initiative the E.ON Hungária Group is also developing at least 646 hectares of green corridors in Hungary.

Our other activities related to the preservation of biodiversity

In order to broaden our work towards biodiversity, in 2023 we launched pilot projects in some areas, which will be further considered in the light of their success and the lessons learned. In 2023, we selected three solar power sites for pollinator protection and the installation of bee pastures in three remote locations in the country, namely Létavértes, Gönyű and Szigetvár, to benefit from the experience of different climate and soil conditions.

In 2023, we also started to plan the basic conditions for grazing with livestock to replace mowing with petrol-operated equipment and chemical weed control in the area of our solar power plant in the Toponár district of Kaposvár. The Kaposvár Campus of the Hungarian University of Agricultural and Life Sciences was our professional supporting partner in addressing the initial problems and questions, and we finalised the details by the end of 2023, on the basis of which we can commence the actual work in 2024.



39 A clearing is an area cleared of vegetation running under above-ground electrical lines.

Circular economy and the management of the waste generated

[GRI 3-3] [GRI 301-1] [GRI 301-2] [GRI 301-3] [GRI 306-1] [GRI 306-2]
[GRI 306-3] [GRI 306-4] [GRI 306-5] [GRI 11-5]

Our waste management is based on the principles delineated in the waste hierarchy (waste pyramid). With regard to this, our most important goal is to reduce the amount of waste that is generated during our operations, and the durability and service life of the purchased materials/equipment, as well as its recyclability at the end of the product's life cycle, are included as evaluation criteria during our purchases. In everything we do - from design to investment and maintenance- we place particular emphasis on preventing the generation of waste, monitoring waste streams and increasing recycling rates.

The E.ON Group does not perform any manufacturing activities in the course of its operations, so we do not use raw materials or other base materials. In all cases, we incorporate or use off-the-shelf products to perform our tasks. There is no packaging material for our products, as we transfer energy or products incorporated during construction, so the collection of packaging materials and products is not a relevant issue for our business.

Circular economy projects

To prevent waste generation, as part of our sustainability strategy, we are digitalising our internal and customer-related processes (customer contact, and invoicing), which includes eliminating avoidable paper waste completely. We also follow the circular economy principle when it comes to our industrial equipment: we repair what we can locally to avoid generating waste. We have regenerated 169 tonnes of oil in fourteen transformers in our substations. Oil regeneration is a treatment process that improves the chemical and physical properties of the oil, thus increasing the lifetime of the transformers and ensuring optimal operating conditions. This process is expected to extend life span by up to ten years. This way, no waste is generated and the transport of the equipment does not pollute the environment.

We also try to use existing network elements when building the network. In 2023 we started the planning of the networks in which we use high-temperature wire as a new technology. This allows the use of existing support structures to expand transmission capacities by almost 50% per line, resulting in significantly less waste during network reconstruction.

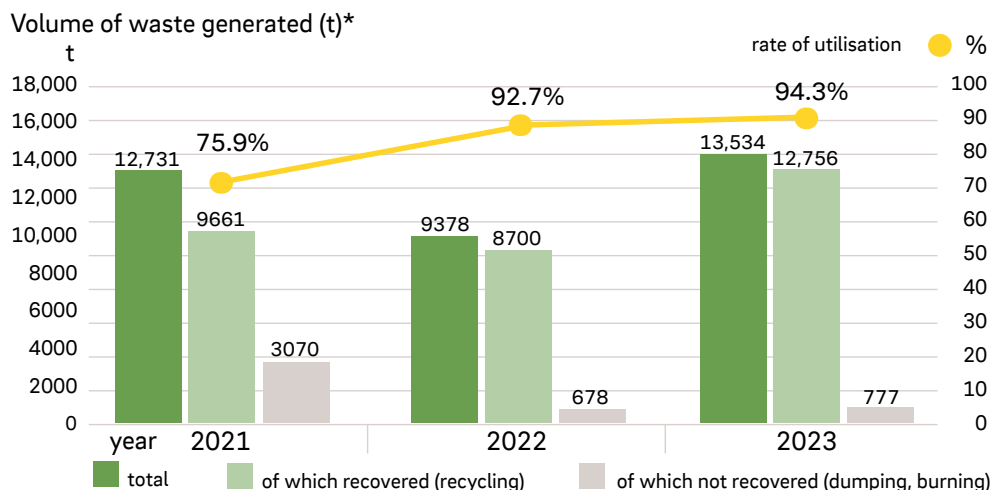
We operate waste collection points at 210 sites across the country, where we transport non-hazardous and hazardous waste from our work sites. At the sites, we store waste separately, sorted by type, until it is handed over to the recipient.

Our group regularly conducts inspections and on-site checks to monitor compliance with and enforcement of the relevant legislation. As "careful owners" of waste, we also expect and demand law-abiding behaviour from our subcontractors. We continuously monitor the operation of subcontractors in accordance with their waste management permits, following the waste from the producer to the final disposal site. When selecting our waste management partners, the bidders undergo a qualification process, which includes a check of their official permits. In the professional assessment, we give preference to waste recovery over disposal. The final disposal of the waste will be formally declared by our partners to ensure proper traceability. Our Integrated Management System also covers waste management processes. We set waste management targets as a priority in our internal instructions, educate employees on the behaviour needed to achieve them, and provide feedback on the results achieved. Industrial waste generated by our activities is divided into the following categories:

- **Non-hazardous waste:** this is waste containing substances that do not present a risk to the environment. Most of these substances can be recovered as secondary raw materials by means of some form of treatment technology, if they are handled carefully. Examples of such waste include metal-containing network elements and cables, but concrete, which is produced in the largest quantity, is also recycled in construction projects, particularly in road building. Our partners recycle 98% of our non-hazardous waste on their sites, while the rest is landfilled.
- **Hazardous waste:** hazardous waste contains substances that are dangerous for the environment and it is therefore treated in an incinerator with a licence and equipped with special technical protection, or disposed of in a landfill site specially designed for this purpose (outside our premises). Dismantled wooden poles represent our largest amount of hazardous waste (because of their tar or heavy metal content). Light tubes, batteries, accumulators, electronic waste and oils – which represent more than 40% of our hazardous waste - are recycled at our partners' sites. The part of our hazardous waste that accounts for the largest proportion by weight is the dismantled wooden poles, which represent almost 40% of the hazardous waste by weight but less than 3% of the total waste.

■ Preserving biodiversity protection ■ **Our waste** ■ Soil and water protection ■ Climate protection

Mass and recovery rate of waste generated in the E.ON Hungária Group:



The distribution and mass of our generated waste in 2023:

| | Mass (tonnes) | Rate (%) |
|-------------------------------------|-----------------|-------------|
| Concrete | 8,279.0 | 61.2 |
| Mixed construction demolition waste | 1,703.8 | 12.6 |
| Other | 1,295.0 | 9.6 |
| Hazardous waste | 899.0 | 6.6 |
| Earth and stones | 782.6 | 5.8 |
| Aluminium | 574.6 | 4.2 |
| Total | 13,534.0 | 100% |

The type and amount of waste generated depends on the work done on the network in a given year. If there is more rebuilding, there will be more demolition, so the amount generated will also increase. The main types of waste we generate are the same from year to year, and their quantities and proportions may vary depending on the work, but the ranking does not change. Disclosure is limited to subsidiaries involved in industrial waste generation. Our other reporting member companies generate only municipal waste, which is collected and managed by the local public service provider.

Soil and water protection

[GRI 3-3]

[GRI 303-1] [GRI 303-2] [GRI 303-3] [GRI 303-4] [GRI 303-5] [GRI 11-6]

[GRI 11-7] [GRI 11-8]

With extreme weather patterns caused by climate change, in the future responsible water management will play an increasingly important role worldwide, and it is therefore inevitable that large companies such as ours will also need to map the risks involved and use the water they have in a responsible manner. As we at the E.ON Hungária Group do not use large amounts of water to cool our power plants, and our water use does not extend beyond municipal water use, and, in the case of some of our sites, irrigation water use, we consider the overall water-related risks to our operations to be low. However, we are also aware that this may change in the long term as the effects of climate change intensify, and 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 operations, process water is only used in power plants, in small quantities, accounting for less than 8% of our total water consumption. No waste water is generated at the power plant site; only clean water evaporates during cooling, when we spray water to help the active cooling fans work during periods of extreme heat. In 2023 we used a total of 4,700 m³ water for this purpose. In addition, for water softening and refilling, we use less than 20 m³ per year.

In the properties managed by the E.ON Hungária Group (for instance, office buildings, plants, warehouses, customer service offices, and welfare properties, etc.), water is mainly used for social purposes. We have two tenant-operated car washes at our Győr and Pápa sites, and one 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 contribution fee. We operate a geothermal cooling-heating system in our headquarters at Váci út 72-74., which has one extraction well and seven drilled sink-holes. We also pay a water resource contribution fee for the amount of water used and recycled here. In this building, some of the water from the wells is also recycled as grey water to flush the toilets.

* In 2023, the large number (an increase of almost 20%) and volume (an increase of more than 60%) of grid modernisation projects will result in an increase of 44% in the amount of waste generated.

■ Preserving biodiversity protection ■ Our waste ■ **Soil and water protection** ■ Climate protection

At the Népfürdő utca sports centre, we also have wells for operating a swimming pool: we have a thermal well and a cold water pipe well, but in 2023, due to the renovation of the site, they were no longer in operation. We use social water supply wells at eleven of our substations, which use a total of 106 m³ of groundwater. We do not extract water from other sources.

In 2022, we developed a consistent data collection practice for the entire managed property portfolio, including our irrigation and municipal water use, to provide our stakeholders with a more complete picture of our water management impacts in the future.

| [m ³] | 2022 | 2023 |
|--|--------|--------|
| Water use for technological purposes (piped water) | 3,629 | 4,715 |
| Municipal water use (piped water) | 63,141 | 55,032 |
| Water use of social wells in the substations (groundwater) | 44 | 106 |
| Treated, recycled waste water (greywater) | 464 | 801 |
| Total water use | 67,278 | 60,654 |

Water consumption in the E.ON Hungária Group in 2022-23.

The majority of water use comes from the mains water network, in addition to groundwater from our own wells, of which the water extraction from the substation wells totals 106 m³; the amount of water extraction in Budapest is not available. Water is not withdrawn from water-deficient areas.

Wastewater treatment

Our sites and buildings are connected to a sewerage network, so discharges are made to the sewer for used non-precipitation water.

The discharge is 55,939 m³.

In our warehouses and substation areas, we treat the collected rainwater with oil separation equipment, discharging it into the sewer at fifty-two sites, using upper root zone desiccation or desiccation in ditches at ninety-eight sites, discharging treated rainwater directly into the living water at thirty-five sites, and collecting it in a closed reservoir at seven sites. No quantitative measurements are taken for discharges to sewers and living water, and only qualitative analysis is performed. There are no water discharges in water-deficient areas.

In accordance with official regulations, we have samples taken from treated rainwater, groundwater and soil. We provide the prescribed data services to the authority. In order to ensure that the quality of the discharged water is good, even in the absence of official regulations, we check the oil content of the treated rainwater discharged at least once a year, as well as the oil content of the soil in the case of dredging in ponds or dredging fields. The limit was not exceeded and no fines were imposed in relation to the measurement results.

In 2023, we classified our oil separation equipment on the basis of risk and environmental considerations, and launched a retrofitting programme.

Rainwater
100%



Root zone desiccation
or in ditches
51%



Directly into
living water
18%



Into closed
reservoir
3%



We have planned the reconstruction work and its cost for several years, so that from now on every year several cleaning installations and the associated mechanical systems will be completely rebuilt. In these cases we can already take the impact of climate change into account, and in order to protect against intense downpours, which cause inefficiency problems, we use equipment designed for higher capacities.

During the maintenance of the cleaning equipment in 2023, 27,019 kg of oily water/oily sludge was removed from the oil separation systems, after which this volume was transferred to a duly licensed operator. This represents less than 64% of the previous year's volume, which means that our oil separators had to separate less oil, and thus required less extra maintenance.

Pollution and remediation

The E.ON Hungária Group can mostly be involved in environmental pollution and environmental damage through its electricity distribution companies. Sometimes oil leakage from transformers of different sizes causes a problem, which, if detected in small quantities and in time, appears in the form of soil pollution requiring soil replacement, while

■ Preserving biodiversity protection ■ Our waste ■ **Soil and water protection** ■ Climate protection

after a longer duration of leakage and residence time, it can even contaminate the groundwater. After detection, the contaminated area will be remediated, and in 2023, soil replacement was performed in thirty-two cases, during which thirty tonnes of soil was extracted and treated according to its hazardousness.

As in the past decade, there was no new groundwater pollution at our Group's sites in 2023.

Two remediation projects involving our sites are currently underway within the E.ON Hungária Group. In Szombathely, we have to eliminate soil and groundwater contamination that has arisen in the past and come to light during construction work, with a planned deadline of the 31st of December, 2026. During this period, groundwater samples taken every six months from eight monitoring wells will be used to monitor the groundwater quality of the delimited area and reported to the authority. The latest sampling results, which were sampled in 2023, were below the limit values for all the components tested. Our other remediation project, which is in the monitoring phase, is in Győr. The remediation of the soil contamination caused by the legal predecessor ÉDÁSZ Rt. on the site of the transformer repair hall started in 1994. Follow-up monitoring and passive remediation has been performed in the area since 2011.

We do not plan to close our sites, and hazardous materials and oil are stored in technically protected areas in them, so it is not necessary to plan for on-site remediation in the future in the event of new pollution. If we become aware of on-site pollution, the cost of remediation is created in the provisions. For damage remediation, all power network companies have the amount available in their provisions to cover the expected remediation of damage to the distribution network.



Climate protection

[GRI 3-3]
[GRI 2-25] [GRI 302-1] [GRI 302-3] [GRI 302-4]
[GRI 302-5] [GRI 305-1] [GRI 305-2] [GRI 305-3]
[GRI 305-4] [GRI 305-5] [GRI 305-6]

Our climate goals

As the largest emitter, the energy industry released approximately 36.8 billion tonnes of carbon dioxide into the



atmosphere on a global scale in 2022, and 14.3 percent of the European Union's greenhouse gas emissions were related to the energy sector. As an energy industry company, the E.ON Hungária Group plays a key role in creating a low-carbon economy. This will require large-scale structural changes and awareness raising in society as a whole in the coming years and decades.

It is necessary to build integrated and flexible systems that are capable of connecting the electricity, gas, cooling-heating and transport sectors, as well as exploiting the synergies between them. We aim to make the new demands and changing energy industry trends related to this a central element of our operation.

Naturally, represents a great challenge, as the transformation requires massive investment, but it also gives us an excellent opportunity for growth and development while maintaining our competitiveness. Our commitment to the ambitious reduction of our emissions and the creation of a low-carbon domestic economy is clearly demonstrated by the fact that, in addition to being part of the climate targets approved by the international E.ON group's SBTi (Science Based Targets initiative), we have started developing our own climate goals as part of our independent sustainability strategy.

During the emission reduction planning of the international E.ON group in accordance with the SBTi methodology, the GHG emissions of the international E.ON group were assessed. In connection with these, the following commitments were made:

Compared to the 2019 base year set by E.ON SE: by 2030 Scope 1 (direct) and Scope 2 (indirect) emissions will be reduced by 75%, and by 2040 by 100%. We also aim to reduce our Scope 3 (other indirect) emissions by 100% by 2050.

Our goals in accordance with the SBTi methodology and the related emission reductions focus on our most significant emissions following the Pareto principle.

These are with regard to our Scope 1 (direct) emissions:

- power plant fuel use, and
- the so-called fugitive emissions, that is, the direct methane emissions from our natural gas distribution network, the possible escape of filling gases from our air conditioning equipment, and the leakage of sulphur hexafluoride (SF₆) insulating gas that is used to operate our electricity distribution network.

For our Scope 2 (indirect) emissions, we set a target primarily for indirect emissions related to the loss of our electricity distribution network, 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 users in the future.

Our listed emissions account for more than 95% of our total GHG emissions. In addition to the SBTi methodology, the sustainability strategy of the E.ON Hungária Group, which is currently being implemented, also addresses other GHG emissions.

As part of this, we developed a data collection process in order to accurately identify the remaining (approximately) five percent of our GHG emissions.

Reducing the CO₂ emissions of the vehicles used by the Group is a priority in our goals for climate protection. We intend to achieve this by integrating the work organisation and travel habits acquired during the Covid pandemic into our normal operating framework, by continuously modernising the fleet and by training users and introducing incentive schemes. In 2023, we initiated a review of our entire vehicle fleet to develop clear targets and identify the steps necessary to achieve them and the risks involved.

■ Preserving biodiversity protection ■ Our waste ■ Soil and water protection ■ **Climate protection**

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.

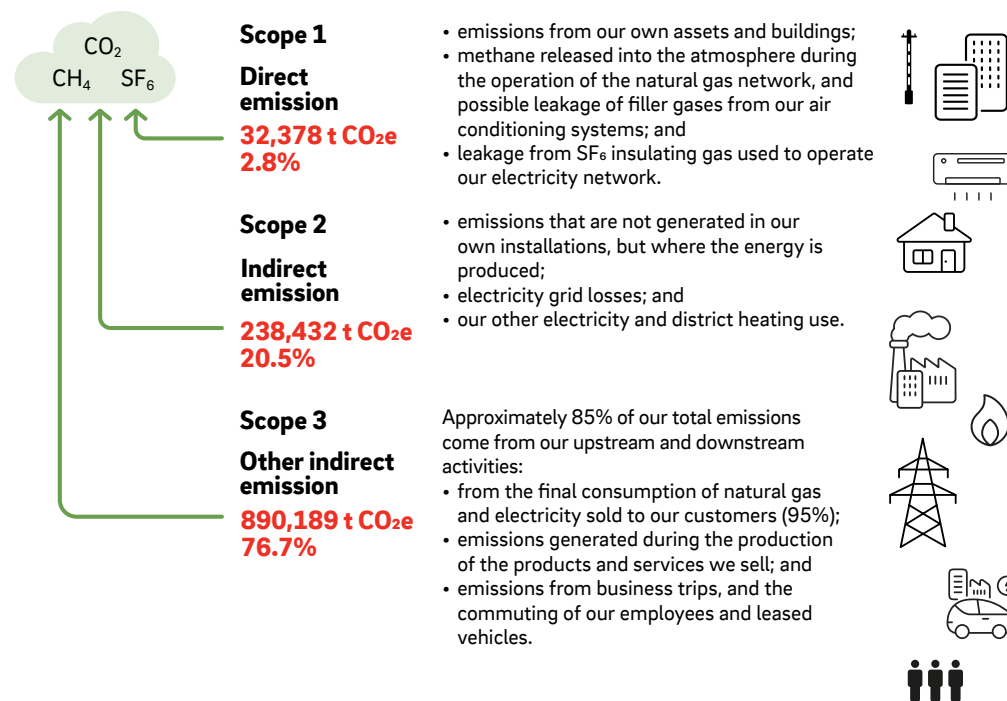
The strategy and sustainability department is responsible for monitoring progress both at the operational and strategic levels, and the provision of data is the responsibility of the organisational units involved in GHG emissions.

The international E.ON group is also proactively working on calculating its carbon footprint and defining and achieving its emission reduction targets. In order to meet the target setting criteria in accordance with the SBTi methodology, we adopted a calculation methodology that can be uniformly applied at the group level and carbon intensity indicators⁴⁰ related to electricity consumption for the entire international group. These emission factors have been used for the present GHG emission calculations, but the calculations have also been made with the emission factors included in the national legislation.

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 used the intensity indicators calculated by them in the calculation of the GHG inventory of the E.ON Hungária group. Our greenhouse gas emissions are calculated using the internationally agreed GHG Protocol, which divides emissions into three distinct categories: Scope 1 (direct), Scope 2 (indirect) and Scope 3 (other indirect) emission.

Emissions are described 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.

In the case of our calculation of greenhouse gas emissions at the level of the E.ON Hungária Group, we take into account the following factors:



If we had calculated our greenhouse gas emissions with emission factors⁴¹ that take into account Hungary's geographical and legal characteristics, the above results would have differed minimally. In this case, our Scope 1 emissions would be 35,189 tonnes, our Scope 2 emissions would be 240,176 tonnes, and our Scope 3 emissions would be 914,931 tonnes of CO₂e.

| tonnes CO ₂ e | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------------------|------------------|------------------|------------------|-----------------------|------------------|
| Scope 1 ⁴²⁺² | 1,126,047 | 1,017,805 | 932,347 | 368,657 ⁴⁴ | 270,811 |
| Scope 3 ⁴³ | 4,201,148 | 6,431,120 | 4,677,285 | 1,922,479 | 890,189 |
| Total | 5,327,195 | 7,448,925 | 5,609,632 | 2,274,189 | 1,161,000 |

40 For the calculations, the following emission factors defined by the international E.ON Group for the calculation of our GHG emissions are used, with the source of the data in brackets: natural gas consumption 0.183 kg CO₂/kWh (DEFRA); petrol 2.097 kg CO₂/l (DEFRA); diesel 2.512 kg CO₂/l (DEFRA); methane GWP 28 (IPCC AR5); R410A GWP 1924 (IPCC AR5); SF₆ GWP 23,500 (IPCC AR5); electricity 0.192 kg CO₂/kWh (IEA); and district heat 0.180 kg CO₂/kWh (DEFRA).

41 For the alternative calculation, a local conversion factor was used for two emission factors: natural gas consumption 0.202 kg CO₂/kWh (Gov. Decree No. 410/2012. (XII. 28.); and district heating 0.374 kg CO₂/kWh (ÉKM decree No.9/2023 (V. 25.).

42 This value cannot currently be compared retroactively with the emission data of previous years, because in the case of our natural gas network methane emissions, we switched to a new calculation methodology at the international group level in 2022, which differs significantly from the methodology previously used for the calculation of the base year.

43 In the process of mapping Scope 3 emissions, there are cases in which 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.

44 The 2022 Scope 1-2 emission was recalculated and the value was corrected. The value reported in the previous year was 351,710 tonnes.

■ Preserving biodiversity protection ■ Our waste ■ Soil and water protection ■ **Climate protection**

In 2023, our Scope 1+Scope 2 emissions totalled 270,811 tonnes of CO₂e, representing only 73% of the previous year's figure. This reduction is largely due to a reduction in the amount of electricity distributed and a corresponding reduction in our grid losses.

Our Scope 3 emissions in 2023 were a total of 885 million tonnes of CO₂e. The decrease we have seen compared to the previous year is due to regional issues concerning increased energy prices and security of supply. Our market customers in our sales portfolio also invested in energy efficiency schemes, and for other reasons used less energy compared to previous years. The consumption of natural gas used for heating purposes also fell due to the mild winter compared to previous years and energy efficiency investments.

Our GHG emissions intensity rate as a function of consolidated sales revenues was 1.02 t CO₂e/million HUF.

Energy use

[GRI 3-3]

Energy management plays a prominent role in our environmental protection efforts: we have an ISO 50001 energy management system, which helps us use energy more efficiently. Our Integrated Management System policy includes our approach to energy efficiency. The E.ON Hungária Group is committed to increasing energy efficiency and prioritising renewable energy sources.

We continuously monitor and analyse our own energy consumption.

Raising the awareness of our employees is an important element in improving our energy efficiency. To this end, among other things, we hold annual mandatory environmental and energy efficiency training sessions for all our employees.

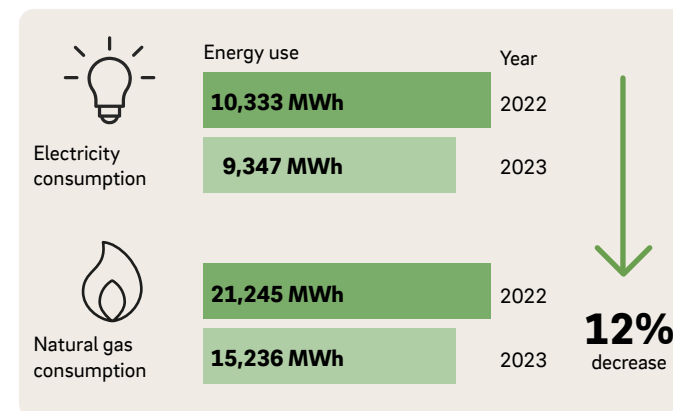
To map utility energy consumption, we use site-level and, where appropriate, device-level (for example, high-performance electric boiler, and liquid cooler) measurement/sub-measurement. The measured data is analysed with the involvement of an energy expert, taking into account variables (for example, temperature), discrepancies are investigated, and action is taken, if necessary.

Each year, we review and, as a result, update stakeholder expectations and the risks posed to our business processes. In order to reduce risks, we formulate goals and actions, which we document, regularly report and monitor for management inspection.

We divide our total energy consumption into three large groups: real estate, motor vehicles and technological energy consumption. We place a particular focus on energy efficiency: in 2023, we implemented twenty-one energy efficiency and, in some cases, conservation projects (such as replacing indoor light sources and façade thermal insulation) within the E.ON Hungária Group, at a total value of 84 million HUF, which enabled us to save 230 MWh of electricity.

For our properties, our electricity consumption, which includes cooling energy, was 10,333 MWh in 2022, and this was reduced to 9,347 MWh in 2023. Our natural gas consumption is related to the heating of our buildings, which in 2023 was 6,276 MWh compared to 9,157 MWh in 2022, and in the case of some of our properties we also use district heating for this purpose, which decreased from 12,088 MWh in 2022 to 8,960 MWh in 2023.

Since our energy consumption does not include technological use, but shows a correlation with the number of our employees, the indicator of our energy intensity is the energy consumption per employee: in 2023 this was 33.14 GJ/person, compared to 37.89 GJ/person in 2022.



Our energy intensity (without technological use) in terms of sales revenue was 0.19 GJ/million HUF.

Our use of renewable energy

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.

We strive to use as much renewable energy as possible to supply energy to our buildings. We generated 225 MWh of electricity from solar systems installed on our sites. In 2023, in addition to the existing ones, we installed solar power plants at four additional substations.

In 2023, 2.5% of the electricity used in our buildings was generated from renewable sources.

In order to increase the share of the use of renewable energy, the E.ON Hungária Group was committed to purchasing green energy at the end of 2023 for our owned sites and for several of our leased properties. As a result, from the 1st of

■ Preserving biodiversity protection ■ Our waste ■ Soil and water protection ■ **Climate protection**

January, 2024, nearly seventy of our facilities will run on green electricity by 100%, reducing our annual carbon emissions by more than 2,000 tonnes.

8.6 million kilowatt hours of green electricity
- 2,038 tonnes of carbon dioxide emissions
which equals

Annual carbon dioxide sequestration capacity of 408 hectares of forest



carbon dioxide emissions from the annual electricity consumption of 3,863 households



annual carbon dioxide emissions from 1,025 passenger cars



recycling 2,080 tonnes of waste



- we have introduced a heat pump heating system,
- we use groundwater for toilet flushing,
- we install low-energy chilled beams⁴⁵ to cool the building,
- gardens around the building are irrigated with rainwater,
- we use organic and sustainable materials for the interiors,
- we aim to create green spaces and green walls,
- we use smart shading systems, and
- we provide bike storage facilities and changing rooms for colleagues arriving by bike.

Atmospheric emissions

The operating licences of nine of our gas engine sites (in Debrecen, Hajdúnánás, Kaposvár, Karcag, Nyíregyháza, Pécs, Veszprém, Szeged and Szombathely) are renewed every five years, and we have the twenty-five point sources located at these sites (chimneys with air pollutant emissions), which are measured in accordance with the legal requirements. Operating licences are drawn up and measurements are performed by a subcontractor holding a valid accreditation certificate. 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 as the product of the measured mass flow rate and the operating hours.

Since our gas engines and boilers, which are required to measure air pollutant emissions, also operate on a natural gas basis, only nitrogen oxide emissions are relevant among the atmospheric emissions of the E.ON Hungária Group (therefore, the emissions of SOX, airborne dust, volatile organic compounds, and hazardous or persistent organic air pollutants do not have to be taken into consideration).

NOx emissions:

| | |
|------|---------|
| 2023 | 69.4 t |
| 2022 | 156.5 t |
| 2021 | 198.2 t |

The detailed breakdown of NOx emissions from our four own power plants is shown in the figure below:

| | |
|-------------|----------|
| Pécs | 4.775 t |
| Nyíregyháza | 17.161 t |
| Debrecen | 12.669 t |
| Kaposvár | 19.839 t |



No ozone-depleting substances were emitted during our operation.

SF6 replacement

Sulphur hexafluoride (SF₆) is a greenhouse gas that is used for insulation of switching equipment in the electricity distribution network, and which has a global warming potential (GWP) 24,300 times higher than carbon dioxide, making it the strongest greenhouse gas of any material used by humans. It is mainly used in the insulation of medium and high voltage network switching equipment. Because of its strong global warming potential, one of our strategic goals is to map and reduce leakages as accurately as possible.

At our substations, network elements containing approximately 12.9 tonnes of SF₆ gas are operating currently, and the leakage rate in 2023 represented 0.35 percent of the total volume.

At the regional level, we work together with the companies of the international E.ON Group in order to find a suitable alternative to the use of SF₆ gas. Every year, increasingly more devices that contain less or no gas at all are commercialised. The key challenge of the industry is how to replace the use of SF₆ gas in the case of the largest devices.

Moving to new premises

The E.ON Hungária Group is committed to achieving its sustainability goals. One step towards this is to move to a new, more sustainable headquarters from mid-2024.

We have implemented a number of sustainable practices in the construction of the new headquarters:

⁴⁵ A **chilled beam** is an energy-efficient cooling (and sometimes heating) technology that controls room temperature by the cooling effect of steel beams installed in a building.

■ Preserving biodiversity protection ■ Our waste ■ Soil and water protection ■ **Climate protection**

The EU regulation on fluorinated greenhouse gases requires a scheduled restriction on the use of SF₆ gases for industry players. In accordance with this, between 2026 and 2032 the commissioning of switchgear containing SF₆ gas will gradually be banned, and, from 2035, as a general rule, only regenerated or recycled SF₆ gas may be used for switchgear maintenance or servicing. We shall then remove SF₆ from our network assets as the installed equipment becomes obsolete, ensuring full compliance with legal obligations.

Detected SF₆-leakage, between 2019 and 2023 (kg):

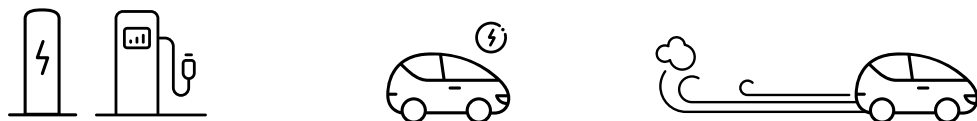


Vehicles

The E.ON Hungária Group is committed to improving its vehicle fleet and minimising the associated emissions. We aim to reduce carbon emissions from our fleet.

Greening the fleet

The E.ON Hungária Group's fleet of vehicles travels the country continuously throughout the year, providing our customers with uninterrupted energy supply, support and services. In 2023, our vehicles covered a total of around 40 million kilometres, an increase of 5% compared to 2022. We aim to reduce this by shifting physical meetings requiring travel to online platforms, by continuously modernising the fleet, and by training users and introducing incentive schemes.



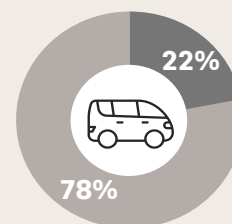
| Fuel type | Number of vehicles | | Consumption | |
|--------------|--------------------|--------------|-----------------------|-----------------------|
| | 2022 | 2023 | 2022 | 2023 |
| Diesel | 1,946 | 1,952 | 3,055,601 litres | 3,139,116 litres |
| Petrol | 250 | 195 | 180,882 litres | 234,708 litres |
| CNG | 18 | 18 | 19,213 kg | 15,154 kg |
| Electricity | 148 | 229 | 112,233 kWh | 122,602 kWh |
| Total | 2,362 | 2,394 | 123,685,153 MJ | 128,511,009 MJ |

78% of the E.ON Hungária Group's total fleet is leased and 22% is owned by us.

By 2026, we aim to renew 40% of our fleet, with a particular focus on the modernisation of our fleet of mechanics' vehicles, which will involve the purchase of 123 vehicles for our specialists, worth 12.5 billion HUF. In 2024, 20% of the vehicles will be purchased, in 2025 60% and in 2026 the remaining 20%.

In order to reduce our emissions related to our passenger vehicles, our group was running several projects in 2023.

Our current total vehicle fleet

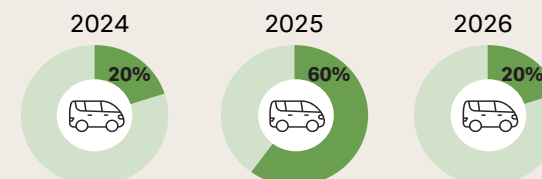


■ Owned by us
■ Leased

Our planned vehicle fleet until 2026



Schedule of planned vehicle purchases until 2026



■ Preserving biodiversity protection ■ Our waste ■ Soil and water protection ■ **Climate protection**

Change to return project

As part of the campaign, we encourage our employees to use the opportunities offered by virtual meetings and reduce the number of activities that involve travel. By 2025, we aim to reduce our total CO₂ emissions by 20% compared to those of 2019. In 2023, the CO₂ emissions of our fleet reduced by 4% relative to the number of fleet elements and by 10% relative to total company growth.

Practical and theoretical driving technique training

All our colleagues with a company driving licence must complete mandatory theoretical driving technique and driving safety training every year. We provide a specific group of employees with practical, "economical" driving technique training, during which they can improve their theoretical knowledge personally with an instructor, thus reducing the fuel consumption of the cars they drive, and hence also their CO₂ emissions. In the E.ON Hungária Group, we pay particular attention to safety at work, which is why our colleagues have the opportunity to participate in practical training in driving safety. In 2023, 736 of our colleagues completed this training, which aims to prepare them for sudden, accident-prone situations (for instance, skidding, or emergency braking) and to develop quick reactions on the Hungaroring training track.

Excess fuel consumption, accounting of savings

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 responsi-

ble. More than 99% of our drivers involved, that is, 1,454 persons, achieved fuel savings worth approximately 130 million HUF.

Purchase on TCO basis

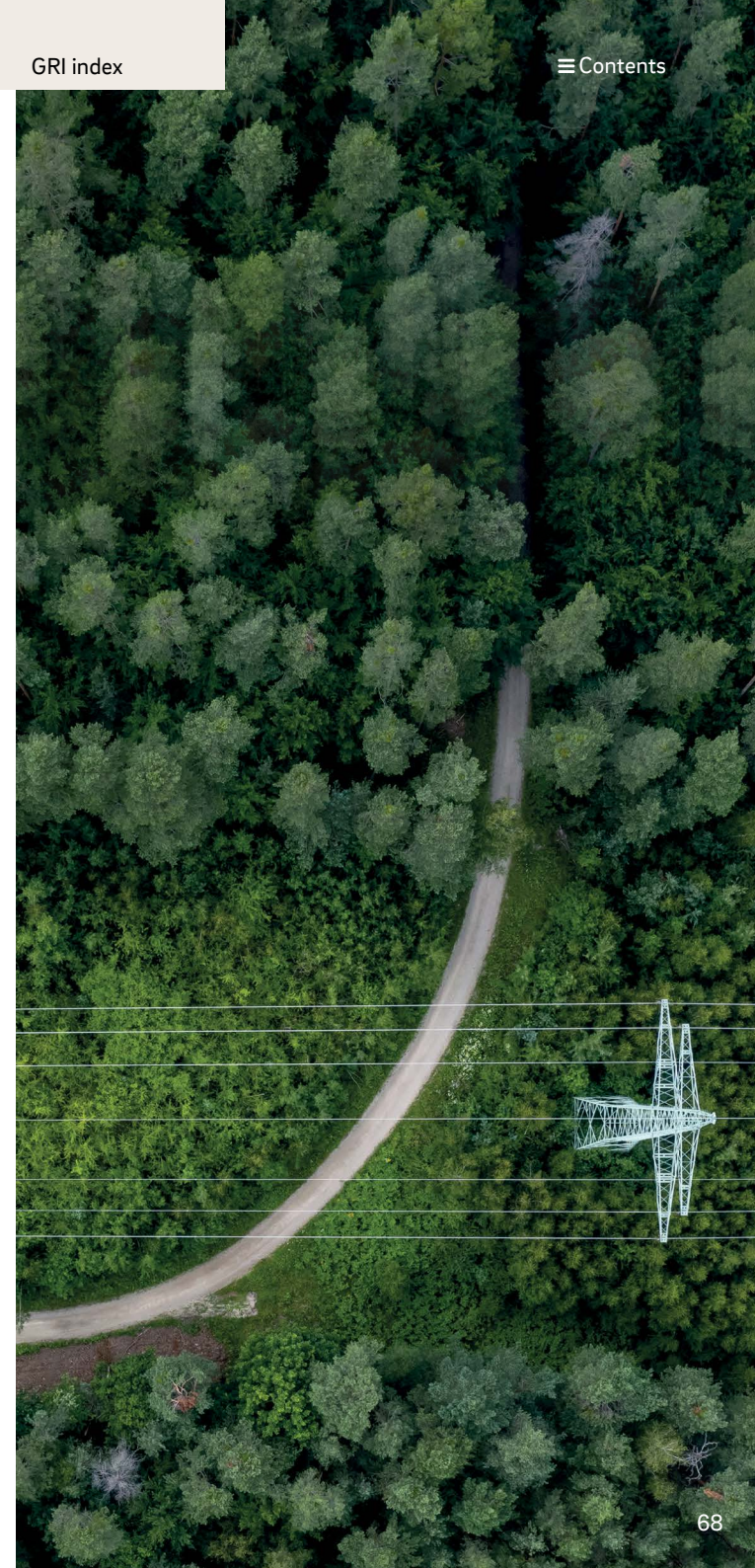
All of our vehicle purchases are made on a TCO (Total Cost of Ownership) basis, so during the selection process we also consider the vehicle's fuel consumption based on the WLTP⁴⁶ -standard specified by the manufacturer and give preference to vehicles with lower emissions.

Managers' car 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 that by 2030, our managers will be using only electric cars, and to this end we will phase out non-electric vehicles from our managers' car catalogue by 2025.

In the case of our other, non-managers' vehicle fleet, driving modernisation and the opening to e-mobility are also strategic goals. In 2023, a complex survey was underway to assess which of our vehicles can be replaced with lower emission vehicles and, in terms of their usage characteristics, which ones can already be replaced with electric vehicles, taking into account the availability of on-road charging infrastructure. The project will be completed in 2024, after which we will start the partial transition of our fleet.

⁴⁶ The Worldwide Harmonized Light-Duty Vehicles Test Procedure is a globally used test procedure for light-duty vehicles.



■ Our employees ■ Health ■ Our partners ■ Social inclusion

Our society

[GRI 2-29] [GRI 3-1]



Our stakeholders

Our activities affect different stakeholder groups every day, and their activities also affect our operations.



External stakeholders

Internal Stakeholders

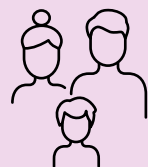
Employees



Executives



Owner



Household customers



NGOs



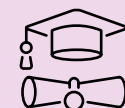
Authorities



Public administration customers



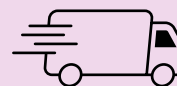
Research, development and innovation institutions



Certification bodies



Large corporate customers



Suppliers



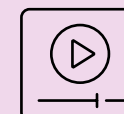
Local communities



Small and medium-sized corporate customers



Commercial partners



Media



Competitors



Professional organisations



Residents

Our employees⁴⁷

[GRI 3-3]

[GRI 2-7] [GRI 2-8] [GRI 2-19] [GRI 2-20] [GRI 2-21] [GRI 2-30] [GRI 201-3]

[GRI 202-1] [GRI 401-1] [GRI 401-2] [GRI 401-3] [GRI 402-1] [GRI 404-1]

[GRI 404-2] [GRI 404 -3] [GRI 405-1] [GRI 405-2] [GRI 406-1] [GRI 407-1]

[GRI 408-1] [GRI 409-1] [GRI EU-14] [GRI EU-15] [GRI 11-10] [GRI 11-11]

[GRI 11-12] [GRI 11-13]

Our success is built on our people, so our mission with regard to HR is to support the professional and personal development of our colleagues by providing tailored training programmes and a constantly improving work environment. In this way, we aim to contribute to maintaining the motivation and commitment of our employees. The implementation of the business goals of the E.ON Hungária Group is supported by the 91-member Human Resources Directorate, which performs its activities under the supervision of the Management Board of E.ON Hungária Zrt.

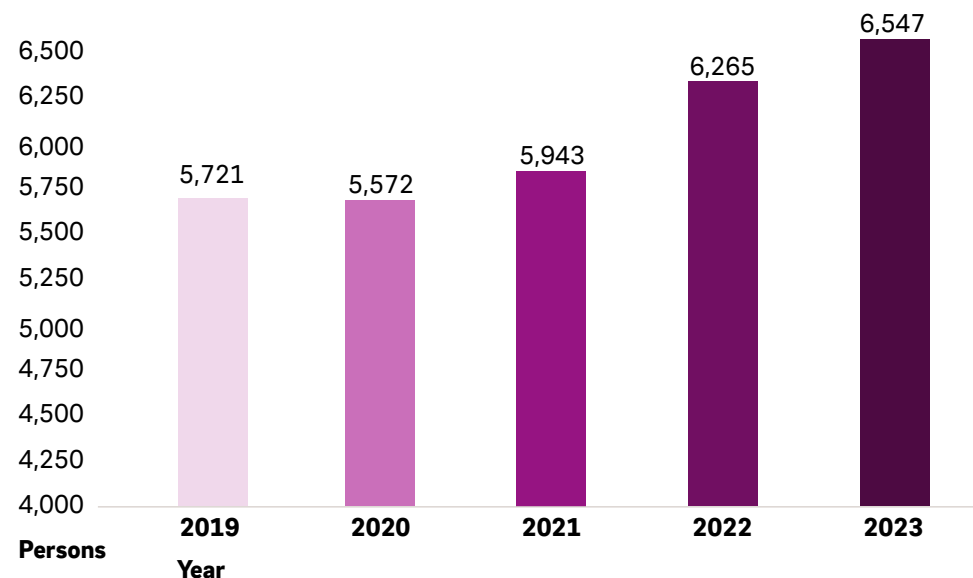
Employee data

At the end of 2023, **6,547** employees (4,042 men and 2,505 women) were working for our group, representing an increase of 4.5% compared to 2022 due to the expansion of our activities. In 2023, we welcomed **961 new entrants**, 524 men and 437 women. The headcount of 6,547 includes our full-time and part-time employees, as well as those employed under definite-term and indefinite-term contracts. The number of employees on definite-term contracts and part-time contracts as a percentage of the total number of employees is 225 (3.4%). We also cooperated with 1,604 contracted partners who were not directly employed by E.ON Hungária Group.⁴⁸

The employees of the E.ON Hungária Group⁴⁹

| The E.ON Hungária Group | Female | Male | Total |
|--|--------------|--------------|--------------|
| Number of employees | 2,505 | 4,042 | 6,547 |
| Number of employees with indefinite term contracts | 2,360 | 3,962 | 6,322 |
| Number of employees with definite term contracts | 145 | 80 | 225 |
| Number of full-time employees | 2,424 | 4,028 | 6,452 |
| Number of part-time employees | 81 | 14 | 95 |
| Contracted partners, not employed by the E.ON Hungária Group, and employees working non-guaranteed hours | 1,089 | 515 | 1,604 |

Total number of employees between 2019 and 2023:



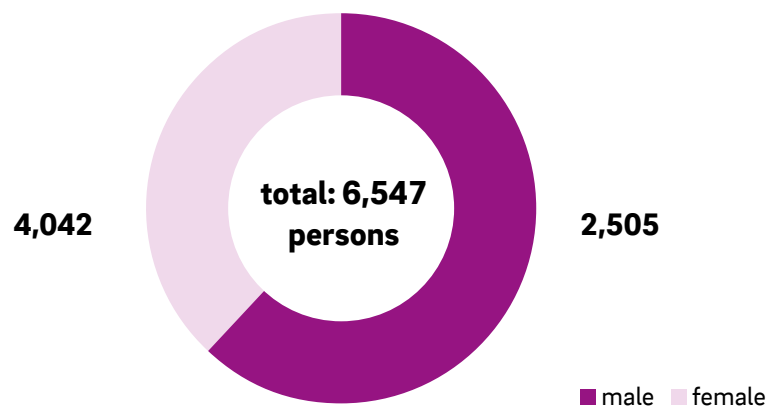
⁴⁷ The data presented in the chapter titled 'Employees' also includes data from the E.ON Hungária Group and E.ON Digital Technology Hungary Kft. as described in the chapter titled 'About the report'.

⁴⁸ In 2023 they worked for us under a contract concluded with an external service provider, either on a work-for-hire basis or under a non-employment contract (a contract for assignment or for work), mainly in administrative jobs (for instance, customer service, traineeships).

⁴⁹ In the data provided according to [GRI 2-7] and [GRI 2-8], the regional breakdown is not relevant given the size of the geographical area covered by Hungary and within it by the E.ON Hungária Group. The figures given are in the headcount data for the 31st of December, 2023.

■ **Our employees** ■ Health ■ Our partners ■ Social inclusion

Distribution of our employees by gender in 2023:



New entrants and the annual fluctuation⁵⁰

The table below shows the number of new entrants and their ratios compared to the total number of employees for 2023:

| | Male | | | Female | | |
|---------------------|---------------------|-------------------------|---------------|---------------------|-------------------------|---------------|
| (persons) | 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 Hungária Group | 270 (4.4%) | 222 (3.6%) | 32 (0.5%) | 185 (3%) | 234 (3.8%) | 18 (0.3%) |
| total | 524 (8.5%) | | | 437 (7.1%) | | |
| 961 (15.6%) | | | | | | |

The **annual fluctuation⁵¹ on the average⁵² was 10.75%**; a total of 657 people left, of whom 340 were men and 317 women. In order to reduce and keep fluctuation low, we operate a specific fluctuation dashboard, developed in cooperation with an external consultant, which aims to anticipate potential fluctuation risks for middle managers.

| | Male leavers | | | Female leavers | | |
|--|---------------------|-------------------------|----------------|---------------------|-------------------------|---------------|
| (persons) | 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 |
| Number of people leaving the E.ON Hungária Group | 95 (1.55%) | 144 (2.36%) | 101 (1.65%) | 83 (1.36%) | 195 (3.19%) | 39 (0.64%) |
| total | 340 (5.56 %) | | | 317 (5.19 %) | | |
| 657 (10.75%) | | | | | | |

Long-term absence due to childbirth

In 2023, a total of 324 employees were absent for a longer period due to childbirth, of whom 110 returned and 83 were still working for us after twelve months. The return of mothers with small children is supported by the Maternity Contact Network; we will write more about this later in the section titled "The situation of female employees". It is notable that thanks to the activities of the Maternity Contact Network over more than a decade, the retention rate of mothers with small children in the E.ON Hungária Group is around 78% year after year, which is significantly higher than the Hungarian average of 23%.



We pay special attention to the work-life balance of our employees, which is why we support fathers and their families with fully paid **extra paternity leave** of five days longer than the ten-day legal minimum when a new child arrives, and, in the case of twins, three more days off. The purpose of the extra days off is to allow fathers to spend more time with their families after the birth or adoption of the child(ren). The extra father's days can be used from the 1st of February, 2023, for children born/adopted on or after the 2nd of August, 2022.

| Of the employees of the E.ON Hungária Group: | Female | Male | Total |
|--|--------|------|-------|
| Number of employees on long-term parental leave | 320 | 4 | 324 |
| Number of people returning from parental leave | 107 | 3 | 110 |
| Number of people returning from parental leave, who are still employed after twelve months | 81 | 2 | 83 |

⁵⁰ The calculations were performed at the level of the E.ON Hungária Group, in the light of the annual average headcount (6,111)", for employees. The fluctuation in the number of non-employed staff is not reflected in this, as they are often contracted for a fixed term, for a sudden or large amount of work to be completed on a campaign basis, or for the implementation of a specific project, the nature, quantity and length of which may vary considerably from year to year.

⁵¹ Data combined with involuntary leavers.

⁵² The data shown is aggregated data taken at the level of the E.ON Hungária Group. In the case of the subsidiaries presented in our report, the fluctuation rate of E.ON Ügyfélszolgálati Kft. deviates significantly from the Group average, by more than 5%, with a rate of 21.75% due to the nature of the work. In segments with typically high fluctuation, this topic is regularly on the agenda in management meetings. In 2023, we also changed the way we train new recruits to reduce fluctuation during the probationary period.

Collective bargaining agreement

90% of our group's employees are covered by a collective bargaining agreement, 50% of whom are covered by a two-level collective bargaining agreement at a sectoral and a 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. The employees of E.ON Hungária Zrt. are represented through their managers.

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. In all cases required by law, the employers' side consults the organisations in advance and informs them of the draft decisions of the employer, requests their prior opinion on the internal rules, and provides a fifteen-day deadline for providing substantive feedback.

The employer provides the interest representative bodies with the information, consultation, and negotiation opportunities regulated in the collective bargaining agreements within the deadlines specified therein.

Before making organisational changes affecting a larger group of employees, the employer informs the interest representative bodies in advance, initiates a consultation if necessary, and then communicates those to the employees.

If the organisational change may also entail termination of employment, in addition to the minimum notice period of thirty days provided for by the law, the employer shall, in the case of employers with a collective agreement in force, provide employees with more than three years of service with a longer period of notice than the minimum notice period provided for by the law.

The relationship between the employer and the employee representative bodies is facilitated by monthly consultations, and in the case of significant business decisions and organisational changes, there are separate, ad hoc consultations on the specific topics. We provide continuous opportunities for consultations, our employees can contact the interest representative bodies or the employer's representative about any issue that may arise, and, if necessary, we provide them with an explanatory and interpretive statement regarding the provisions of the law or the collective bargaining agreement.

In the E.ON Hungária Group there are three types of interest representation: trade union, works council, and health and safety representation. There are seven representative trade unions in total, four of which are united in the Trade Union Confederation of Electricity and Gas Workers. 60% of our group's employees are members of a trade union. The unions also represent their members in matters ranging from local problems to group-wide issues - the employer provides them with opportunities for consultation with the senior management of the group and the subsidiaries as well as with the HR Director.

Remuneration

When determining the remuneration of our employees, we always strive to ensure that it is based solely on professional experience and qualifications, in accordance with the collective bargaining agreement. In the case of identical positions, we do not differentiate between the remuneration of male and female employees. The establishment and modification of the remuneration guidelines and processes take place with the involvement of the employer interest representative bodies.

Remuneration policies are regularly reviewed in line with the remuneration strategy. Our remuneration policy is driven by



EU, national and industry legislation and market trends, and shaped by feedback from employees through the trade unions or direct feedback channels. Our aim is to continuously improve our compensation package and policies so that we can offer the most appropriate package for every employee in every life situation. Changes to the remuneration system are always approved by the Management Board after review by the trade unions. The Management Board reviews remuneration policies up to middle management level. The remuneration policy for senior executives is prepared by the professional organisation of E.ON SE and approved by the Board of Directors of E.ON SE. Employees can express their views through their trade union representatives. We also regularly involve external, independent consultants in making decisions on remuneration issues. In 2022-2023, we reviewed our remuneration strategy and systems in cooperation with the consultancy firm Deloitte, and identified directions for improvement. In addition, each year we use Korn Ferry's wage market benchmark to calculate salary bands, ensuring that they are in line with the market.

The employees of the E.ON Hungária Group receive the following **benefits in addition to the basic salary**, which apply in the case of both definite-term and indefinite-term employment contracts:

The Employee Incentive Allowance: this is 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.

The Cafeteria Allowance: our employees may choose from a range of elements that are reviewed each year and charged to their Cafeteria Allowance.

Group life insurance: we take out group life insurance for all employees, which provides outpatient care and preventative screening for our colleagues at private healthcare institutions and medical service providers. They may also extend the service to their family members for a preferential fee.

Group accident and life insurance: the E.ON Hungária Group takes 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.

The Holiday Resorts Network: the E.ON Hungária Group ensures the recreation and relaxation of its employees by operating its own resort network, offering discounted reservation rates.

Support for obtaining driver's licences: we provide support to our young electrician colleagues, for whom the cost of obtaining a driver's license would represent a significant financial burden.

The Housing Loan Programme: each year, our group sets aside an amount to support our employees' housing plans. 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. The loan is free of interest and charges.

Psychological support: for more information, see the chapter on the [health of our employees](#).

Flexible employment days: each employee is entitled to a maximum of 110 flexible employment days (home office days) per year. In addition, our internal regulations also allow for part-time employment, but the number of people employed in this form is currently extremely low.

Mobility support: employees who accept employment with a company in the E.ON group in another part of the country, far from their place of residence, may receive financial support.

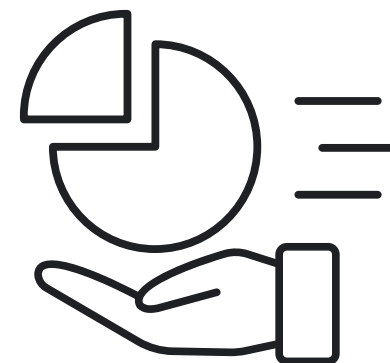
The Employee Referral Programme (MAP): our colleagues in their circle of contacts can recommend the currently open positions of the E.ON Hungária Group as defined in the MAP regulations, as well as any position for applicants with a reduced work capacity. In the event of a successful referral, they receive a monetary reward.

Study grant: we conclude a study contract with our employees if the chosen training will provide 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.

Reimbursement of the cost of eyeglasses: for [more information, see the chapter on the health of our employees](#).

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 travel 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 30 HUF per km.

The 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 managers. 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.



Entry-level pay

The most common entry-level jobs in the organisation are technician (electricity and gas) and customer relations officer. These two jobs account for approximately 14.5% of the total headcount. Other entry-level jobs are typically white-collar jobs with a higher starting salary than the previous two categories, depending on professional requirements (for instance, qualifications, experience, responsibility and the complexity of the job). The company ensures that wages are always at or above the minimum wage/guaranteed wage minimum. In addition, staff salaries should be at least at the lower limit of our internal salary bands. These bands are reviewed annually and increased in line with market movements. Their lower limit is in most cases significantly above the guaranteed wage minimum. No new entrants will be hired below the band minimum. On the 31st of December, 2023, 326 men were working as entry-level technicians in the E.ON Hungária Group, and their fixed wage on the 31st of December, 2023 was, on average, 126% of the guaranteed minimum wage that came into force on the 1st of December, 2023. In these jobs, workers typically received a bonus of 10-30% on top of the basic wage. On the 31st of December, 2023, there were 622 people (77 men and 545 women) working at the entry level in the customer service, with an average wage of 115% of the guaranteed wage minimum.

Remuneration of managers

The E.ON Hungária Group offers competitive, market-based salary and benefits packages for managers. Salary bands for total income are set relative to the market median. For the annual salary increase, we take into account individual performance, business results, the behaviour of managers, the amount of past raises and their salary position in the market. The annual pool for salary increase is created taking into account the company's market position, inflation and financial performance. For senior managers, Sign-on⁵³ bonuses are not widespread, and mainly occur in the case of compensation for lost remuneration due to leaving a previous employer. Severance pay is based on a statutory requirement, however, the minimum notice period/ severance pay is between three and four months, even if the law requires less. The company provides a voluntary pension fund membership fee contribution for middle and senior managers, which corresponds to 10% of the annual base salary. Under our early retirement programme, after ten years of service, managers (and employees) can apply for early retirement in justified cases (for instance, health, or family situation). If approved, two years before retirement, the manager will become an early retiree and during this period will receive 70-75% of his or her basic salary.

The personal sustainability goal of managers and their sustainability performance at E.ON SE level influence the payment of management bonuses, long-term incentive pay and annual

salary increases. The annual personal objectives may include sustainability objectives related to the position. The result of the performance assessment linked to these will influence the amount of the bonus and the rate of the salary increase. The amount of the long-term incentive programme is also directly linked to the sustainability performance of our group, and the E.ON Sustainability Index is one of the three indicators on the basis of which the actual payout is calculated.

The E.ON Sustainability Index has a 25% weight in the total payment related to the long-term incentive programme. The index includes results of the reduction of carbon emissions, targets related to equal opportunities and diversity, and environmental and occupational health and safety, as well as the results of the independent ESG ratings of the international E.ON Group.

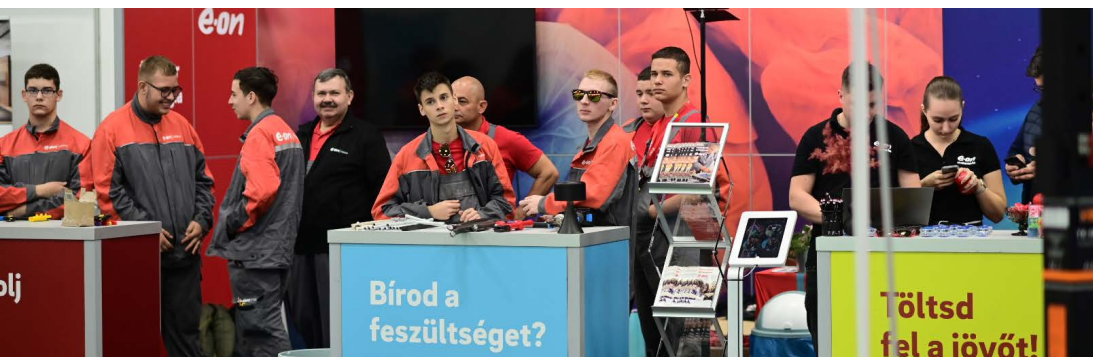
The total income of the highest earner of the E.ON Hungária Group is 16.0 times the median of the total income of the other employees. The annual salary increase of the highest earner is 64.9% compared to the median of the salary increase of the other employees.

The performance evaluation system

E.ON operates a Performance Evaluation System to improve efficiency and differentiate salaries according to performance and increase employee satisfaction. Based on E.ON's performance evaluation regulations, each employee must set business and personal development targets for a given year together with their manager; this is an agreement between the employee and his or her target setter (supervisor) based on partnership and common interests. The employee discusses these targets with the manager twice a year, so the performance evaluation meeting is ensured at least twice a year, an integral part of which is an overview of the career path and development opportunities. A prerequisite for the annual bonus payment is that the end-of-year performance evaluation takes place and that the performance evaluation is signed by both parties and recorded in the system. The amount of the bonus payment depends on the result of the evaluation.

We reward the outstanding performance of our employees with various awards. The Business Focus Award recognises achievements that significantly contribute to the specific business objectives set by the company's management and considered most important in the year. The Outstanding performance awards are granted for exemplary activities (for instance, showing initiative or a proactive attitude) in the course of daily work or exceeding it significantly. A version of this award for managers is called the Yes! Award, which is used to reward senior managers internationally for outstanding performance in the areas of strategy development, E.ON values, customer experience or efficiency improvement.

⁵³ In the case of a sign-on bonus, there is a possible repayment obligation if the manager resigns before the expiry date of the agreement. (As these agreements are extremely rare, in practice no repayment has ever been required.)



Training, talent management

We retain and develop our colleagues, and we pay attention to talent, so that all our employees can make the most of their potential. We consciously support individual career paths so that talented employees can become outstanding experts, leaders or project managers.

Our training courses

Our company considers the development of the skills of our employees and keeping them up-to-date to be of the utmost importance. Whether it is professional training or skill development, we offer future-oriented development opportunities at all employee levels.

Professional training helps workers learn new skills and update their existing knowledge. In the business units, we constantly assess the professional training needs of workers in these fields, so we can equip them with innovative and up-to-date knowledge to help them adapt quickly to market changes and new technologies.

Our team of internal trainers and external training partners support both individual and group development goals. Depending on the topics and needs, both in-person and online training is available.

The average training per person is 25 hours/person/year, which varies between the different categories of employees, as shown in the following table.

Number of training hours per person per category of worker at group level in 2023:

| (hours/person) | senior manager | middle manager | operative manager | intellectual workers | physical workers |
|---------------------|----------------|----------------|-------------------|----------------------|------------------|
| E.ON Hungária Group | 20 | 35 | 32 | 14 | 51 |

Training hours by gender in 2023 in the E.ON Hungária Group:⁵⁴

| | E.ON Hungária Group |
|--|---------------------|
| Headcount | 6,547 persons |
| Total number of training hours | 166,590 |
| Average number of training hours per person | 25 hours/persons |
| Headcount (male) | 4,042 persons |
| Total number of training hours (male) | 138,532 |
| Number of training hours per person (male) | 34 hours/persons |
| Headcount (female) | 2,505 persons |
| Total number of training hours (female) | 28,058 |
| Number of training hours per person (female) | 11 hours/persons |

In the E.ON Hungária Group, in addition to providing professional training, we place great emphasis on the development of individual skills. We work together with contracted strategic training partners in this regard. Our most important tool for individual skills development is the Open Training Palette, which offers programmes in the following three major areas:

1. self-efficacy (self-awareness),
2. effectiveness in relationships (interaction with others), and
3. tools for efficient work.

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.

⁵⁴ When broken down by gender, men have on average more hours due to the training required for physical work than women, who typically do intellectual work.

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

Language courses

The E.ON Hungária Group provides English language training courses free of charge for our employees working in intellectual jobs. 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.

Retaining talents

The purpose of the "In Focus" programme is to provide opportunities within our group for committed and talented employees who seek to develop and demonstrate their potential by creating value for the company. In 2024, we plan to launch two new programmes for the inspiring leaders and project managers of the future. As with all our training programmes, they will also be based on the 70-20-10 principle of dividing the learning process, as follows: 70%: on-the-job training, 20%: learning from our colleagues, 10%: formal learning.

The E.ON competence model

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

The Grow@E.ON model reflects the 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.

Succession in the industry

Through its recruitment support programmes, the E.ON Hungária Group offers a number of attractive opportunities, both for secondary school students and for students in higher education, and the company also welcomes recent graduates with several opportunities that help them start their professional careers. Participants in the programmes are treated as employees from the outset, receive wages and benefits, and are offered real career opportunities for young professionals when they complete their studies and practice periods.

In all teams in which the age structure justifies it, the manager actively addresses the issue of succession with the support of our HR department. The young technician colleagues always have an experienced mentor who ensures that they pass on professional and company-specific knowledge, thus helping the young people learn their role as soon as possible and be able to move forward after obtaining the necessary authorisations.

We also prepare a succession plan for management positions, which we update every year. The importance of succession in the industry can be seen in particular in the light of the number and percentage of physical workers and engineers reaching retirement age in the next five and ten years respectively. In both categories, approximately 10% will reach retirement age within five years and 20-24% within ten years, and their replacement is essential for the continued operation of the business.

The proportion of employees reaching retirement age in the next five to ten years (based on E.ON Hungária Group's closing figures at year-end 2023)

| | Total number of physical workers | Total number of engineers |
|--|-------------------------------------|------------------------------|
| Total number of persons | 1,703 | 597 |
| Those who will reach retirement age in five years | 170 | 51 |
| Ratio within five years | 10% | 9% |
| Those who will reach retirement age in ten years | 403 | 122 |
| Ratio within ten years | 24% | 20% |

Challenge.ON

As in previous years, in 2023 we organised the E.ON Hungária Group's interactive competition for electrical engineering students, called Challenge.ON, which attracted twenty-five teams of electrical engineering students and career-starter engineers from ten universities across the country.

The three-person teams were asked to solve a very exciting and timely problem, namely the application of artificial intelligence with regard to the installation, reconstruction and operation of electricity systems. The top ten teams in the competition qualified for an exciting grand final in November 2023, with a live stream during which viewers could support the engineers of the future on [E.ON's Facebook page](#). In the finals, in addition to innovative thinking, speed, aptitude and willingness to take risks were also evaluated. In the end, the competition was won by the Mi.ON team from Neumann János University, so they could take home the grand prize, a technical voucher worth 750,000 HUF.

The dual training of technicians and technical school

Students training to become fitters and technicians in dual training spend their professional practice time required by their training programme in the training workshop of the E.ON Hungária Group, for which they receive wages and benefits. During the practice period, they learn the skills of the trade with the help of an experienced trainer colleague. Our training workshops ensure the supply of energy-related professions in shortage, such as electricians, high-current electrical technicians or remote heating and gas network system installers. In 2023, fifty-seven students completed their studies successfully in our training programme, thirty-eight of whom have already found a proper job in our company. Some of the students who graduated in previous years have been our employees for more than five years. In 2023 we handed over our new

training workshops for electricians in Tatabánya and Szombathely, in addition to the existing ones in Győr, Veszprém, Budapest, Siófok, Keszthely, Szekszárd, Nagykanizsa and Pécs. At our training course in Nagykanizsa, for example, we present the dangers of natural gas, and in addition to internal training, we also collaborate with the Emergency Services, so fire fighters also become acquainted with the risks of gas leaks and experience gas explosions live, but in a safe environment.

The group offers training in high voltage electrical engineering in Győr, while training in remote heating and gas network system installation is available in two cities, namely Pécs and Veszprém. Through the so-called Ascent (in Hungarian: Felszállóág) Scholarship Programme, we provide mentoring and extra scholarships for students from severely disadvantaged backgrounds leaving primary school who choose the electronics and electrical engineering sector.

We also regularly measure the level of knowledge required for the job of the technicians who are already working for us, and provide relevant training material according to the results of the measurements. In addition, we hold accredited professional training courses for our technicians and external partners, the participants of which often include our contractors, who can train themselves in the professional skills of the electrical industry on our well-equipped courses that reflect the image of our network, while also practising the related, safe work.

It is particularly pleasing for us when we can contribute to the outstanding results achieved by interested, ambitious students in their own school, and ensure that they are placed in a job that they are interested in. Among our achievements, we can mention that one of the graduating students of our dual vocational training workshop in Megyeri út., Budapest, who later became our colleague, was awarded the Verebely László prize by his vocational school for his three-year work (of which he spent two academic years of professional

practice with us) and the theoretical and practical knowledge that he acquired in the profession. The special feature of the award is that it had never been awarded to an apprentice electrician in that institution before. At the Veszprém gas plant, the students who served an internship within the framework of the dual training progressed to the national selection in the Outstanding Student of the Profession (Profession Sztár) competition, and the Veszprém County Chamber of Commerce and Industry rewarded their results with a certificate of recognition. After graduating from school, they can gain employment as a gas network technician at the Veszprém Gas Plant, and we also support them in continuing their studies in the following academic year.

The trainee programme

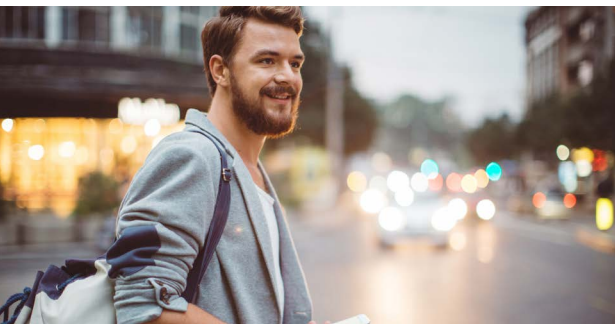
It is of particular importance for the E.ON Hungária Group to offer opportunities for students in higher education to learn about the specific characteristics of the industry and to gain useful practical knowledge that can be applied in solving real-life professional tasks after they have obtained their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

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

Compulsory work experience: this is set in accordance with the conditions of higher education institutions and for a short-term period of time, usually four, six, eight or twelve weeks.

Thesis writing: if students request it, we also recommend topics for them, and a professional consultant provides assistance with their work.

Traineeship: this is generally a minimum of 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 engineering students spend on the average one hundred and ten working days a year at E.ON. This provides them with the opportunity to gain work experience and write a thesis at the company. During this period, they receive practical training that is adjusted to their univer-

sity studies, so when they finish their studies, in addition to their professional knowledge, they would also possess existing employee competencies and skills. Experienced engineering teaching staff assist students with their studies, in return for a student salary, a performance-related bonus and other benefits.

Our dual partner universities are the following:

- The University of Pécs, Faculty of Technology and Information Technology, Department of Mechanical Engineering;
- Széchenyi István University, Faculty of Mechanical Engineering, Information Technology and Electrical Engineering (Győr);
- Óbuda University, Kandó Kálmán Faculty of Electrical Engineering (Budapest);
- Alba Regia Faculty (Székesfehérvár); and
- Pannon University, Technical and Information Technology Faculty, Department of Electrical Engineering (Veszprém).

In 2023, we had active contracts with seventy university students at several universities in the country. Due to the success of the training and positive feedback from students and universities, interest is increasing, and compared to 2022, the number of participants in our dual training has increased by 10%. Many of the graduates are now full-time engineers in the group. Longer-term professional thinking is also reflected by our participation in the development of technical curricula in the framework of industry cooperation, which is coordinated by the Hungarian Electrotechnical Association.

Our programme for graduates

The Junior Engineer Programme is a one-year practical training programme for newly qualified engineers both in the fields of electricity and of gas. During the programme, mentors

from the engineering succession department 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.

Young employees can learn about the characteristics of the industry and operation of the different areas of distribution network companies, and will leave the programme as a well-connected, professionally prepared member of our engineering team.

Student work

The opportunities for student work differ from our professional programmes described 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 (for instance, data input).

Diversity, equal opportunities and inclusion

The E.ON Hungária Group is a diverse community of diverse people, in which personal values and needs are respected while maintaining the effectiveness of community and organisational cooperation. We respond to the diversity of our employees with targeted programmes, and while we make every effort to ensure equal opportunities, we consciously shape our workplace culture so that everyone feels accepted and included. Similarly to previous years, there were no incidents of discrimination at E.ON Hungária Group in 2023.

Our cooperation



We have been working with the **Romaster Foundation** since 2012.

The goal of the Foundation is to further expand the community with adequate language skills and higher education in Roma society, whose members enter the labour market with competitive

knowledge and equal opportunities, or become active participants in the competitive market environment through their own businesses. We have three or four teenage Roma students at any one time, whom we support in completing their secondary school and then obtaining degrees in higher education through personal mentoring (usually this task is undertaken by middle and senior managers) and study grants. We supported the Romaster programme in 2023 with 3.5 million HUF. We also continue to support the work of the Hungarian Business Leaders Forum RoMaster Foundation and mentor five students.

Our diversity-related training

There are several raining courses related to this matter within the E.ON Hungária Group. All new entrants to the company⁵⁵ receive mandatory training on the contents of the Code of Conduct, which states that we respect human rights and the principle of equal treatment, and that we support diversity. In accordance with that, we expect all our staff to respect the dignity, privacy and personal rights of others at all times. Under no circumstances will we tolerate violations of human rights, discrimination, harassment or humiliating, offensive language. The mandatory annual compliance training also addresses the issues of respect for human rights and equal opportunities.

In order to further strengthen the inclusive corporate culture, in 2020 we launched the basic module of the Diversity for Everyone training. By the end of 2023, 421 of our employees had completed the optional training. Our goal is that the 20% culture-shaping "critical mass" – approximately 1,000 people – will complete the training by 2025. The Advanced module of Diversity for Everyone was released in September 2022, and by the end of the 2023 seventy-five persons had participated in it. The training courses are held every few months in several parallel groups, with between twenty and thirty applicants participating in each round.

The inclusive corporate culture is strengthened by the culture of speaking up (which is also part of our Diversity for Everyone Advanced training module), whose dissemination and professional description we supported in Hungary, in cooperation with the Hungarian Business Leaders Forum. We drew attention to the importance of the issue in May, as part of Diversity Month, by publishing our joint professional podcast with Heineken online.

In 2023, we made the first attempt to consciously shape the employee groups that define our corporate culture, with the active support of the Maternity Contact Network and the Health Ambassadors group, as well as the organisation of (volunteer) communities that address and bring together Roma employees and disabled employees. The number of active organisers of group memberships varies between ten and twenty, and their supporting membership is constantly expanding.

Our workers with disabilities

The E.ON Hungária Group, as a responsible employer, has defined the values that underpin our relationship with employees with reduced working capacities in its Integration Strategy for the inclusion of persons with disabilities (people with health impairments or disabled people) across the Group as a whole. Our



aim is to improve the integration and increase the number of people with disabilities within the Group, by retraining and supporting those who are already working for us, and by recruiting new staff. In the course of 2023, four new people with disabilities joined our staff.

As part of our HR processes for recruitment and onboarding, we ensure that:

- Candidates can indicate when filling in the online, accessible application form if they have a permanent health condition that affects their daily life and they need assistance during the selection process.
- We cooperate with public and civil service providers of placement services for people with disabilities and people with reduced working capacity, involving them in our recruitment processes.
- We request the business managers involved in the selection process to ensure that candidates with a disability are given the opportunity to present themselves, in order to ensure equal opportunities.
- During the personal interview, we ensure equal opportunities of participation through the involvement of experts and support services (if necessary, we organise a sign language interpreter, offer the presence of a personal assistant, or provide temporary physical accessibility at the interview site, with mobile ramps).
- If a candidate with a reduced working capacity is selected on the basis of his or her professional qualifications, we will immediately create the necessary working conditions and organise the conditions to support the integration of the candidate into the team.

In 2023, as part of our diversity management measures, we continued to operate our occupational rehabilitation service for our employees with disabilities, which was established in 2012 with the aim of developing workplace opportunities that employers can offer to their colleagues with health impairments and disabilities to maintain their jobs. In the course of 2023, sixteen of our staff members applied for occupational rehabilitation, which allowed us to keep them in our team despite their permanent health problems, increasing the number of colleagues with occupational rehabilitation (people with reduced working capacity) to over one hundred and fifty with the addition of four new colleagues with reduced working capacity, representing almost all areas of disability (affecting working capacity), in thirty-six different jobs.

To make occupational rehabilitation a success, and to allow managers to use the service flexibly, we have created a so-called rehabilitation pool for twenty positions as an additional business support, with the aim of making it available exclusively for the temporary employment (for up to twelve months) of workers with a disability. The time spent in the "pool" headcount is also important for the employees, as it gives them the opportunity to stabilise and improve their capabilities, to deal with their altered living

⁵⁵ All internal colleagues receive the training, but not external colleagues (for instance, interim staff, students, trainees, interns, project-based, and contracted employees).

conditions and to improve their work performance, and, in the event that the rehabilitation is not successfully completed, to prepare for a transfer to a new employer. It is important to stress that the rehabilitated worker in these positions is also performing value-added work, as these are not "light" or "social" jobs.

We also support the lifestyle changes necessary for successful occupational rehabilitation through the E.ON Caring for Each Other Foundation, through which our employees requiring rehabilitation can receive a one-off support of 300,000 HUF for the purchase of medical or assistance equipment, services and products to support their way of life.

The situation of female workers

The E.ON Hungária Group is committed to promoting gender equality and supporting female employees, recognising the value inherent in a diverse workforce. In order to support the development and career paths of female colleagues, we continuously provide opportunities and tools for career advancement and fulfilling management roles. In this way, we not only enhance diversity in the workplace, but also contribute to an inspiring and supportive working environment.

In 2023, nationwide, one hundred and twelve new mothers were supported by the Maternity Contact Network's fourteen-member volunteer community, whose motto is that the key to successful job retention is to maintain workplace relationships. 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.

Their network, which celebrated its tenth anniversary in October 2023, covers the entire E.ON service area, and is able to support employees on maternity leave at every site. In addition to the physical forms of keeping in contact, a popular activity is the personal mother-and-baby meetings that are organised several times a year, which, in addition to the transfer of company information, also provide an opportunity to nurture relationships.

We have identified actions to improve gender equality based on the relevant EU directives. We intended to develop a methodological guide to monitor the pay gap and increase the proportion of female managers.

One of these activities was the survey that we conducted with students of STEM⁵⁶ courses in Hungarian higher education, which, using methods of social science, we carried out together with the Equalization Foundation (Egyenlítő Alapítvány) and OTP Bank Nyrt., in order to make

visible the horizontal segregation⁵⁷ that characterises our country, and to incorporate the lessons learned into our own operations. The results of the research were presented to the public in November 2023, at a public professional conference.

With regard to gender pay equality, we apply the principle that colleagues in the same category and at the same level, irrespective of gender, should be paid at the salary scale of the classification in effect. Based on our statistical reports, this principle is fully enforced at the level of the E.ON Hungária Group, and in accordance with the European Union requirement that will be valid from 2026, and the gender pay gap is already standing below five percent between employees performing work of the same or equal value.

The following table provides a targeted comparison of basic and total remuneration of women and men in jobs of equal value at the level of each company, using regression analysis, the most widely used statistical method in the academic world.

In order to ensure job comparability, the definition of jobs of equal value took into account the basic nature of the job, the level of knowledge and experience required to perform the job, the complexity of the tasks, and the level of responsibility of the employee working in the job. Using the statistical methodology, the statement on the next page shows the gender pay gap at company and group level for basic wages and total remuneration packages (bonuses, commissions, supplementary wages, and share options).



⁵⁶ Science, Technology, Engineering and Mathematics.

⁵⁷ When the limiting effect of prejudice appears in the choice of profession, by distinguishing between "masculine jobs" and "feminine jobs".

■ Our employees ■ Health ■ Our partners ■ Social inclusion

Gender pay gap in the E.ON Hungária Group, 2023⁵⁸

| Company name | Women's basic wage as a percentage of | Women's total remuneration (basic wage + other benefits) as a percentage of men's |
|--|---------------------------------------|---|
| E.ON Hungária Zrt. | 97.4% | 97.2% |
| E.ON Ügyfélszolgálati Kft. | 101.2% | 100.6% |
| E.ON Digital Technology Hungary Kft. | 99.1% | 98.1% |
| E.ON Gazdasági Szolgáltató Kft. | 100.6% | 100.2% |
| E.ON Dél-dunántúli Áramhálózati Zrt. | 97.8% | 97.8% |
| E.ON Dél-dunántúli Gázhálózati Zrt. | 99.7% | 99.9% |
| E.ON Észak-dunántúli Áramhálózati Zrt. | 96.4% | 96.3% |
| E.ON Közép-dunántúli Gázhálózati Zrt. | 102.0% | 102.2% |
| Elmű Hálózati Elosztó Kft. | 100.4% | 100.5% |
| E.ON Energiamegoldások Kft. | 94.4% | 93.5% |
| E.ON Energiatermelő Kft. | 104.1% | 105.0% |
| E.ON MyEnergy Kft. | 100.0% | 100.0% |
| E.ON Hungária Group | 97.6% | 97.3% |

The industry tends to have a higher proportion of men in the company, which is also reflected at management level. The gender ratios observed among applicants to STEM courses at domestic educational institutions also indicate that few women choose courses that offer the qualifications sought by our Group. Despite all this, we are not in an unfavourable position with regard to the male-female distribution within the labour force. (See the diagram below.)

Distribution of managers⁵⁹ by gender and age group on the boards of member companies:

| (per) | Male | Female | Ratio of female |
|-------------------------|------|--------|-----------------|
| E.ON Hungária Group | 83 | 33 | 28% |
| under the age of 30 | 0 | 0 | 0% |
| between 30 and 50 years | 57 | 26 | 31% |
| over 50 years | 26 | 7 | 21% |



⁵⁸ The data we reported for 2022 is based on a different methodology, in which the reported value per subsidiary is as follows: 97-106%; value by position category: 99-103%.

⁵⁹ Head of department level and above.

■ **Our employees** ■ Health ■ Our partners ■ Social inclusion

The vast majority of workers in physical jobs are men, while the proportion of women in intellectual jobs is now 51%. A more detailed breakdown of the workforce, by gender and age group, is provided below for each employee category.

Proportion of women and men, and position by age group, by category of worker:

| Employee group | Gender | | | Age group | | | |
|----------------------|------------|------------|-------|----------------|-------------------------|---------------|-------|
| | Men | Women | Total | below 30 years | between 30 and 50 years | over 50 years | Total |
| senior managers | 86% | 14% | 100% | 0% | 68% | 32% | 100% |
| middle managers | 68% | 32% | 100% | 0% | 72% | 28% | 100% |
| operative managers | 70% | 30% | 100% | 2% | 67% | 31% | 100% |
| intellectual workers | 49% | 51% | 100% | 16% | 61% | 23% | 100% |
| physical workers | 97% | 3% | 100% | 23% | 43% | 34% | 100% |
| Total | 64% | 36% | 100% | 17% | 57% | 26% | 100% |

Welfare policy

Our Corporate Welfare Policy was finalised at the end of 2019. This connects the measures, grants, and programmes of several organisational areas in a complex manner, addressing the following issues:

- existential well-being: this includes factors that shape the employees' existential security (such as remuneration and support packages),
- social well-being: this includes elements of the co-working environment, company culture, code of conduct and cooperation, and
- spiritual well-being: this focuses on the alignment of the company's values and individual values with the long-term goals of the employee and the company, in the form of career and development opportunities.

Our internal communities

At E.ON Hungária Group, we pay particular attention to communities, whether they are groups that serve professional goals, support health, or share a common hobby. It is equally important for us to maintain and support existing communities, as well as creating new ones. As part of this endeavour, our goal is to become a learning organisation in which professional development, increasing personal efficiency and building awareness take place on a daily basis. Every year, we organise the Learning Weeks series of events, during which our colleagues can choose from a number of lectures in English, German and other foreign languages, on topics relating to energy, health and skills development. In our internal communication, a different focus topic is placed in the spotlight every month; our employees can listen to presentations on these topics and they can participate in thematic programmes. In 2023, the topics in focus were

networking, customer centricity, communities, caring, digitalisation, and sustainability. We also support our employees with theme weeks (for instance, HSE⁶⁰ week), and social networking opportunities, to make them feel increasingly an important part of the E.ON Hungária Group.

In 2023, we were particularly proud of our following active communities.

Hálózat.ON

The slogan of our programme, "Sharing Knowledge Freely", reflects our aim, which is to share projects and innovations across the company among colleagues. We regularly organise plant visits and inform our colleagues about the latest developments in the energy industry and our innovative responses to them through our presentations.

Our digital community

In 2023, we started Digital Breakfasts on a monthly basis, during which invited experts or those responsible for our internal developments give thought-provoking presentations on the topic of digitalisation.

Influencers

In order to increase the efficiency of information flow, in the autumn of 2023 we established our Influencer community of 456 people, whose members can achieve through their corporate relationship capital, that information reaches everyone quickly, with as little distortion as possible, and that management also receives up-to-date feedback from colleagues.

FIT.TE.ON

Both mental and physical health are important to us. In 2023, twenty of our colleagues were working as Health Ambassadors: they are committed to promoting conscious lifestyles, informing people about health programmes and guiding them towards healthy lifestyles through their personal experience. The E.ON Hungária Group believes that individual wellbeing and community health represent values, and to this end we have launched the FIT.TE.ON corporate health programme, which offers a variety of opportunities for developing a healthy lifestyle, including regular exercise and mental health support programmes.

Jót minden nap.ON

Sustainability is a value in our company, which is why we launched the Jót minden nap.ON “Good Every Day” Challenge in 2023. Organised around the themes of the sustainable house-keeping programme, our aim was to shape our colleagues' attitudes towards a more sustainable and environmentally friendly lifestyle: every day of the week we had a task on which participants would test themselves over several weeks, such as zero waste Mondays, vegan or vegetarian Tuesdays, and water saving. The community of the participants in the challenge conducts its awareness-raising activities according to three basic principles: do something good for the planet, do something good for yourself, and do something good for others.

Our employees' health

[GRI 3-3] [GRI 403-3] [GRI 403-5] [GRI 403-6] [GRI 403-7] [GRI 403-10]

Occupational Health and Safety

Our group has contracted an occupational health service provider that is available near all 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. Our occupational health partner carries out specialised occupational health activities such as biological risk assessments. Occupational aptitude tests are conducted annually, after an online application, usually at the nearest physician's office, in accordance with professional protocols.

This service is provided to all employees, and participation in the occupational aptitude tests is mandatory. Confidential data management is ensured in accordance with GDPR rules, both at the company and at the occupational health service provider.

Protecting the health of our employees

Our group places a strong emphasis on creating and maintaining the healthiest possible working environment. This includes 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. Upon application, all our employees, whether they are engaged in physical or intellectual work, take part in the practical first aid course, which is held several times a year at several locations, so our colleagues can help each other in the event of any emergency. Automatic defibrillators are available at several of our sites and can be used, not only by our staff, but also by our visitors if necessary.

The E.ON Hungária Group has taken out health insurance policies for all its employees, which, in addition to occupational health checks, provides employees who have been working for us for at least six months with high-quality outpatient medical care, which is available in the municipalities of our main sites, with unlimited specialist care, 24-hour medical consultations by telephone all year round, second medical opinions, high-value diagnostic and laboratory tests, same-day surgical care, annual risk assessment, and a screening package.

The E.ON Hungária Group has taken out health insurance policies for all its employees, which, in addition to occupational health checks, provides employees who have been working for us for at least six months with high-quality outpatient medical care, which is available in the municipalities of our main sites, with unlimited specialist care, 24-hour medical consultations by telephone all year round, second medical opinions, high-value diagnostic and laboratory tests, same-day surgical care, annual risk assessment, and a screening package.

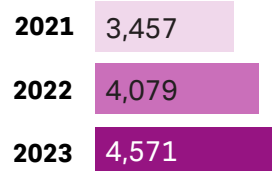
We encourage attendance at medical tests and examinations, book confirmed paid absence for the period of participation in screening programmes, and use an internal communication campaign to inform all our employees of this possibility.

No occupational diseases occurred in 2023.

The employer does not receive information on the health status of employees and attendance at medical examinations in any form, in accordance with GDPR rules, but at company level, the data on the use of the service is known.

In 2023, 70% of our employees used the health insurance service, with nearly 15,000 examinations. 4,832 screening tests were conducted by our partner and visits were made to outpatient specialist care in 6,137 cases.

Active users



Number of health care visits



The most attended medical specialist services are listed below:

More than thirty medical specialisations

Of these, the following four services account for nearly half of the most attended specialist care services



The statistics indicate that health insurance is considerably more popular among our intellectual employees, with more than 85% of this group of employees having had some form of medical examination. We believe it is important for our physical staff to become aware of their state of health, so in 2023 we ordered a screening bus service for two of our sites, specifically to examine the physical staff. Forty different, comprehensive examinations were

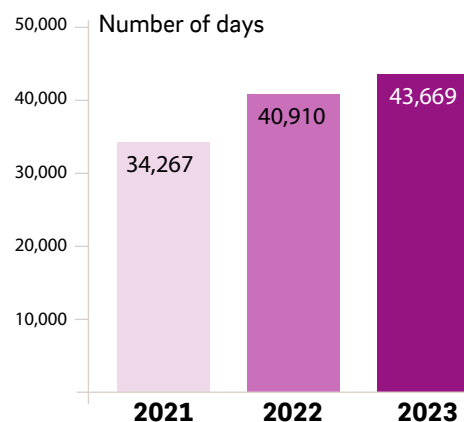
offered to our employees over a full day. The programme proved to be a success, as the screening buses operated at maximum capacity and the team of doctors screened almost two hundred colleagues.

In addition to the medical services, the E.ON Hungária Group provides group life and accident insurance for all its employees, which is effective from the first day of work. If our employees have an accident, either at work or outside the workplace, we support them in their recovery and recuperation.

Sick days and health rates

No matter how much the E.ON Hungária Group does for the health of its employees, absence due to illness is a fact of life in a large company. In recent years, sick days have been as follows:

Absence due to illness (days)



Our health rate shows the ratio of the number of days spent in good health at work to the total number of planned working days.

| year | health rate (%) |
|------|-----------------|
| 2020 | 96.9 |
| 2021 | 98.3 |
| 2022 | 97.8 |
| 2023 | 98.1 |

Work-life balance

We support our employees in achieving a work-life balance through a range of programmes. Training courses on Stress Resilience, Time Management, and Work-Life Balance are also available among our training courses. The HR department also offers presentations, workshops or coaching for a group of people as an integration expert on request from managers.

Our sports and recreation support also helps employees achieve a work-life balance, in addition to which they can also spend their holidays with their families in one of our seven company resorts.

As a continuation of the **FIT.TE.ON** campaign, which ended in 2022, we organised online presentations on mental health and conducted educational campaign activities with the volunteer participation of our Health Ambassadors: we produced educational films on five topics, namely office physical activity, the importance of hydration, healthy eating, post-driving exercise, and sleep in the office. With our latter short film, in 2024 we won the award of the Hungarian Sleep Association, the Sleep Friendly Company certificate. In addition, we used the Autumn Health Week and the Advent Health Bon-bon campaign series to convey the message of the importance of a healthy lifestyle to our colleagues.

Mental health

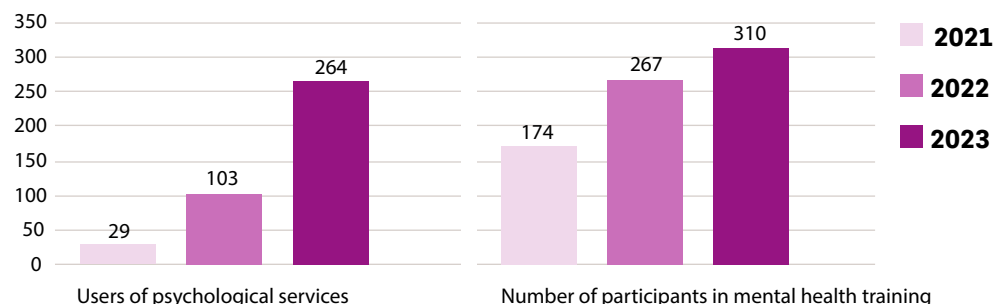
As a responsible employer, the E.ON Hungária Group provides psychological support to its employees, whether they are either employed or hired, in order to preserve and restore their mental health, and to resolve mental disorders and crises of various origins.

Psychological support can be requested in the following cases:

- life skills counselling - addressing psychological problems, disorders, or persistent behavioural problems;
- mental health rehabilitation counselling - diagnosis and treatment of symptoms of psychiatric disorders; and
- personal life crisis intervention counselling - bereavement, divorce-related stress management, or treatment of anxiety following an accident involving significant injury.

This service is available once a year to employees who have been working for the Group for at least six months and who are not under notice of termination, and consists of up to five consecutive consultation appointments with an independent psychiatrist or psychologist who provides care appropriate to the condition of the requester of the service. Once started, the service may be continued on an individual basis after the fifth session.

The service was used as follows in recent years:



The safety of our employees and partners

[GRI 3-3]

[EU-16] [EU-18] [EU-25] [GRI 403-1] [GRI 403-2] [GRI 403-4]

GRI 403-6] [GRI 403-7] [GRI 403-8] [GRI 403-9]

Occupational safety represents a key value for the E.ON Hungária Group, so it plays a prominent role in all our activities and decisions. We take responsibility for the safety and health of our employees and contractor partners, as well as for environmental protection. 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. We expect everyone - whether they are an employee, a sub-contractor or a contracted partner - to meet our strict security standards.

The Occupational Health and Safety Management System

As part of the Integrated Management System, our group operates a 45001 ISO 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 has been implemented and operated in all member companies of the group, but we have it audited by a third party only in such companies where the level of risk justifies it. In 2023, the external audit found us to be operating in accordance with the standard, with no non-compliances identified.

■ Our employees ■ **Health** ■ Our partners ■ Social inclusion

The area of occupational safety is well regulated: the related processes, such as inspections, protective equipment benefits, incident investigation, risk assessment, training, emergency preparedness, and contractor safety, are all delineated in written instructions, and an extract of their content is part of the mandatory annual recurrent training.

Improvement of safety

In addition to meeting the legal requirements, we strive to achieve 100% safety and to this end we are continuously improving our work safety culture. At the beginning of each year, we also analyse the previous year from the perspective of occupational safety and prepare an improvement plan. The plan addresses changes in legal requirements, audit experience, lessons learned from accidents, and various audit findings, and it incorporates parent company focal points and expectations. The Health, Safety and Environment department (hereinafter referred to as HSE) is responsible for coordinating its compilation and monitoring its implementation, but each company is involved in the centrally defined development themes, with its own objectives in accordance with these. The implementation of the plan is monitored by our parent company and senior management, who will intervene if the plan falls behind.

In some cases, we work on these programmes for several years. This was the case for an external audit, independent of the management system, which was commissioned by the parent company and performed at the end of 2021 to assess the work safety culture of its subsidiaries and provide each company with tangible guidance on the areas in which it needed to improve to achieve a higher level of safety. The investigation identified the following areas of strength:

- a strong example is set by senior management in the field of occupational safety, with a significant on-site presence;
- a transparent and long-term HSE vision, strategy and HSE development plan is available within our Group;
- decision-making is based on results and data;
- we also identified root causes in accident investigations. In addition to improvement efforts, the measures also aim to prevent similar incidents from occurring;
- the internal HSE audit and control system is well structured;
- there is an honest incident reporting culture at the level of the entire company group;
- well-coordinated, local, subject-specific, occupational safety working groups are in place;
- there are good initiatives to recognise the safety awareness of employees (for example, network areas and the "Responsible for each other" programme); and
- the **Safety Passport** programme for the development of contractors also contributes to the raising of awareness among the company's partners.

In addition to the many positive observations, the audit made recommendations for improvement in the following areas: middle management and managerial commitment; employee involvement; contractors' safety; consequence management; and, as a result of integration, harmonisation of rules and expectations and their translation into the language of the employees. Once the results were known, working groups were formed to develop targeted, long-term solutions to the issues raised.

The work of the working groups started in 2022 and ended in October 2023. They developed a number of actions and programmes that would not stop there, as we continue to ensure that the results of these are effectively integrated into our day-to-day operations and help us become an even safer place in which to work.

What programmes did the working groups address?

1. Establishing a complete set of company life-saving rules to reinforce the common understanding of occupational safety rules and responsibility in both physical and administrative jobs.
2. Consequence management - a system of incentives for safety-enhancing behaviours.
3. Promoting contractor safety - we launched our contractor development programme to improve the safety culture of our contractors involved in the riskiest activities: following a status assessment, we have achieved a higher level of safety culture through targeted improvements that are tailored to the specific enterprises.
4. Improving risk detection - improving collaboration between contractors and clients during the preparation phase of projects in order to identify any associated risks and develop mitigation actions for them.
5. Strengthening work (team) leadership - identifying and strengthening the management of safety risks before commencing work on site.
6. Increasing managerial commitment - in addition to general leadership and awareness training, we have introduced environmental, health and safety onboarding training for new managers, which prepares new managers and operational managers to implement the environmental, health and safety tasks associated with managerial positions. In 2023, more than a hundred managers were trained using this method.
7. Increased presence of the management in the field of occupational safety - with thousands of visits by managers, our aim is to strengthen the safety awareness of our staff and risk assessments in the field.
8. Involvement - embracing bottom-up initiatives and learning about perceived risks, and spreading good practices.

Communication with the management

Our senior and middle managers, as well as our operational managers, are responsible for ensuring working conditions that do not compromise health and safety, and for developing a work safety culture to achieve the 100% safety target. To promote this, our managers are actively involved in the planning, organisation, support and implementation of our occupational safety programmes. Senior, middle and operational managers receive monthly updates on HSE performance, challenges, accidents, achievements, and the status of ongoing programmes. We also organise leadership development sessions on various topics. In the context of the standardised management systems, the managers concerned also participate in management reviews, in which they receive information on key performance indicators and results, as well as on challenges and the programmes in place to address them. They contribute to improving occupational safety performance by setting and achieving targets for their own organisations, linked to the safety improvement plan, and by active management involvement.

The central strategic directions and objectives from the parent company are received by senior management and aligned with the related themes of the Compass at E.ON Hungária Group level. Safety at work is part of the dimension of sustainability, and indicators related to the targets will be developed in the themes of "caring culture" and "people".

Members of senior management achieve their individual and organisational targets in harmony, so that the targets are communicated to all levels of the hierarchy.

Identifying risks

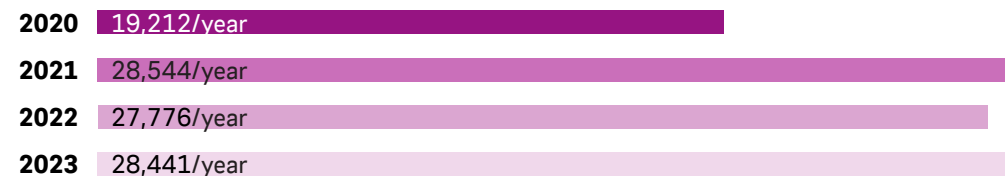
We are also committed to the principle of a "caring culture", regardless of job classification. We encourage our employees to report any dangerous working conditions or actions that they experience, or if they have been involved in accidents not involving injuries, because we believe that prevention and a culture of learning are of the utmost importance. We also learn from incidents that do not actually lead to injury, but which have the potential to cause serious or life-threatening injuries in more unfavourable circumstances. These are investigated using a thorough root cause analysis methodology, and actions taken in response to the causes are implemented throughout the organisation.

In recent years, the reporting and investigation of high-risk incidents has occurred as follows:

| Number/year | 2020 | 2021 | 2022 | 2023 |
|---|------|------|------|------|
| High risk incidents (not necessarily involving physical injury) | 14 | 10 | 8 | 12 |

Managers regularly conduct health and safety inspections and audits at work sites, which, in addition to identifying risks on site, aim to understand how processes work in practice and to strengthen twoway communication and trust with employees and contractors.

The number of safety and health inspections in recent years (2020-23) has been consistently high, with almost 30,000 on-site inspections per year.



We encourage the reporting of unsafe working conditions, actions and incidents not resulting in injury with a range of awards. In the individual category, in the entire group, the award is awarded on the basis of nominations by employees, and the manager takes this into account as one of the important evaluation criteria when assessing the candidate's work safety performance. Group awards are also available for our network business: freely organised working groups can address cases of technological risk while working safely, and the jury will evaluate high-quality submissions with paid time off and shared programmes.

A large number of incidents not resulting in injury have been reported by our employees in recent years.

| Number/year | 2020 | 2021 | 2022 | 2023 |
|---|------|------|------|------|
| Number of incidents not resulting in injury | 359 | 377 | 271 | 220 |

Risk assessment

The activities of the E.ON Hungária Group's member companies differ significantly with regard to occupational safety risks. The most risky activities are related to construction, both in the distribution network and in the customer solutions business lines. Typically, electrical activities as well as working at heights and mechanical material handling represent the main physical risks. Transport is a general source of risk that affects several 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 control hierarchy principles are applied in risk assessment. Our suppliers are expected to conduct a risk assessment similar to our own activities (comprising project risk identification and on-site risk assessment prior to the commencement of work). In our supplier pre-qualification process we seek to mitigate contractor risks and conduct audits based on performance.

Accidents

The energy industry is a dangerous industry, but we endeavour to facilitate the safety of all our employees and contractors working on our behalf and to ensure that everyone arrives home safely.

Despite this, accidents do happen, and the reasons for their occurrence reflect the main risks presented in the chapter on risk assessment.

| Number/year | 2020 | 2021 | 2022 ⁶¹ | 2023 |
|---|------|------|--------------------|------|
| accidents with missed days ⁶² | 29 | 30 | 27 | 29 |
| number of serious accidents ⁶³ | 8 | 5 | 0 | 1 |
| life-threatening/fatal accidents | 0 | 1 | 0 | 0 |

Knowing the usual accident rates in the field of occupational health and safety helps us assess the progression of accidents. Total Recordable Injury Frequency (TRIF) is the rate of recordable injuries per million hours worked, while Serious Injury Frequency (SIF) is the rate of serious injuries per the same number of hours worked. These were as follows in previous years:

| Year | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|
| TRIF – Total Recordable Incident Frequency | 2.17 | 2.44 | 3.72 | 3.1 |
| SIF – Serious Injury Frequency | 0.54 | 0.44 | 0 | 0.1 |

No third parties (including anyone outside our staff and contractors working on our behalf) were harmed on our networks in 2023 through the fault of our company.

Training on occupational health and safety

In our group, all newly hired employees are required to attend health, safety, and environmental protection training upon entry, and all our employees are required to complete annual training in health, safety, environmental protection and fire safety, the training material of which is updated annually. Online e-learning courses are available for office workers, while physical workers receive classroom-based, face-to-face training. 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. In the case of certain more dangerous jobs (for example, working under high voltage), there are qualification requirements linked with special training, and we have developed 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 of a lifting machine operator's job. Employees who are entitled to drive a company car also receive annual e-learning training in road safety, and every five years they also participate in practical, driving technique training on a driving training track. In the spirit of emergency preparedness, we also hold evacuation drills, in 2023 our employees successfully completed thirty-nine drills.

We also see awareness-raising as a form of education, and every year we provide our employees with several programmes. In March, each manager holds a discussion session for his or her whole team on one of the topics developed by the environmental and occupational safety experts. In these discussions, the topics are chosen so that the teams of both physical and intellectual workers can choose one that generates real dialogue. In 2023, before the start of work, our colleagues talked in more detail about risk assessment, digital overload and basic security rules, as well as HSE messages.

In September 2023, we held our eleventh week-long complex HSE programme, with a registered programme attendance of 4,561 employees. The most active site, that is, the one that led the most participants to attend the programmes, received a significant reward.

Contractors' safety

We do not forget our entrepreneurs with regard to training. In 2023, our contractors worked more than two million hours on our behalf. We have developed a security learning material for contractors working on our behalf in the network and customer solutions segment, which is taught by external companies. Upon successful completion, the training company issues a Safety Passport to the participants. Our contractors are only allowed to perform physical work on our behalf if they hold a personal Safety Passport, except in the case of earthmovers in which, due to high fluctuation, only the team leader is required to hold the document, but it is also his or her responsibility to ensure that his or her staff perform the work in the spirit of the training. In 2023, 3,175 of our contractors attended the training, and 100% of our contractors were obliged to participate in it. The obligation to obtain a Safety Passport that is valid for twelve months and to renew it annually is part of the contract we sign with the contractors, and the existence of the document will be checked after the contract is signed and during site inspections. In the event that we detect any deficiencies or work that is not in accordance with the training, we suspend the activity and report the defective performance to the contractor.

⁶¹ The accident figures reported in the 2022 Sustainability Report were incorrect and are corrected in this table.

⁶² In 2023, we made a methodological change to the reporting of the number of accidents at work. The number of workplace accidents = accidents with missed days + accidents requiring medical attention. Incidents not resulting in injuries and accidents among our contractors are not included in the reported figures. The number of accidents at work has also been corrected retrospectively. The values previously reported are as follows: 66 accidents in 2019, 43 accidents in 2020, 56 accidents in 2021, and 49 accidents in 2022.

⁶³ From 2022, the parent company's guidelines on the classification of serious accidents have changed: previously, cases involving at least 45 days of sick leave were included, but now they are classified only on the basis of the severity of the injury (which is more stringent, that is, more cases are included than defined in national legislation).

Managing foreign contractors and workers

The calls for tenders, particularly public procurement procedures, allow foreign companies and workers to apply, and we also meet tender-winning contractors with employees who do not speak Hungarian. In order to ensure safe working conditions, the provisions of the Occupational Safety and Health Act apply to their safety and health management during their employment:

- they must have recognised professional competence;
- they must be provided with the possibility of communication and understanding in their own language, and the transfer of safety information and education;
- the presence of a supervisor or interpreter who knows the language of the E.ON Hungária Group and that of the employee is required on site; and
- it is necessary to display safety signs in the employee's own language in the work area.

The requirements described above have already been recorded in the calls for tender, so the winning contractor must ensure that they are met, and the E.ON Hungária Group will check compliance. With regard to Safety Passport training, we are preparing for foreign language training.

Health and Safety interest representation

Occupational safety and health is represented by the Health and Safety Committee, which operates in accordance with the law. The committee liaises with the management of each company and the employees in matters of occupational safety and health, represents the interests of the employees, and actively participates in strengthening the occupational safety culture of the company. The OSH representatives are always notified of accidents involving workers and are involved in the process of investigating accidents, taking corrective measures and implementing them. Regular monthly meetings are held with the Health, Safety and Environment department to review relevant issues raised and to represent employee views on the procurement of HSE equipment. Staff members invited by the committee and the OSH representatives participate in the testing of protective equipment and work equipment prior to selection, which ensures that the needs of employees other than occupational safety (for example, comfort) are taken into account as much as possible.

The so-called Safety Forums allow the management of the E.ON Hungária Group, with the participation of the Chairman of the Health and Safety Committee, to review the current occupational safety challenges and the progress of development projects on a regular basis, as well as HSE cultural issues.



Our partners



[GRI 2-29] [GRI 3-1]

Our customers

[GRI 3-3]
[EU-24] [EU-27] [EU-3] [GRI 2-16]
[GRI 2-25]

As a service provider, it is important for us to satisfy our customers and to resolve their complaints quickly and efficiently, taking into account the relevant legal regulations. In 2023, we were ready to serve our customers personally in 107 customer service offices on working days, and they can also reach us every day of the year, 24 hours a day, on our digital interfaces via our [online customer service](#) or via the [customer service application platform](#).

We supply electricity to our largest customer base of 4.11 million through our electricity network and distribution licensee activities, and we have more than six hundred thousand connection points on our gas network. We serve three types of customers, namely industrial players, public administration institutions, and residential customers. The table below shows a detailed breakdown of the number of connection points per customer type.

| Distribution | Electricity  | Gas  |
|----------------|---|---|
| Industrial | 421,206 | 32,407 |
| Administrative | 14,953 | 4,308 |
| Residential | 3,378,150 | 582,147 |

As part of our new energy solutions, we installed and connected twenty-two thousand household-sized small power plants to the grid by the end of 2023. In addition, our Customer Solutions business provides services and products to hundreds of thousands of customers in e-mobility, energy trading and complex energy solutions.

Household customers

We provide electricity and natural gas every day to our household customers with nearly four million connection points to the electricity or gas network in Transdanubia and Pest County. In addition, we provide energy solutions to our customers committed to energy efficiency throughout the country, with air conditioning systems, heat pump systems, solar panel solutions and complex energy services.

Our business and public administration customers

Small and medium-sized businesses, and our large corporate and public administration clientele were all affected by the significantly increased electricity and natural gas prices. Our customers have reconsidered their consumption habits and strive to reduce their energy costs and make their operations more energy efficient. The E.ON Hungária Group ensures their energy needs, plans, implements and operates their complex energy solutions through its unique assessment and complex solution planning service. Our activity as a network distributor licensee gives priority to the electricity supply of our public administration clients' institutions, and we contribute to their more sustainable aspirations through the creation of energy communities.

Customer satisfaction

E.ON pays special attention to understanding customer needs and serving them in the most appropriate way. In November 2023, we organised our first conference on the topic of customer centricity, in order to strengthen the moti-



Telephone



Letter



Personal customer



Video chat



Portal



E-mail



Online reporting screen



Text



Mobile



E-report



Client



Company

vation of our employees and managers regarding customer centricity. The event was attended by our CEO and the senior management of our company group. In 2023, we extended our customer satisfaction measurement to the entire group's repair work, services, and products affecting customers. We are in contact with three types of customers, and we are service providers for industrial, public administration and residential partners, to whom we provide services according to their unique needs, so we also measure their satisfaction with a separate methodology.

Complaints management

The E.ON Hungária Group managers and employees, our international parent company and the regional companies of the international E.ON Group also contribute to the development of our six-pillar complaints management strategy by sharing knowledge. Our complaints management model, which was established in 2020, helped ensure that the changes that were brought about by later company integrations remained unnoticed by customers, and our digitalised processes made their administration and liaison easier.

In 2023, we introduced our customer complaint measurement process in our distribution area and in connection with customer-related products, which raises the methodology of previous, partial measurements to the level of complex customer experience testing. For us, complaints represent a cautionary warning from which we strive to learn. From the beginning of 2022, the uniform complaints management regulations that are extended to the entire company group apply to the services, products and distribution licensee activities in Hungary of the companies belonging to the E.ON Hungária Group. We consider all verbal and written customer contacts as complaints based on consumer protection rules, which are aimed at investigating and eliminating individual infringements of rights or interests (whether those infringements are perceived or real, legitimate or illegal). In addition, our colleagues give

priority to the early recognition of potential complaints and make every effort to prevent them.

Information flow to senior management

We strive to provide senior managers with regular information on our customer processes. Twice a year, we present the main results of customer centricity to the Management Board. We inform managers who are indirectly connected to customer processes every quarter. We share the customer satisfaction indicators with the directors every month, and the CEO also participates in two of these occasions per year.

Product labelling

In order to protect the health of our customers, we always label our products and services with the appropriate markings. The electrical equipment is installed according to the prescribed technical and safety rules, one of the basic objectives of which is to uphold protection against accidents. The majority of our networks operate in public areas, so we take every possible measure to prevent or at least inform the population of possible dangers. In this way, we significantly reduce the risk of the occurrence of accidents. It is therefore particularly important for our networks that warning and prohibition signs (for instance, HIGH VOLTAGE! STAY AWAY!), notices and specifications are always placed in accordance with the relevant standards. These specifications are also included in our internal regulations on installation and operation. Before commissioning, we thoroughly check all the facilities to ensure the existence of the necessary signs and notices. We maintain them during their entire life cycle and our maintenance tasks also include replacing or supplementing the signs if they become damaged.

The disconnection and reconnection process

The disconnection and reconnection process is the activity of the distribution licensee companies, which involves the termination

and restoration of power supply in order to perform claims management and the fulfilment of traders' orders. With a transparent, legally compliant claims management system we strive to reach an agreement with customers in arrears and reactivate the service quickly after the debt has been settled. In addition, in extreme weather or emergency situations, we act with the protection of life being our first priority, and through smart meters, we also enable disconnection and reconnection remotely.

We measure the total number of our customers who are disconnected due to invoice debt, and in 2023, 13,826 customers were affected.

97% of disconnected customers pay and submit their reconnection request within a week.

Cooperation with the regulatory authority

During the preparation of tenders for the installation of household solar panels, the network business lines of our company cooperate closely with the Hungarian Energy and Public Utility Regulatory Authority. Our goal is to create tender conditions that are best suited to customers' needs. The processing of applications for small household-sized power plants and the related documentation is almost completely automated through our digital system. In addition, we maintain excellent relations with the most significant construction partners. This cooperation allows us to quickly adapt to market changes and efficiently manage the reallocation of resources.

We satisfy all new connection requests within the legal deadline (eight days if there is no need for an on-site inspection; thirty days if the process requires an on-site inspection). We experience challenges in areas where the network is blocked and where network development is planned. In these places, we will not be able to connect new consumers until the development of the network - which may take up to two to three years. In the course of our operation, we fully comply with the legal requirements in this area as well.

Our suppliers

[GRI 204-1] [GRI 205-2] [GRI 306-2] [GRI 308-1] [GRI 308-2] [GRI 407-1]
[GRI 408-1] [GRI 409-1] [GRI 410-1] [GRI 414-1] [GRI 414-2] [GRI 11-10],
[GRI 11-18]

The E.ON Hungária Group strives to spread responsible and sustainable business practices throughout the company's entire area of influence, which also includes the supply chain.

We recognise that the sustainable management of supplier processes brings benefits to our organisation, our customers and other stakeholders. Therefore, we consider it important to assess the potential risks posed by our suppliers, and our sustainability strategy prioritises reducing the negative social and environmental impacts of our supply chain. We have had procedures in place for the procurement of services since 2022, and we have incorporated sustainability criteria into the selection process and remain committed to doing so for all our procurements. Our responsible corporate procurement strategy is available here. 100% of our suppliers are qualified, and all E.ON business partners and suppliers are required (as a minimum) to comply with the principles delineated in our corporate procurement strategy and the legislation in force in their own country of operation.

Our social, human rights and environmental expectations are all described in our publicly available [Supplier Code of Conduct](#), which forms an integral part of the contracts that we have entered into with the suppliers of the E.ON Hungária Group and their subcontractors, and the guidelines contained therein must be accepted by all our suppliers without exception. In 2023, all our contracted partners were required to complete an Occupational Health and Safety and Environmental Questionnaire, which includes the guidelines of the Supplier Code of Conduct. Should the suppliers fail to comply with the provisions of the Supplier Code of Conduct, they must take immediate corrective action. E.ON reserves the right not to enter into a supplier contract or to terminate it with those partners who cannot prove that they comply with the Supplier Code of Conduct. In 2023, we were not informed of any human rights or environmental non-compliance during the screening of our supply chain.

Social and human rights considerations

With regard to social and human rights, 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 or unlawful employment, and inform them that we also take such



action, as well as stating our anti-corruption policy and our expectation that they support and recognise the [United Nations Universal Declaration of Human Rights](#).

If stricter national legislation is also in force, in that case we apply rules that provide a higher degree of protection for employees. The German supplier law applicable to our parent company, E.ON SE, which entered into force in 2023, stipulates that the parent company checks the enforcement of human rights in the entire subsidiary supply chain and is able to detect abuses of human rights. In accordance with this law, we request the completion of a questionnaire concerning the issue of [human rights and employment](#) during our standard procurement procedure, which is not covered by public procurement, in order to assess the risks associated with our suppliers. We only contract with suppliers who comply with all aspects of social and human rights.

Our environmental considerations

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.

■ Our employees ■ Health ■ **Our partners** ■ Social inclusion

All our contracted partners undergo supplier pre-qualification, which includes HSE certification if the procurement involves medium or high-risk material groups. We set our environmental protection expectations as a requirement in all our contracts that are involved in waste management. We only establish a business relationship with a supplier that complies with all aspects of environmental protection.

Orders placed with our suppliers

The optimisation and sustainable operation of our supply chain is of fundamental importance for the E.ON Hungária Group. Our goal is to maintain a close and transparent relationship with our suppliers, which meets both social and environmental expectations.

As part of our cooperation, in addition to traditional product purchase, we work together with our suppliers in a number of service areas, such as energy supply, innovative technology, logistics and repair service tasks. Our cooperation in these areas ensures that the company's activities operate efficiently and sustainably, contributing to customer satisfaction and the achievement of corporate responsibility goals.

We place orders with our contractors/suppliers primarily in the following areas:

engineering services: planning, geodetic surveys, other surveys, and measurements;

network jobs: construction of electrical networks, installation, maintenance, and repair of electrical network equipment;

construction of gas networks, maintenance, cleaning of the safety zones of grids from vegetation, architectural works of network facilities, earthworks, rental of earthmoving equipment and lifting machines with staff, meter replacements, and meter reading;

facility management tasks: building maintenance, repair, mechanical engineering, air conditioning installation, cleaning, property security services;

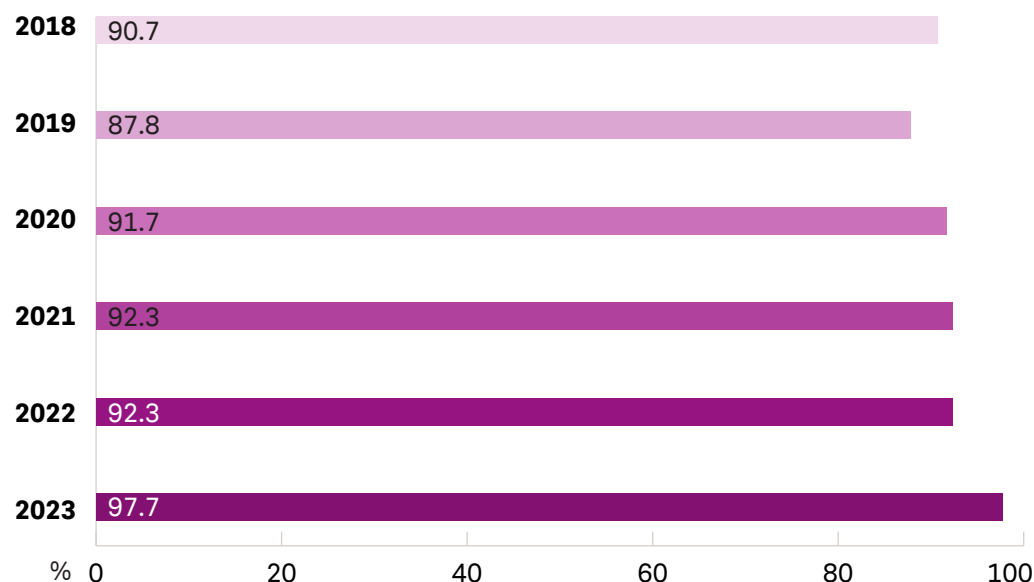
marketing activity, event organisation, consulting; and

new energy solutions: installation of solar panels, chargers, boilers, lighting and air conditioning, power plant maintenance and operation, generator construction, traffic engineering, and technical inspection.

| Hours worked by | 2020 | 2021 | 2022 | 2023 |
|--|-----------|-----------|-----------|-----------|
| Hours worked by contractors "Energy solutions" | 359,585 | 307,608 | 202,248 | 199,751 |
| Hours worked by contractors "Electricity and gas networks" | 4,343,052 | 3,177,818 | 2,165,648 | 2,138,912 |

Domestic suppliers

With regard to our climate protection ambitions, it is also important to be able to build a close relationship and cooperation with our domestic suppliers whenever possible. The proportion of domestic suppliers was calculated as the ratio of foreign and Hungarian suppliers to all companies in the E.ON Hungária Group, but the calculation does not include our parent company's central procurement data.⁶⁴ The proportion of Hungarian suppliers has been steadily increasing in recent years, exceeding 97.7% in 2023.



⁶⁴ Some assets and materials are drawn from our centralised, parent company procurement quota. As it is not us who conduct these procurement procedures, they are not included in the calculation either.

Social inclusion

[GRI 413-1], [GRI 417-3]

A culture of giving, volunteering and sponsorship has always been a key part of the operations of the E.ON Hungária Group. We strive to maintain the programmes and good practices that we have already commenced. Our aim is to initiate social dialogues with stakeholders and local communities, deepen our professional cooperation, and involve as many of our employees as possible in our programmes.

Donation, support

In our collaborations, we prefer long-term partnerships that have been operating successfully for several years, programmes that reach many people, and reliable, transparent organisations, while we are also open to new collaborations. Six times a year, we select the programmes and initiatives that we can support in accordance with the above goals from the inquiries that we receive, as well as the applications submitted to our 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 2023, we supported nearly twenty-five NGOs on the basis of applications and the decision of the Donations Committee.

For the E.ON Hungária Group and our employees, social inclusion is about the responsibility that we, as a company and as individuals, show for our environment and society - through our core business activities, social investments, charity programmes and public interest commitments, in cooperation with local communities.

The main goal of our donation activities is to support disadvantaged children, young people and their families, creating opportunities for them and promoting a sustainable lifestyle. 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.

In 2023, the total value of our social contributions amounted to 140,823,269 HUF.

In 2023, we announced our Champions of the Earth programme for the first time, for which Hungarian nurseries and schools could apply with their green education projects. The aim of our tender, with a total award of twenty-five million HUF, is to support and promote environ-



mental sustainability education, by promoting and showcasing good examples of domestic practice. Almost four hundred high-quality applications were received, of which thirteen projects were selected by the jury and one by the public. In addition to Guntram Würzburg, CEO of the E.ON Hungária Group, the jury included experts and public figures associated with sustainability and energy, such as climate scientist Diána Ürge-Vorsatz, environmental researcher Edina Kump, sustainability expert Katalin Szomolányi and actress Lia Pokorny. The list of the 2023 winners can be found [here](#).

We are committed to supporting the civil sector, and we work closely with a number of actors in the civil society in Hungary, to mention just a few examples. UNICEF Hungary continues to give high priority to the importance of children's safety, their violence-free environment and mental health. In 2023, they continued their decade-long tradition by colouring several iconic buildings and monuments across the country in blue, the colour of UNICEF, on the evening of the 20th of November, which is World Children's Day. The 2023 awareness campaign was made possible with the support of E.ON Hungária Zrt.

We have continued our close cooperation with the Hungarian Interchurch Aid charity. We continued to support the Kapaszkodó 2.0 joint programme in 2023 to provide real help in the digital education of disadvantaged children through a playful introduction to the world of robotics, as well as their traditional Advent love feast, both financially and with the voluntary work of our employees.

We organised our Pro Bono programme for the eighth time, within the framework of which, in 2023, thirty-one of our employees made their expertise available to a selected NGO, thereby helping them solve professional problems that in many cases, due to the lack of adequate financial support and labour capacity, had been unresolved for several years. The NGOs participating in the 2023 programme were the following: the 'Kutyával az Emberért' Foundation, the National Association of the Deaf and Hard of Hearing, AG-ORA Savaria Kulturális és Médiaközpont Nonprofit Kft., the Hungarian Women's Lobby, and the 'Nevetnikék' Foundation.

In addition, we continued our education programme called EnergiaKaland, which offers a number of opportunities for students to learn about the energy-related aspects of the world around them and to contribute to the energy-conscious shaping of their environment. As part of the E.ON EnergiaKaland programme, in 2023, at fifteen locations, in public education institutions and camps, twenty-one of our colleagues held classes for children aged 5-18 on topics related to energy, such as the origin of energy, energy sources, energy security, energy use and waste, or climate change.

In 2023, 467 of our employees volunteered a total of 3,996 working hours in various (physical/renovation, professional and educational) volunteer programmes. All our employees are given the opportunity to spend sixteen hours of their working time a year volunteering for a worthy cause, either through the company's own volunteering opportunities or by their own initiative.

The number of our volunteers and the distribution of the hours they work:

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------------|-------|------|------|-------|-------|
| Voluntary working hours | 3,300 | 314 | 661 | 2,649 | 3,996 |
| The number of our volunteer staff | 575 | 48 | 86 | 362 | 467 |

Brand campaigns

With our brand campaigns we intended to continue setting an example in the energy market in 2023 for customers to see us as an expert in green solutions. We would like 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 the E.ON Hungária Group'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.

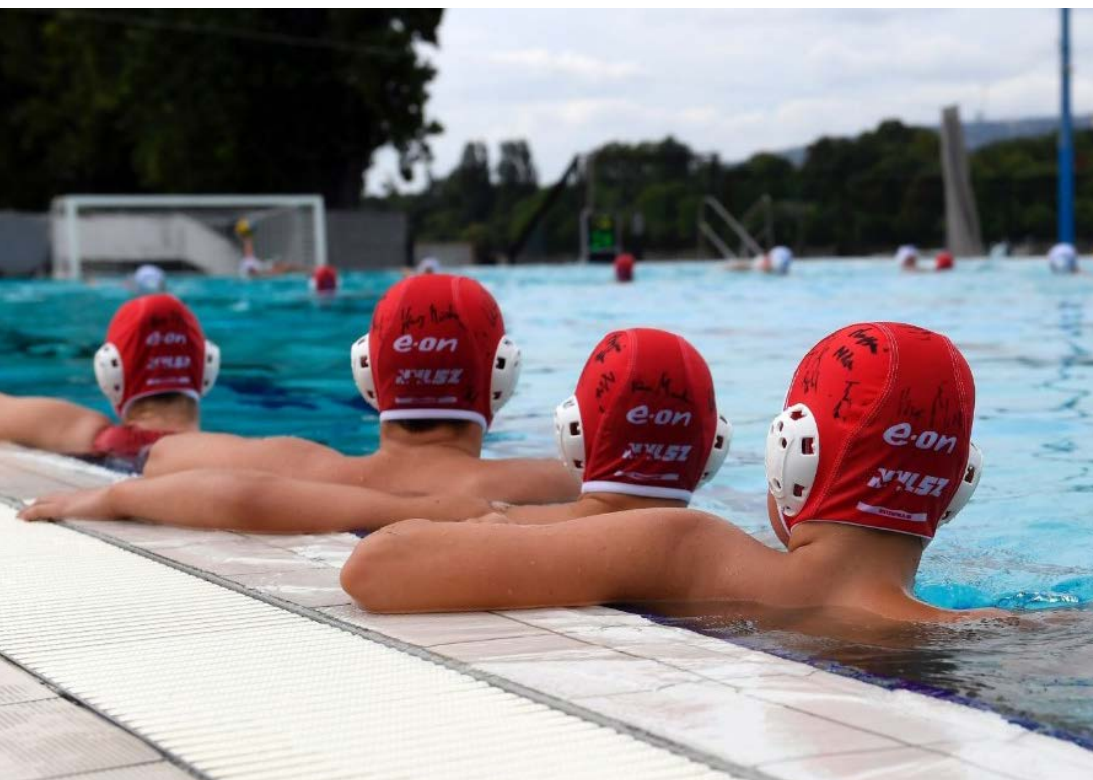


The Smart Bag campaign, the Green Pledge award

Our awareness-raising, environmentally conscious advertising campaign, which was running in December 2022, drew attention to the fact that energy can be used wisely. With sustainability in mind, the posters were not thrown away after the campaign, but were used to make bags and offered in a prize draw. With this campaign, we won the Green Pledge Award, the prestigious recognition of the advertising industry for environmental responsibility, in September 2023.

Sponsoring activities

The E.ON Hungária Group is 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 partnerships. There were no complaints in 2023



that resulted in a penalty on account of our marketing and sponsorship activities. To monitor our marketing activities and sponsorships, we track campaigns and activities in the form of research, according to our internal procedures. We also aim to work together to create a more sustainable and better future, to improve the lives of people and communities through collaborations in partnerships, and to provide lasting experiences.

E.ON for sports in Hungary

Our core values include collaboration, setting inspiring goals, continuous development, and celebrating success together. These values can also be found in sports, particularly in water polo, which is characterised by teamwork, the inner drive to always perform better, and celebration of success together. This cooperation began in 2014, and since then we have become the main sponsor of the national team and the title sponsor of the first division of the men's and women's water polo national championships (OB I). In 2023, we continued to sponsor the preparation of national teams for international competitions, which resulted in the adult men's team winning a gold medal at the 2023 World Championships in Fukuoka. We also contributed to this success with a campaign to promote public enthusiasm and support, which we conveyed to the team.

As supporters of Hungarian water polo, we can see the special energy that the encouragement of the fans gives to the players. Therefore, in our campaign, we asked the supporters of the Hungarian team to cheer together all the way to Fukuoka! On our online platform, we collected fans' cheers for the teams to take with them to the World Water Polo Championships in Japan. We received countless messages from supporters, which we delivered to the players using a special earpiece, to be able to be with them at such a faraway place and boost their energy in difficult moments.

Experiences together with energy awareness

The E.ON Hungária Group is committed to the new energy world. For us, this new world means innovative thinking, attitudes, and solutions, and we aim to enter this world by reaching out to the younger generation and actively involving them. Not only do we sponsor their favourite music events, but with our programmes we also strive to draw attention to the importance of energy and the importance of environmental awareness.

As the energy provider of Lake Balaton and the surrounding region, we participated in several lakeside cultural programmes in 2023, too, supporting the promotion and the programmes offered by the area.

Since 2019 we have been partners of the **Paloznak Jazz Picnic**. At the Paloznak Jazz Picnic, we enjoyed the summer on the picturesque Balaton Plateau, having a picnic and listening to concerts. The organisers contributed to the protection of the location with a number of environmental protection efforts, thus increasing the possibility of an eco-conscious festival. The Jazzpiknik is a domestic event that works entirely and exclusively with environmentally friendly products. Refuse is collected selectively in the entire area of the event, and visitors are also encouraged to follow suit.

From 2022 onwards, for three years, the E.ON Hungária Group will sponsor the **Balaton Wine&Gourmet** series of events. These gastronomic festivals, which were launched to both fill a gap and create a tradition, present the culinary heritage of the Veszprém-Balaton region, its winemaking traditions and the increasingly exciting elements of its food culture to all those who wish to immerse themselves in the world of food and drinks of the region for one or more pleasant days.

We have been involved in the **Sziget Festival**, in which our goal was to encourage more young people to engage in sustainable festival-going and environmentally conscious behaviour. The central element of this endeavour was a spectacular iceberg installation, which was illuminated by lights at night. Festival visitors were able to learn about sustainable solutions at the E.ON stand: they could also charge their telephones with solar energy and solve sustainability-related tasks.

Sneakerness, Europe's largest sneaker and streetwear festival, was held in Hungary for the first time on the 11th and 12th of November, 2023. In addition to the special street sports shoes, young people and families were also offered a wide range of exciting activities. The Size UP! competition for young 'sneaker entrepreneurs' was supported by E.ON. In the spirit of supporting the circular economy, the following could enter this competition: the founders, developers, and creators of sneaker and streetwear brands; trading companies with innovative business models; application developers; and entrepreneurs dealing with vintage fashion.

Thanks to Art Market Budapest, Budapest became one of Europe's most attractive contemporary fine art meeting places in October 2023: during the thirteenth large-scale art event, which took place at the Bálua building in Budapest, Art Photo Budapest, the onsite satellite fair of Art Market Budapest and the only international photography fair in Central and Eastern Europe, was opened, also with the four-day Inside Art international art industry conference. The main sponsor of the section dealing with the sustainability of our culture was the E.ON Hungária Group. This time, in the exhibition spaces of Art Market Budapest and its nearly fifty accompanying programmes, particular attention was paid to topics such as the sustainability of our culture, the extension of artistic creative work to real estate investments, or the impact of the digital age on our visual culture.

The Advent Bazilika fair, which has been voted the best Christmas market in Europe numerous times, was also opened to the public in 2023 with the support of the E.ON Hungária Group.





KPMG Hungária Kft.
Váci út 31.
H-1134 Budapest
Hungary

Tel.: +36 (1) 887 71 00
Fax: +36 (1) 887 71 01
E-mail: info@kpmg.hu
Internet: kpmg.hu

Independent Practitioner's Limited Assurance Report¹

To the Management of E.ON Hungária Zrt. ("E.ON Hungária Zrt." or "Entity")

Report on selected indicators in the Entity's Sustainability Report for the year ended 31 December 2023

Conclusion

We have performed a limited assurance engagement on whether the following indicators selected by the Entity's Management (the "Selected Indicators"):

- Disclosure 305-1 Direct (Scope 1) GHG emissions;
- Disclosure 305-2 Indirect (Scope 2) GHG emissions;

as presented in the Sustainability Report of E.ON Hungária Zrt. for the year ended 31 December 2023 ("the Sustainability Report") have been prepared in accordance with the Reporting Criteria as defined in the following paragraph. The selected indicators are hereinafter referred to as "Subject Matter Information" or "SMI".

The criteria applicable to the preparation of the SMI are contained in the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI Standards), and include specifically:

- GRI 1: Foundation
- GRI 2: General Disclosures
- GRI 305-1: Sustainability Reporting Standards
- GRI 305-2: Sustainability Reporting Standards (collectively, "Reporting Criteria"):

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the Reporting Criteria.

Our conclusion on the SMI does not extend to the other information that accompanies or contains the SMI and our assurance report ("other information"). The other information comprises all of the information in the Sustainability Report other than the SMI.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and

¹This is an English translation of the of the Independent Practitioners' Limited Assurance Report issued in Hungarian language. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the information it refers to.

operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter – comparative information

The Entity's sustainability report for the year ending 31 December 2022, from which comparative information for that year was derived, was not subject to our reasonable or limited assurance engagement, and accordingly, we do not express an opinion or conclusion, or provide any assurance on such information. Our conclusion is not modified in respect of this matter.

Restriction on use or distribution

This report is intended solely for the information and use of the Management of E.ON Hungária Zrt. We permit this report to only be made publicly available by E.ON Hungária Zrt. together with the Sustainability Report. We do not, however, accept or assume responsibility or liability to any third parties. Our conclusion is not modified in respect of this matter.

Responsibilities for the Subject Matter Information

The Management of E.ON Hungária Zrt. is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Sustainability Report,

including the SMI therein, that is free from material misstatement, whether due to fraud or error;

- determining appropriate reporting topics and selecting or developing suitable criteria for preparing the Subject Matter Information and appropriately referring to or describing the criteria used;
- preparing the Sustainability Report, including the SMI therein, in accordance with the Reporting Criteria. This includes, among other things:
 - properly calculating the Selected Indicators in accordance with the Reporting Criteria;
 - making judgments and estimates that are reasonable in the circumstances; and
 - selecting the content of the Sustainability Report, and the SMI therein, including identifying and engaging with intended users to understand their information needs.

Those charged with governance are responsible for overseeing the reporting process for the Entity's SMI.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained;
- reporting our conclusion to the Management of E.ON Hungária Zrt.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we primarily:

- evaluated the suitability in the circumstances of the Entity's use of the Reporting Criteria as the basis for preparing the SMI;
- through inquiries of Entity's personnel responsible for the data collection and processing, obtained an understanding of the Entity's control environment, processes and information systems relevant to the preparation of the Sustainability Report, including the SMI therein, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- made inquiries of the Entity's personnel responsible for the materiality assessment and inspected its respective internal manuals in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of the Entity;
- made inquiries of the Entity's personnel responsible for the data collection and processing, and sustainability reporting, and also inspected the Entity's internal manuals, in order to gain an understanding of the processes for preparing the Sustainability Report, including the SMI therein;

- regarding the Selected Indicators, on a sample basis, traced the data obtained from the Entity to the underlying external invoices and internal system data;
- also regarding the Selected Indicators, recalculated the numerical values based on underlying data received from the Entity, and
- evaluated the disclosures in, and overall presentation of the SMI.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Budapest, 22 October 2024
KPMG Hungária Kft.

Nagy Zsuzsanna
Partner

GRI-index

The E.ON Hungária Group reported the information indicated in the GRI index below, taking into account the expectations of the GRI standards, for the period between the 1st of January, 2023 and the 31st of December, 2023.

Standards used:

GRI1. Foundation 2021
 GRI2. General Disclosures 2021 GRI3: Material topics 2021
 GRI200: Economic topics 2016
 GRI300: Environmental topics 2016
 GRI400: Social topics 2016

Sectoral standards used:

GRI G4: Electric Utilities Sector Disclosures 2014 GRI 11: Oil and Gas Sector Disclosures 2021

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|---|--|---|-----------------|---------------------|
| GRI 2: General Disclosures | GRI 2-1 Organisational | The chapter 'On the report' The chapter 'Proprietary | | |
| | GRI 2-2 Entities included in the organisation's sustainability reporting | The chapter 'On the report' | | |
| | GRI 2-3 Reporting period, frequency and contact point. | The chapter 'On the report' | | |
| | GRI 2-4 Restatements of information | The chapter 'On the report' | | |
| | GRI 2-5 External assurance | The chapter 'On the report' | | |
| | GRI 2-6 Activities, value chain and other business relationships | The chapter 'Our business activities' | | |
| | GRI 2-7 Employees and other staff | The chapter 'New entrants and the annual fluctuation' | | |
| | GRI 2-8 Workers who are not employed by the company | The chapter 'Employee data' | | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|--------------|--|---|---|---------------------|
| | GRI 2-9 Governance structure and composition | The chapter 'The Management Board' The chapter 'The CEO' The chapter 'The Board of Directors' The chapter 'The Supervisory Board' The chapter 'The General Assembly' The chapter 'The situation of female workers' The chapter 'The Management Board' | | |
| | GRI 2-10 Nomination and selection of the highest governance body | The chapter 'The Management Board' | | |
| | GRI 2-11 Chair of the highest governance body | The chapter 'The Management Board' The chapter 'The CEO' The chapter 'The Board of Directors' | | |
| | GRI 2-12 Role of the highest governance body in overseeing the management of impacts | The chapter 'The Management Board' The chapter 'Managing economic, social and environmental impacts' | | |
| | GRI 2-13 Delegation of responsibility for managing impacts | The chapter 'The Management Board' The chapter 'Managing economic, social and environmental impacts' | | |
| | GRI 2-14 Role of the highest governance body in sustainability reporting | The chapter 'On the report' The chapter 'The top management and sustainability' | | |
| | GRI 2-15 Conflicts of interest | The chapter 'The managing of conflicts of interest' | | |
| | GRI 2-16 Communication of critical concerns | The chapter 'The Management Board' The chapter 'Complaints management' The chapter 'The whistleblowing system' The chapter 'Information flow to senior management' | The number of critical concerns referred to the highest governance body is not available. | |
| | GRI 2-17 Collective knowledge of the highest governance body in sustainability matters | The chapter 'The top management and sustainability' The chapter 'Corporate strategy' | | |
| | GRI 2-18 Evaluation of the performance of the highest | The chapter 'Performance appraisal and compensation of the top management' | | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|--------------|---|--|-----------------|---------------------|
| | GRI 2-19 Remuneration policies | https://www.eon.com/en/about-us/corporategovernance/compensation-report.html The chapter 'Remuneration' The chapter 'Remuneration of managers' | | |
| | GRI 2-20 Process to determine remuneration | The chapter 'Remuneration' The chapter 'Remuneration of managers' | | |
| | GRI 2-21 Annual total compensation ratio | The chapter 'Remuneration of managers' | | |
| | GRI 2-22 Statement on sustainable development strategy | The chapter 'Welcome from the CEO' The chapter 'The top management and sustainability' The chapter 'Corporate strategy' The chapter 'Sustainability Strategy' | | |
| | GRI 2-23 Policy commitments | The chapter 'The foundations of our ethical operation and respect for human rights' The chapter 'Commitment to fair competition' The chapter 'Corporate governance and internal regulations' | | |
| | GRI 2-24 Embedding policy commitments | The chapter 'The foundations of our ethical operation and respect for human rights' The chapter 'Commitment to fair competition' The chapter 'Training courses in the field of compliance' The chapter 'The whistleblowing system' The chapter 'Corporate governance and internal regulations' The chapter 'Our internal regulations' | | |
| | GRI 2-25 Processes to remediate negative impacts | The chapter 'The whistleblowing system' The chapter 'Our customers' The chapter 'Complaints management' | | |
| | GRI 2-26 Mechanisms for seeking advice and raising concerns | The chapter 'Commitment to fair competition' The chapter 'The whistleblowing system' | | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|-------------------------------|---|--|--|---------------------|
| | GRI 2-27 Compliance with laws and regulations | The chapter 'Regulatory environment and legal compliance' The chapter 'Administrative procedures, fines' https://www.eon.hu/hu/rolunk/vallalat-csoport/kozlemlenyek/szabalyzatok-jog-szabalyok/aram/eon-deldunantuliamha-lozati/garantalt-szolgaltatasok.html | | |
| | GRI 2-28 Membership associations | The chapter 'Professional interest representation' | | |
| | GRI 2-29 Approach to stakeholder engagement | The chapter 'Material topics' The chapter 'Our stakeholders' | Stakeholders are mapped through market research processes and in consultation with business and back office colleagues before any materiality assessment is conducted. | |
| | GRI 2-30 Collective bargaining agreements | The chapter 'Collective bargaining agreement' | | |
| Management of material | GRI 3-1 Determining material topics | The chapter 'Material topics' | | |
| | GRI 3-2 List of material topics | The chapter 'Material topics' | | |
| Health and safety | GRI 3-3 Management of material topics | GRI 403 - 1-10 'Health of our employees' The chapter 'Safety of our employees and partners' | | |
| Fair workplace | GRI 3-3 Management of material topics | GRI 202, GRI 401, GRI 402, GRI 407 The chapter 'Our employees' The chapter 'The foundations of our ethical operation and respect for human rights' | | |
| Stable operation | GRI 3-3 Management of material topics | GRI 201, GRI 203, GRI 204, GRI 205, GRI 206, GRI 207, EU-21 The chapter 'Our electricity distribution networks' The chapter 'Our natural gas network' The chapter 'Economic data' The chapter 'Risk management process' The chapter 'Taxation' | | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|--|---|---|---|---------------------|
| Sustainable company | GRI 3-3 Management of material topics | GRI 302, GRI 303, GRI 304, GRI 305, GRI 306 The chapter 'Climate and environmental protection' The chapter 'Energy use' The chapter 'Climate protection' The chapter 'Soil and water protection' The chapter 'Circular economy and the management of the waste generated' The chapter 'Preserving biodiversity' The chapter 'Digitalisation' | | |
| Our customers | GRI 3-3 Management of material topics | GRI 416, GRI 417 The chapter 'Our customers' The chapter 'Sustainability Strategy' The chapter 'Our products and solutions' | | |
| GRI 201: Economic performance | GRI 201-1 Direct economic value generated and distributed | The chapter 'Economic data' | | |
| | GRI 201-2 Financial implications and other risks and opportunities due to climate change. | The chapter 'Impact and risk management' The chapter 'Climate protection' | | |
| | GRI 201-3 Defined benefit plan obligations and other retirement plans | The chapter 'Remuneration' | | |
| | GRI 201-4 Financial assistance received from the Government | The chapter 'Economic data' | We have supplemented the factors deemed relevant by the GRI in our table in the given chapter. We do not consider the data that we have not displayed to be relevant for the E.ON Hungária Group. | |
| GRI 202: Market presence | GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | The chapter 'Entry-level pay' | | |
| | GRI 202-2 Proportion of senior management hired from the local community | The chapter 'The Management Board' | The proportion of local senior managers in the Management Board is 75%. | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|--|--|--|--|---------------------|
| GRI 203: Indirect economic impacts | GRI 203-1 Infrastructure investments and services supported | The chapter 'Our electricity distribution networks' The chapter 'Our natural gas network' | | |
| | GRI 203-2 Significant Indirect Economic Impacts | The chapter 'Economic data' | | |
| GRI 204: Procurement Practices | GRI 204-1 Proportion of spending on local suppliers | The E.ON Hungária Group in numbers | Ratio of domestic suppliers: 97.7%. | |
| GRI 205: The fight against corruption | GRI 205-1 Operations assessed for risks related to corruption | The chapter 'Internal audit' The chapter 'The fight against corruption' | | |
| | GRI 205-2 Communication and training about anti-corruption policies and procedures | The chapter 'Anti-corruption training' | | |
| | GRI 205-3 Confirmed incidents of corruption and actions taken | The chapter 'Anti-corruption training' | There were no confirmed, proven incidents of corruption in the E.ON Hungária Group in 2023. | |
| GRI 206: Anti-competitive Behaviour | GRI 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | The chapter 'Commitment to fair competition' | | |
| GRI 207: tax | GRI 207-1 Approach to tax | The chapter 'Taxation' | The implementation of tax tasks and ensuring 100% tax compliance are the basis of our tax strategy. | |
| | GRI 207-2 Tax governance, control and risk management | The chapter 'Taxation' | The correct performance of our tax duties is checked by the Hungarian National Tax and Customs Office (NAV). In 2023, a tax authority investigation revealed no cases of non-compliance. | |
| | GRI 207-3 Stakeholder engagement and management of concerns related to tax | The chapter 'Taxation' | | |
| | GRI 207-4 Country-by-country reporting | The chapter 'Taxation' | The E.ON Hungária Group pays taxes exclusively according to Hungarian taxation rules. | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|---|--|--|--|---|
| GRI 301: Material | GRI 301-1 Materials used by weight or volume | The chapter 'Circular economy and the management of the waste generated' | | The E.ON Group does not perform any manufacturing activities in the course of its operations, so we do not use raw materials or other base materials, thus it is not applicable. |
| | GRI 301-2 Recycled input materials used | The chapter 'Circular economy and the management of the waste generated' | | The E.ON Group does not perform any manufacturing activities in the course of its operations, so we do not use raw materials or other base materials, thus it is not applicable. |
| | GRI 301-3 Reclaimed products and their packaging materials | The chapter 'Circular economy and the management of the waste generated' | In all cases, we incorporate or use off-the-shelf products to perform our tasks. There is no packaging material for our products, as we transfer energy or products incorporated during construction, so the collection of packaging materials and products is not a relevant issue for our business. | |
| GRI 302: Energy | GRI 302-1 Energy consumption within the organisation | The chapter 'Energy use' | For our properties, our electricity consumption, which includes cooling energy, was 10,333 MWh in 2022, and this was reduced to 9,347 MWh in 2023. Our natural gas consumption is related to the heating of our buildings, was 6,276 MWh compared to 9,157 MWh in 2022, and in the case of some of our properties we also use district heating for this purpose, which decreased from 12,088 MWh in 2022 to 8,960 MWh in 2023. Our total energy consumption: [GJ] Building energy (electricity, gas, district heating): Motor vehicles (petrol, diesel, CNG, electricity) | We only present our energy consumption data in full for our real estate and vehicles, we do not present our technological energy consumption data directly and in full, referring to this as a business secret. |
| | GRI 302-2 Energy consumption within the organisation | The chapter 'Energy use' | | The amount of energy sold is confidential information. |
| | GRI 302-3 Energy efficiency | The chapter 'Energy use' | Our energy intensity (without technological use) in terms of sales revenue: 0.19 GJ/million HUF. | |
| | GRI 302-4 Reduction of energy consumption | The chapter 'Energy use' The chapter 'Climate protection' | | |
| | GRI 302-5 Reductions in energy requirements of products and services | The chapter 'Climate protection' | | |
| GRI 303: water and effluents | GRI 303 -1 Interactions with water as shared resource | The chapter 'Soil and water protection' | | |
| | GRI 303-2 Management of water discharge-related impacts | The chapter 'Soil and water protection' | | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|------------------------------|---|--|---|--|
| | GRI 303-3 Water withdrawal | The chapter 'Soil and water protection' | Water is not withdrawn from water-deficient areas. The freshwater abstraction of groundwater in the substation wells is 106 m3 in addition to the use in Budapest, the extent of which is not available. | We currently have no data collection process related to this indicator. |
| | GRI 303-4: Water discharge | The chapter 'Soil and water protection' | Our municipal wastewater is discharged to sewers. Our water discharge is treated rainwater from the substations, which is discharged directly into living water (with quality control) at thirty-five sites without quantitative measurement. We discharge freshwater is our discharge, and this does not occur in areas of water scarcity. | In relation to the indicator, the annual amount of discharge into living water is currently not available. |
| | GRI 303-5 Water consumption | The chapter 'Soil and water protection' | | |
| GRI 304: biodiversity | GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Our bird protection measures Green Corridors - Ecological Corridor Management Our other activities related to the preservation of biodiversity | | |
| | GRI 304-2 Significant impacts of activities, products, and services on biodiversity | The chapter 'Our bird protection measures Green Corridors - Ecological Corridor Management' | | |
| | GRI 304-3 Habitats protected or restored | The chapter 'Our bird protection measures Green Corridors - Ecological Corridor Management' The chapter 'Our other activities related to the preservation of biodiversity' | | |
| | GRI 304-4 Red List species and national conservation list species with habitats in areas affected by operations | The chapter 'Our bird protection measures' | | |
| GRI 305: emissions | GRI 305-1 Direct (Scope 1) GHG emissions | The chapter 'Our climate targets' The chapter 'Climate protection' | 32,279 t CO ₂ e Emissions were calculated using the GHG Protocol operational control approach. The E.ON Hungária Group has no biogenic emissions. | |
| | GRI 305-2 Indirect (Scope 2) GHG emissions | The chapter 'Our climate targets' The chapter 'Climate protection' | 238,432 t CO ₂ e A 'location based' approach was used for the calculation. Emissions were calculated using the GHG Protocol operational control approach. | |
| | GRI 305-3 Other indirect (Scope 3) GHG emissions | The chapter 'Our climate targets' The chapter 'Climate protection' | 890,198 t CO ₂ e | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|---|--|--|---|---|
| | GRI 305-4 GHG emissions intensity | The chapter 'Our climate targets' The chapter 'Climate protection' | Our GHG emissions intensity rate as a function of consolidated sales revenues: 1.02 t CO ₂ e/million HUF | |
| | GRI 305-5 GHG emissions reduction | The chapter 'Our climate targets' The chapter 'Atmospheric emissions' | | Due to a methodological change, the Scope 1 emissions of the base year 2019 cannot be compared with our Scope 1 emissions of 2023. In next year's report on 2024, we plan to recalculate the previous base year's output in order to ensure accurate comparability. |
| | GRI 305-6 Emissions of ozone- depleting substances (ODS) | The chapter 'Atmospheric emissions' | No ozone-depleting substances are emitted during our operation. | |
| | GRI 305-7 Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant atmospheric emissions | The chapter 'Atmospheric emissions' | Only NO _x is relevant, with a value of 64.4 tonnes. | |
| GRI 306: waste | GRI 306-1 Waste generation and significant waste-related impacts | The chapter 'Circular economy and the management of the waste generated' | | |
| | GRI 306-2 Management of significant waste- related impacts | The chapter 'Circular economy and the management of the waste generated' | | |
| | GRI 306-3 Waste generated | The chapter 'Circular economy and the management of the waste generated' | | |
| | GRI 306-4 Waste diverted from disposal | The chapter 'Circular economy and the management of the waste generated' | All of our recyclable waste (12,756 tonnes) is recycled at the sites of our waste management partners. | |
| | GRI 306-5 Waste directed to disposal | The chapter 'Circular economy and the management of the waste generated' | Our waste for disposal (777 tonnes) is landfilled or incinerated off-site. | In relation to the indicator, the annual amount of discharge into living water is currently not available. |
| GRI 308: Supplier Environmental Assessment | GRI 308-1 New suppliers that were screened using environmental criteria | The chapter 'Our environmental aspects' | | |
| | GRI 308-2 Negative social impacts in the supply chain and actions taken | The chapter 'Our environmental aspects' | | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|--|---|---|---|---------------------|
| GRI 401: employment | GRI 401-1 New employee hires and employee turnover | The chapter 'New entrants and annual turnover' | The number of new entrants is 961(15.6%of the total). The annual fluctuation is 957 (10.75% of the total value). | |
| | GRI 401-2 Benefits provided to full-time employees that are not provided to employees with definite term contracts or part-time employees | The chapter 'Remuneration' | | |
| | GRI 401-3 Parental leave | The chapter 'Long-term absence due to childbirth' | | |
| GRI 402: Labour/Management Relations | GRI 402-1 Minimum notice periods regarding operational changes | The chapter 'Collective bargaining agreement' | | |
| GRI 403: Occupational Health and Safety | GRI 403-1 Occupational health and safety management system | The chapter 'The Occupational Health and Safety Management System' | | |
| | GRI 403-2 Hazard identification, risk assessment, and incident investigation | The chapter 'Identifying risks' The chapter 'Risk assessment' The chapter 'Accidents' | | |
| | GRI 403-3 Occupational health services | The chapter 'Occupational Health and Safety' | | |
| | GRI 403-4 Worker participation, consultation, and communication on occupational health and safety | The chapter 'Training on occupational health and safety' | | |
| | GRI 403-5 Worker training on occupational health and safety | The chapter 'Training on occupational health and safety' | | |
| | GRI 403-6 Promotion of workers' health | The chapter 'Protecting the health of our employees' The chapter 'Sick days and health rates' The chapter 'Improvement of safety' | | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|---|--|---|---|---------------------|
| | GRI 403-7 Prevention and mitigation of occupational health and safety impacts that are directly linked by business relationships | The chapter 'Improvement of safety' | | |
| | GRI 403-8 Workers covered by an occupational health and safety management system | The chapter 'The Occupational Health and Safety Management System' | | |
| | GRI 403-9 Work-related injuries | The chapter 'Accidents' The chapter 'The E.ON Hungária Group in numbers' | The number of accidents with missed days: 29, Serious accidents: 1, TRIF: 3.1, SIF: 0.1 | |
| | GRI 403-10 Work-related illness | The chapter 'Protecting the health of our employees' | No occupational diseases occurred in 2023. | |
| GRI 404: Training and Education | GRI 404-1 Average hours of training per year per employee | The chapter 'Training, talent management' | | |
| | GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes | The chapter 'Training, talent management' | | |
| | GRI 404-3 Percentage of staff receiving regular performance appraisals and career management | The chapter 'Performance appraisal' | | |
| GRI 405: Diversity and equal opportunities | GRI 405-1 Diversity of governance bodies and employees | The chapter 'Diversity, equal opportunities and inclusion' | | |
| | GRI 405-2 Ratio of remuneration between women and men | The chapter 'Our key ESG indicators' The chapter 'The situation of female workers' | In accordance with the European Union requirement valid from 2026, the gender pay gap between employees performing work of the same or equal value will remain below 5% at the level of the company group (base salary 97.6%; total compensation 97.3% is the agreement). | |
| GRI 406: Avoiding discrimination | GRI 406-1 Incidents of discrimination and corrective actions taken | The chapter 'Diversity, equal opportunities and inclusion' | There were no incidents of discrimination in the E.ON Hungária Group in 2023. | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|---|--|--|--|---------------------|
| GRI 407: Freedom of association at work and the right to collective bargaining | GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | The chapter 'The foundations of our ethical operation and respect for human rights' The chapter 'Regulatory environment and legal compliance' The chapter 'Our suppliers' | There are no operations and suppliers in which the right to freedom of association and collective bargaining may be at risk. | |
| GRI 408: Child labour | GRI 408-1 Operations and suppliers at significant risk for incidents of child labour | The chapter 'The foundations of our ethical operation and respect for human rights' The chapter 'Regulatory environment and legal compliance' The chapter 'Our suppliers' | There are no operational areas or suppliers that are considered to be at risk of child labour. | |
| GRI 409: Forced and compulsory labour | GRI 409 -1 Operations and suppliers that are at significant risk for incidents of forced or compulsory labour | The chapter 'The foundations of our ethical operation and respect for human rights' The chapter 'Regulatory environment and legal compliance' The chapter 'Our suppliers' | There are no operational areas or suppliers that are considered to be at risk of forced or compulsory labour. | |
| GRI 410: Security Practices | GRI 410-1 Security personnel trained in human rights policies or procedures | The chapter 'Our suppliers' https://www.eon.hu/content/dam/eon/eon-hungary/documents/lablec/Beszallitok/beszallitoi-magatartasi-kodex-2021.pdf | | |
| GRI 413: Local communities | GRI 413-1 Operations with local community engagement, impact assessments, and development programmes | The chapter 'Donation, support' | | |
| | GRI 413-2 Operations with significant actual and potential negative impacts on local communities | The chapter 'Our business activities' | This may include, for example, disruption related to works associated with the construction and maintenance of the network, or necessary restrictions on certain property rights to comply with the law. | |
| GRI 414: Supplier Social Assessment | GRI 414-1 New suppliers that were screened using social criteria | The chapter 'Our suppliers' https://www.eon.hu/content/dam/eon/eon-hungary/documents/lablec/Beszallitok/beszallitoi-magatartasi-kodex-2021.pdf | | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|---|---|--|--|---------------------|
| | GRI 414-2 Negative social impacts in the supply chain and actions taken | The chapter 'Our suppliers' https://www.eon.hu/content/dam/eon/eon-hungary/documents/lablec/Beszallitok/beszallitoi-magatartasi-kodex-2021.pdf | | |
| GRI 415: Public Policy | GRI 415-1 Political contributions | The chapter 'Regulatory environment and legal compliance' | | |
| GRI 416: Customer Health and Safety | GRI 416-1 Assessment of the health and safety impacts of product and service categories | The chapter 'Our business activities' | | |
| | GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | The chapter 'Our business activities' | In 2023, there were no accidents related to unsafe operation of the network, and the authorities did not impose any fines or order any changes in decisions. | |
| GRI 417: Export of products and services | GRI 417-1 Requirements for product and service information and labelling | The chapter 'Our business activities' https://www.eon.hu/hu/rolunk/vallalatcsoport/kozlemenyek/egyetemes-szolgalta-tas-es-versenypiaci-kozlemenyek/tajekoztatas-az-ertekesitett-villamos-energia-eloallitashoz-felhasznalt-energiforrasok-reszaranyarol-es-kornyezeti-hatasairol-2020.html | | |
| | GRI 417-2 Incidents of non-compliance concerning product and service information and labelling | The chapter 'Our business activities' | In 2023, there were no incidents related to non-compliance with the regulations regarding the marking and labelling of our products and services. | |
| | GRI 417-3 Incidents of non-compliance concerning marketing communications | The chapter 'Sponsoring activities' | There were no complaints in 2023 that resulted in a penalty for their marketing and sponsorship activities. | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|---|---|--|--|---|
| GRI 418: Customer privacy | GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses | The chapter 'Administrative procedures, fines' | In 2023, the Hungarian National Data Protection and Freedom of Information Authority (NAIH) opened a total of three proceedings, and in the one investigation that has been closed so far, no reprimand was issued by the authority. | |
| Sector specific indicator package - electricity sector | | | | |
| EU-1 | Installed capacity, by primary energy source and by control system | The chapter 'Fossil energy production' | | |
| EU-2 | Net energy output according to primary energy source and control system | The chapter 'Fossil energy production' | 67,420 MWh electricity 188,526 GJ heat energy | |
| EU-3 | Number of residential, industrial, institutional and commercial customers | The chapter 'Our customers' | Industrial: 421,206 Public administration: 14,953 Residential: 3,378,150 | |
| EU-4 | Length of overhead and underground transmission and distribution lines according to regulations | The chapter 'Our electricity distribution networks' | | |
| EU-5 | CO ₂ e-emission permits or equivalent emissions, broken down by carbon trading framework | The chapter 'Fossil energy production' | CO ₂ quota purchase is only required after the emissions of the Debrecen Gas Engine Power Plant of 4,932 t CO ₂ , 100% of which is purchased on a market basis. | |
| G4-DMA (FORMER EU-6) | Availability and reliability | The chapter 'Outage indicators' | | |
| G4-DMA (FORMER EU-7) | Demand side management | The chapter 'Smart meters' The chapter 'DAPPoD project' The chapter 'OneNet project' | | |
| G4-DMA (FORMER EU-8) | Research and development | The chapter 'Innovation' | HUF 47,546,000 | |
| G4-DMA (FORMER EU-9) | Provisions for the decommissioning of nuclear power plants | | | Not applicable, as the E.ON Hungária Group does not own nuclear power plants. |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|--------------|---|---|--|--|
| EU-10 | Long-term planned capacity against planned capacity according to energy source and regulatory system | The chapter 'Our power plants' The chapter 'Energy storage' | | |
| EU-11 | Average production efficiency of thermal power plants according to energy sources and according to control systems | The chapter 'Fossil energy production' | The average efficiency of power plants (production efficiency) is 65.3%, their average availability: 95.38%. | |
| EU-12 | Transition and distribution losses as a percentage of the total energy | | | The amount of network loss is a trade secret. |
| EU-13 | The biodiversity of the habitats serving as compensation compared to the biodiversity of the affected areas | | | We do not have areas related to the indicator, so it cannot be used. |
| EU-14 | Programmes and processes ensuring the availability of skilled labour | The chapter 'Succession in the industry' The chapter 'Training, talent management' The chapter 'Diversity, equal opportunities and inclusion' | | |
| EU-15 | Proportion of employees retiring in the next five and ten years by employee category and region | The chapter 'Succession in the industry' | Approximately 10% of physical workers and engineering colleagues will reach retirement age within five years, while 20-24% will reach retirement age within ten years. | |
| EU-16 | Health and safety policies and requirements for employees and employees of contractors and subcontractors | The chapter 'Training on occupational health and safety' The chapter 'Contractors' safety' | | |
| EU-17 | Working days worked by contractor and subcontractor employees participating in construction, operation and maintenance activities | The chapter 'Orders placed with our suppliers' The chapter 'Contractors' safety' | 2,338,663 hours | |
| EU-18 | Percentage of contractor and subcontractor employees who completed relevant health and safety training | The chapter 'Contractors' safety' | | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|----------------------------|--|---|--|---------------------|
| EU-19 | Stakeholder participation in decision-making processes related to energy planning and infrastructure development (formerly EU19) | The chapter 'Our business activities' | | |
| EU-20 | Approaches to managing the effects of displacement | The chapter 'Our business activities' | | |
| DMA (FOR-MER EU-21) | Disaster/emergency planning and response | The chapter 'Impact and risk management' | | |
| EU-22 | Number of physically or economically displaced people and compensation provided, broken down by project type | The chapter 'Our business activities' | No one has been physically or economically displaced or significantly disadvantaged by a project related to our operations during 2023. | |
| DMA (FOR-MER EU-23) | Programmes, including those in partnership with the government, to improve or maintain access to electricity and customer service improving or maintaining access to electricity and customer services | The chapter 'Our business activities' Vulnerable consumers E.ON (eon.hu) | | |
| DMA (FOR-MER EU-24) | Practices to address linguistic, cultural, low literacy and disability-related barriers to access and safe use of electricity and customer services | The chapter 'Our business activities' Vulnerable consumers E.ON (eon.hu) | | |
| EU-25 | The number of injuries and deaths to the public related to the company's operations, including legal judgements, settlements and pending legal cases related to diseases. | The chapter 'Our business activities' | In 2023, there were no accidents related to the unsafe operation of the network, and the authorities did not impose any fines or order any changes in decisions. | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|---|---|---|--|--|
| EU-26 | Percentage of unserved population in licensed distribution or service areas | | | We currently have no data collection process related to this indicator. A study of KSI databases (the number of households without electricity) is planned for the future. |
| EU-27 | The number of residential service terminations due to non-payment, by duration of termination and regulatory system | The chapter 'The disconnection and reconnection process' | We measure the total number of our customers disconnected due to invoice debt: in 2023, 13,826 customers were affected. 97% of disconnected customers pay and submit their reconnection request within a week. | |
| EU-28 | Frequency of outages | The chapter 'Outage indicators' | The average customer experiences an unannounced outage lasting longer than three minutes less than once a year. | |
| EU-29 | Average duration of outages | The chapter 'Outage indicators' | The average customer experiences an unannounced outage lasting longer than three minutes less than once a year. | |
| EU-30 | Average operational availability factor by energy source and regulation system | The chapter 'Fossil energy production' | The average availability of power plants: 95.38%. | |
| Sector specific indicator package - electricity sector | | | | |
| 11-1 | GHG emissions | The chapter 'Our climate targets' The chapter 'Our natural gas network' The chapter 'Energy use' | There are no other GHG emissions from the operation of natural gas. | Another requirement is the level of methane emissions, which is classified as a trade secret. |
| 11-2 | Climate adaptation, resilience and transition | The chapter 'Our climate targets' The chapter 'Risk management process' | | |
| 11-3 | Atmospheric pollution | The chapter 'Atmospheric emissions' The chapter 'Our business activities' Hogyan használjuk biztonságosan a földgázt? (eon.hu) biztonsagi-adatlap-EKO.pdf (eon.hu) | There is no atmospheric pollution other than methane. The product is safe to use, and its composition is available. | |
| 11-4 | Biodiversity | The chapter 'Our bird protection measures' The chapter 'Green Corridors - Ecological Corridor Management' The chapter 'Our other activities related to the preservation of biodiversity' | | |
| 11-5 | Waste | The chapter 'Circular economy and the management of the waste generated' | We have no drilling-related waste (such as mud, etc.). | |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|--------------|--|---|---|---|
| 11-6 | Water and Effluents | The chapter 'Soil and water protection' | We do not produce water, we do not use or emit water for our processes (within the gas network). | |
| 11-7 | Closure and rehabilitation | The chapter 'Pollution and remediation' | | |
| 11-8 | Asset integrity and critical incident management | The chapter 'Circular economy and the management of the waste generated' | A leak during gas network activity can only occur as an atmospheric emission, in the form of a methane leak. | |
| 11-9 | Occupational health and safety | The chapter 'The safety of our employees and partners' The chapter 'The health of our employees' | | |
| 11-10 | Employer practices | The chapter 'New entrants and the annual fluctuation' The chapter 'Remuneration' The chapter 'Long-term absence due to childbirth' The chapter 'Collective bargaining agreement' The chapter 'Training, talent management' The chapter 'Our suppliers' | | |
| 11-11 | Non-discrimination and equal opportunities | The chapter 'Diversity, equal opportunities and inclusion' | | |
| 11-12 | Forced labour and modern slavery | The chapter 'The foundations of our ethical operation and respect for human rights' The chapter 'Regulatory environment and legal compliance' The chapter 'Our suppliers' | | |
| 11-13 | Federal Freedom and Collective Bargaining | The chapter 'Collective bargaining agreement' | | |
| 11-14 | Economic Impacts | The chapter 'Economic data' | | |
| 11-15 | Local Communities | The chapter 'Donation, support' | The direct economic value is not available for each project. | |
| 11-16 | Land and Resource Rights | The chapter 'Our business activities' | No one has been physically, mentally or economically displaced or significantly disadvantaged in connection with our operation: no displacement or expropriation has taken place. | |
| 11-17 | Rights of Indigenous Peoples | The chapter 'Our business activities' | | This indicator cannot be applied to the operation of the company group. |

| GRI-standard | GRI indicator | Reference | Direct response | Reason for omission |
|--------------|----------------------------|--|-----------------|---------------------|
| 11-18 | Conflict and security | The chapter 'Our suppliers' https://www.eon.hu/content/dam/eon/eon-hungary/documents/lablec/Beszallitok/beszallitoi-magatartasi-kodex-2021.pdf | | |
| 11-19 | Anti-competitive behaviour | The chapter 'Commitment to fair competition' | | |
| 11-20 | Anti-corruption | The chapter 'Internal audit' The chapter 'The fight against corruption' | | |
| 11-21 | Payments to governments | The chapter 'Economic data' The chapter 'Taxation' | | |
| 11-22 | Public policies | The chapter 'Regulatory environment and legal compliance' | | |

Imprint

E.ON Hungária Zrt.

Address: 1117 Budapest, Hengermalom út 18.

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

Website: www.eon.hu

Issued by:

E.ON Hungária Zrt.

Budapest, 2024

Professional support:

Planet Fanatics' Network Kft.

www.planetfanatics.hu

Design:

Sky Marketing Communications Kft.

Information related to sustainability:

https://www.eon.hu/content/dam/eon/eon-hungary/documents/rolunk/rolunk_uj/fenntarthat%C3%B3s%C3%A1g/E.ON_Hungaria_Sustainability_Report_2023_Eng.pdf

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