



*e.on*

**E.ON Croatia**

**Sustainability Report for  
2023**

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# 1. Introduction

GRI 2-22

## Letter from the chairman

Dear readers,

It is my great pleasure to present to you, on behalf of the E.ON Group in Croatia, our second voluntary Sustainability Report, outlining our activities and plans towards climate neutrality. Despite the challenges of the previous years on the energy markets, the E.ON SE Group remains committed to fostering sustainable growth and achieving climate neutrality by 2050.



**Andreas Rörig**  
Chairman of the  
Management Board of  
E.ON Croatia

After the market shocks and unprecedented rise in energy prices, general uncertainty and concerns across Europe due to the lasting impacts of COVID-19 and Russia's invasion of Ukraine in 2022, the year 2023 saw a normalization of commodity prices along with a stabilization of power and gas prices though above pre-crisis levels.

In these circumstances, E.ON in Croatia has demonstrated its unwavering ambition to become a leader in the green energy transition, which is based on the supply of clean energy and innovative customer-specific solutions for households and business customers. We have restructured our business operations and increased our headcount to deliver on our strategic ambitions, including building some of the largest Croatian solar power plants and acquiring companies involved in energy efficiency and the rolling out of installations. Our strong 2023 results have confirmed the relevance of our strategy on the market.

Indeed, we have placed green energy solutions at the centre of our business operations in terms of both the design and construction of solar power plants for households and business customers, as well as the development and application of complex industrial solutions (e.g., biomass CHP, biogas plants) and hydrogen production technology.

Moving forward in 2024, we will continue transforming business operations and incorporating Environmental, Social and Governance (ESG) aspects into all our management processes and aiming to become more circular. To this extent, we intend to strengthen all components of our value chain, ranging from adapting operations to suit our customers, cooperation in the spirit of trust, timely fulfilment of commitments and taking responsibility, researching and developing innovative ideas, products and services, to continuously caring for our employees and getting involved in the community and socially responsible activities.

Finally, we are excited to face new challenges and opportunities for sustainable growth and have already started preparing our next Sustainability Report based on the new Corporate Sustainability Reporting Directive (CSRD Directive) and the European Sustainability Reporting Standards (ESRS).

Sincerely



Andreas Rörig,  
Chairman of the Management Board, E.ON Croatia

## Letter from the Director of Sustainability

Dear stakeholders,

I am pleased to present to you the 2023 Sustainability Report for E.ON Croatia. As the Director of Strategy and Sustainability, I am proud to share with you the progress we have made towards our sustainability goals over the past year.

In 2023, we remained steadfast in our commitment to sustainability, addressing not only environmental concerns but also social and governance issues.

Reducing our environmental footprint and helping customers achieve their sustainable agenda are two key priorities at the core sustainability strategy. Last year, we increased the share of green power sold by a factor of 6. We significantly reduced our Scope 1 (-60%) as well as our Scope 3 (-35%) emissions. We continued to accelerate the installation of green energy solutions for households and business customers



**Frederic Delannoy**  
**Director of Strategy and Sustainability**

and make our network more intelligent with the installation of smart meters. These achievements were made possible through the implementation of energy-efficient technologies and the increased use of renewable energy sources.

In terms of social impact, we have continued to prioritise the well-being and safety of our employees and the communities in which we operate. We have implemented robust health and safety measures, provided training and development opportunities, and fostered a diverse and inclusive work environment. Additionally, we have actively supported local communities through various social initiatives, including education, partnerships, and skills development programs.

Governance remains a cornerstone of our sustainability strategy. We are committed to upholding the highest standards of corporate governance, transparency, and ethical conduct. We have implemented robust governance frameworks, ensuring compliance with regulations, and fostering a culture of integrity throughout our organization.

Looking ahead, we recognise the potential of scaling renewable energy to accelerate the energy transition locally in Croatia. Utilizing the right regulatory framework, EU funds and subsidies, we believe that renewable energy can play a pivotal role in achieving Croatia's sustainable development goals. We are committed to working with policymakers, industry partners, and other stakeholders to create an enabling environment for the growth of renewable energy in Croatia. Our commitment to environmental stewardship extends beyond our business operations, as we actively engage with local communities to raise awareness about environmental conservation and encourage sustainable practices.

In pursuing our sustainability goals, we remain committed to transparency and accountability. We will continue to report on our progress towards our sustainability targets and engage with our stakeholders to ensure expectations are met.

Thank you for your continued support and partnership as we work towards a more sustainable future.

Sincerely,

A handwritten signature in black ink that reads "Frederic Delannoy". The signature is written in a cursive, flowing style.

Frederic Delannoy  
Director of Strategy and Sustainability

## 2. Information about the Company<sup>1</sup>

E.ON Croatia Ltd., a holding company for all E.ON companies in Croatia and Slovenia (hereinafter: E.ON Croatia), is part of the E.ON SE Group, a multinational energy corporation employing approximately 72 000 employees and servicing approx. 47 million customers, with its headquarters in Essen, managing one of the largest energy networks in Europe.

<sup>1</sup> Note: The E.ON SE Group refers to the group at the international level, while the E.ON Group in Croatia and E.ON Croatia refer to all companies in Croatia and Slovenia covered by this Sustainability Report.





**E.ON SE Group**

**47 mil.**

customers

**72 000**

employees



Headquarters in

**Essen, Germany**

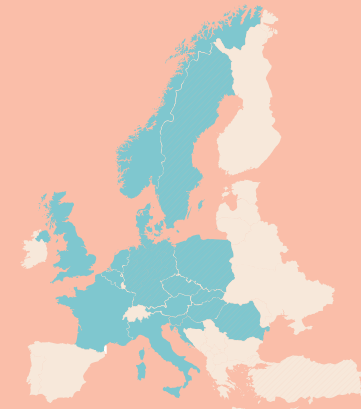


Managing one of the largest energy networks in

**Europe**



**Present in 15 countries**





## 2.1. Profile of our parent company – E.ON SE Group

The core activity of the E.ON SE Group comprises three key business segments: **Energy Networks**, **Energy Retail** and **Energy Infrastructure Solutions**.



The **Energy Networks** business of the E.ON SE Group includes power distribution and gas distribution networks along with related activities. This business is divided into three regional markets: Germany, Sweden, and East-Central Europe (also covering E.ON Croatia). Energy distribution networks are the backbone of the new energy world. Without distribution networks, there can be no energy transition and no climate protection. E.ON's energy distribution networks are responsible for connecting about 15% of renewable energy in Europe.

The main activities of the Energy Network business include operating its proprietary power and gas networks safely and reliably, carrying out all necessary maintenance and repairs, and expanding networks which frequently involves adding customer connections as well as connecting renewable energy generation assets.

## 2. Information about the Company



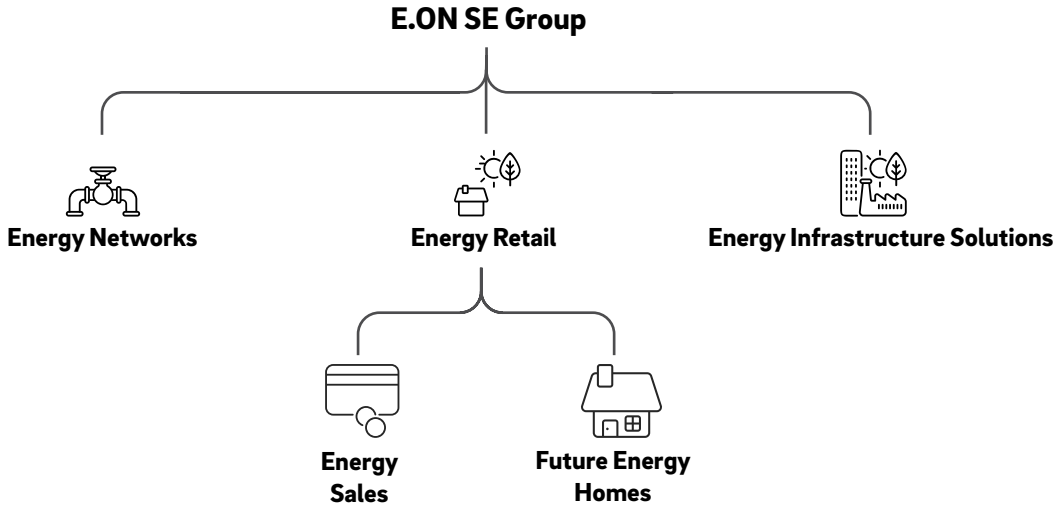
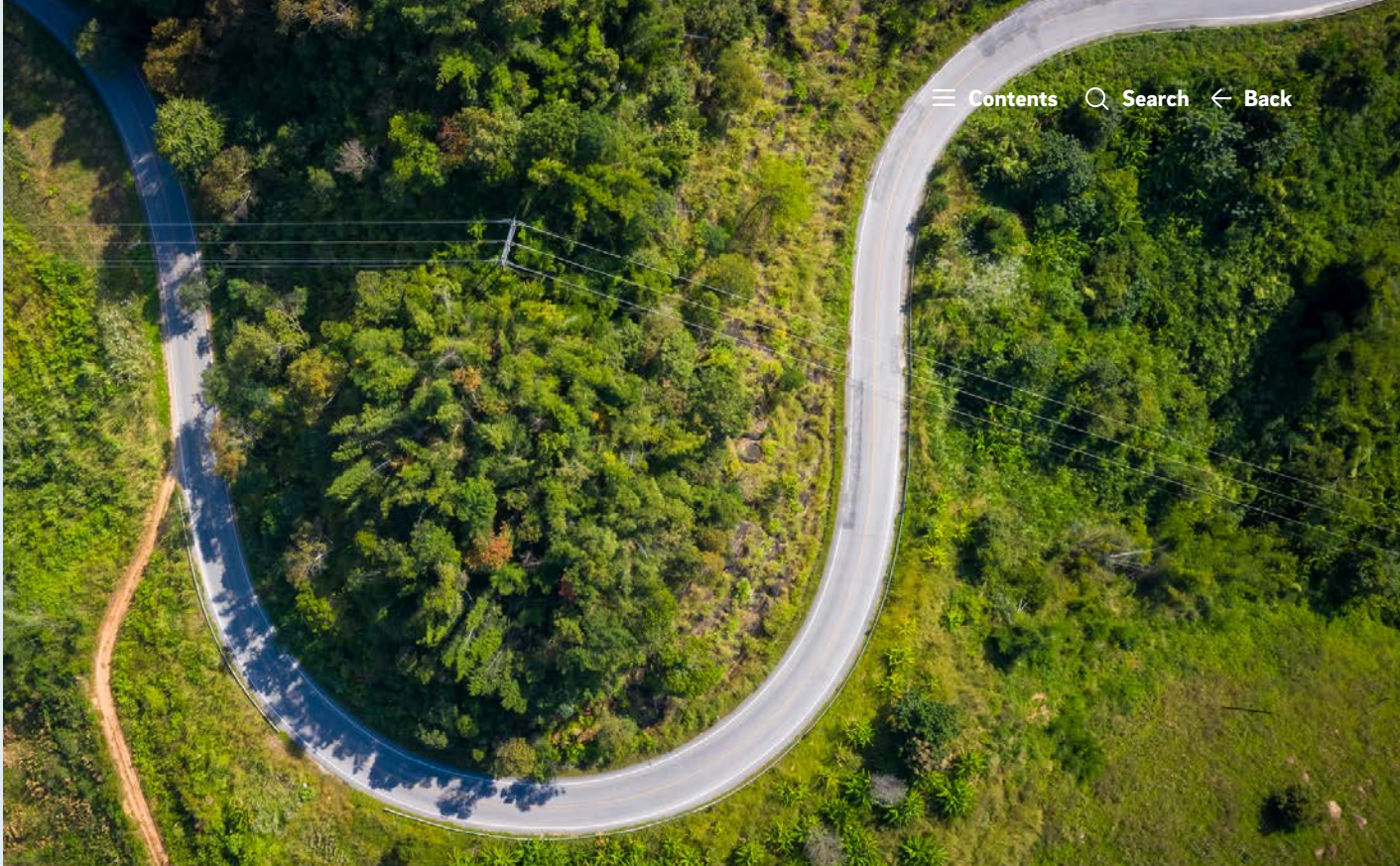
The **Energy Retail** business delivers sustainable and affordable energy by supplying power and gas to business and residential customers in Europe. Another business stream within Energy Retail is Future Energy Homes, which turns customers into actors of the energy transition, helping them achieve better energy efficiency and autonomy. Future Energy Homes is also providing eMobility services.

Future Energy Homes solutions for energy independence include photovoltaic power plants, heat pumps, and EV chargers, enabling customers to produce and consume their own energy. These solutions are further paired with intelligent control systems to communicate with the power grid and other assets, optimising energy flows.



The **Energy Infrastructure Solutions** business develops, implements, and operates complex energy solutions tailored to the specific needs of customers, such as SMEs, large commercial and industrial enterprises, companies, municipalities, and cities, including regional and national public administrations and institutions.

Energy Infrastructure Solutions promote various energy efficiency and renewable energy solutions, such as biomass, biogas and high-efficiency gas combined heat and power (CHP) plants, geothermal solutions, heat pumps, waste heat utilisation, as well as the Operation of district heating networks.



## 2.2. E.ON Croatia – Our mission and vision

### We believe in the power of teams and partnerships

In today's world, achieving something on your own is difficult. A person can develop a great idea, but it takes a team to turn an innovation into a successful product. The power of groups and communities – the power of us – empowers humanity. At E.ON, we believe in the value of strong partnerships and the resulting cooperation. We stand at the peak of the next energy revolution, which will present us with enormous opportunities. Together, we will have to take advantage of these opportunities – possessing the curiosity and enthusiasm of an innovator. We are convinced

of our key role in creating a new energy world along with all its capabilities. Achieving these magnificent goals requires every person's daily commitment and courage.



**We are an energy company that stands for a climate-aware community with unlimited capabilities.**

We provide our customers with smarter and more sustainable energy. It will benefit society, make the world a better place, and help preserve resources for future generations.



**We are an energy company that supplies energy for the digital age.**

In today's digital age, energy consumption and energy system requirements are constantly evolving. We plan to adopt novel technologies to make customers – including cities and communities – more productive and efficient. Our energy networks are a platform for generating various ideas and solutions – for our customers and business partners.



**We are an energy company that enables people to produce energy in any habitable place.**

We equip people to produce and consume energy locally in any place. This approach helps develop new applications to simplify and enrich people's everyday lives. We help people, companies and societies to accomplish more – providing energy solutions that are flexible and adaptive for the lives they want to lead.



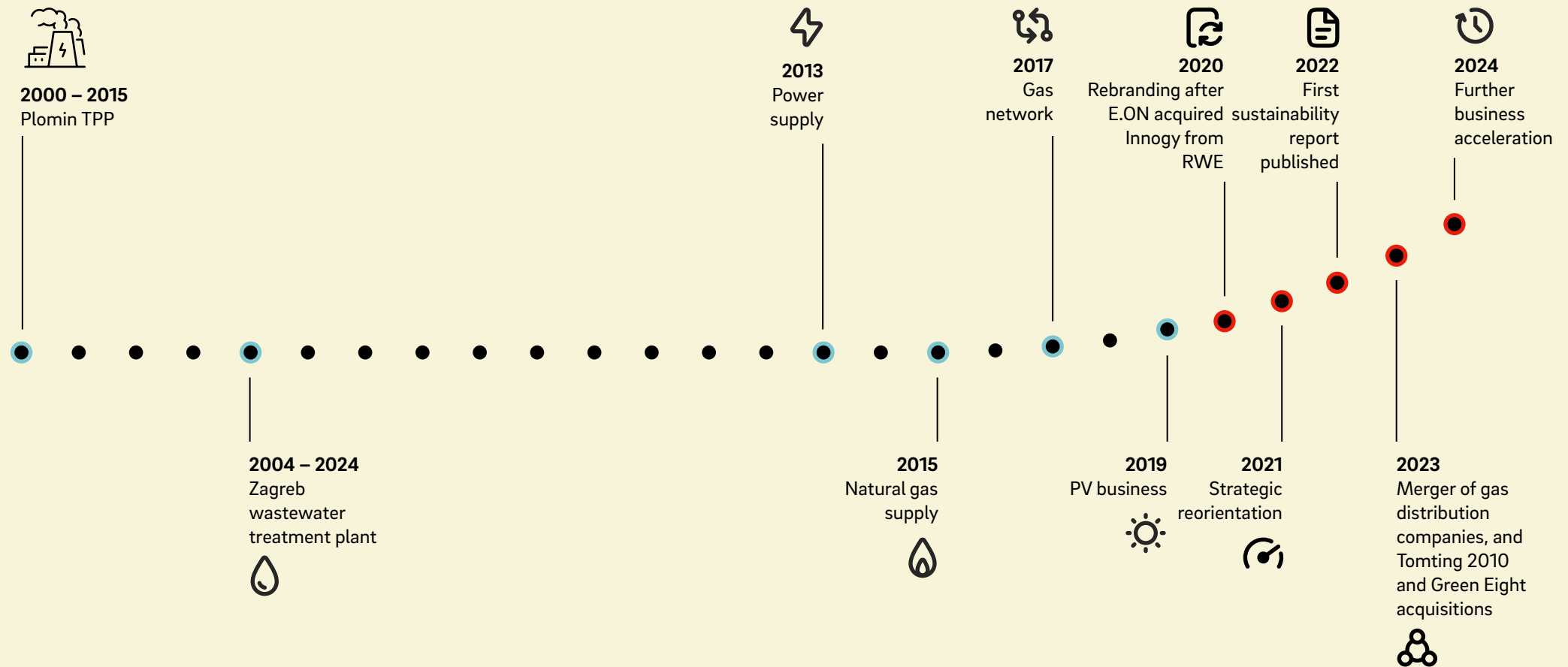
**We are an energy company that revolutionises energy accessibility.**

In tomorrow's energy world, renewable energy will be accessible to everyone and the security of supply will be guaranteed. Our role as a leading energy company is to design business models for the energy future. It will change and enrich the way people work, play and live. We will work on solutions to help people from distant regions have the same possibilities as people living in large metropolises.

## 2.3. E.ON Croatia – Our history

The E.ON SE Group has been present in the Croatian market since 2000, when together with Hrvatska elektroprivreda (HEP d.d. – the main Croatian electricity utility), the company invested in the construction of the Plomin Thermal Power Plant. Investments in Croatia continued in 2004 with the Zagreb Wastewater Treatment Plant.

In subsequent years, the E.ON SE Group expanded its business activities in Croatia by entering businesses involving power supply (2013), natural gas supply (2015) and gas networks (2017).





In 2020, the E.ON SE Group acquired Innogy from RWE, which was accompanied by rebranding. Since then, E.ON Croatia has been operating under its current name. Innogy SE was an energy company established in 2016 by splitting the renewable, network and retail businesses of RWE into a separate entity, and it has now been fully merged and integrated into E.ON.

With the entry of E.ON Croatia onto the market, a strategic reorientation began, which was completed in 2021 and included shifting the focus to energy solutions for customers with the aim of accelerating the sustainable energy transition, reorganisation of power and natural gas supply, and consolidation of gas distribution operations. The strategic reorientation of E.ON Croatia in 2021 made it possible to build a solid foundation for future growth. As part of this business acceleration in Croatia, E.ON has decided to expand its portfolio of customer solutions in the field of electromobility, power purchase agreements, hydrogen technologies and green energy solutions.

In 2022, E.ON Croatia published its first sustainability statements.

The process of consolidation of all gas distribution companies into E.ON Gas Distribution LLC was also initiated in late 2022 and successfully completed in 2023. Late 2023 also saw the successful acquisitions of Tomting 2010, a company focusing on energy efficiency and project supervision, and Green Eight, a company specialising in the installation, maintenance, and management of photovoltaic solar systems. These companies are now an integral part of the Energy Infrastructure Solutions business segment.

In 2024, E.ON Croatia expects a further acceleration of its business towards sustainable solutions.

## 2.4. Organizational structure

GRI 2-1; GRI 2-2

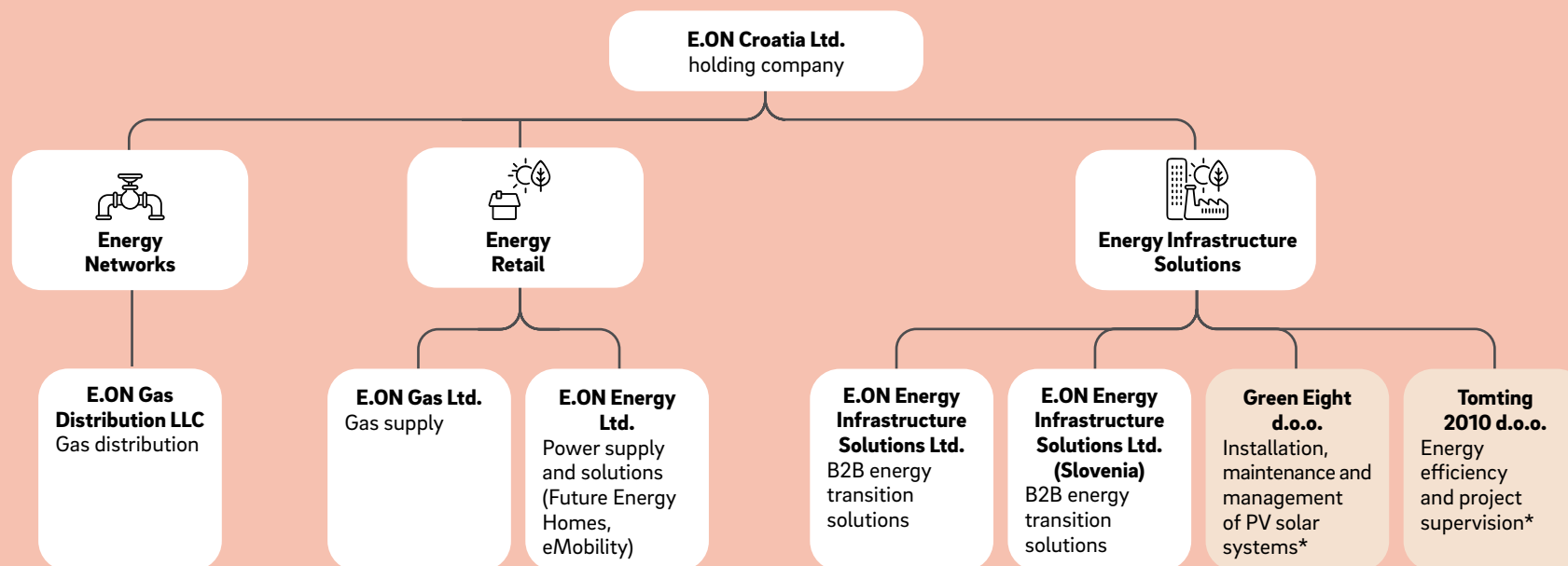


The business activities undertaken by the E.ON Group in Croatia, along with all its subsidiaries registered in Croatia and Slovenia, are managed by the company E.ON Croatia, with headquarters in Zagreb.

The core activities of E.ON Croatia cover three business areas: Energy Networks, Energy Retail, and Energy Infrastructure Solutions. A detailed overview of the organizational structure of all

entities included in the 2023 Sustainability Report is given below. Data for newly acquired companies Green Eight and Tomting 2010 is not included, given that the acquisition was finalised at the end of December. Although E.ON Croatia is a holding company in Croatia, no financial consolidation takes place in Croatia, in line with the permitted exemption from preparing consolidated financial statements.

### E.ON Group in Croatia



\*newly acquired - not included in the 2023 Sustainability report



Several changes have been recorded compared to the organizational structure from the 2022 Sustainability Report:

**May** Solnet d.o.o. merged with E.ON Solar d.o.o. in May 2023

**June** As of 1 June 2023, E.ON Solar d.o.o. began operating under the name E.ON Energy Infrastructure Solutions d.o.o.

**December** The merger of the gas distribution companies Moncogim – plinara d.o.o., Koprivnica plin d.o.o., Moslavina plin d.o.o. and Plin-projekt d.o.o. with E.ON Distribucija d.o.o. was concluded in 2023. The consolidated Montcogim–plinara d.o.o. changed its name to E.ON Distribucija plina d.o.o. (E.ON Gas Distribution LLC) in December 2023.

**December** Successful acquisitions of the companies Green Eight and Tomting 2010 were finalised at the end of 2023.

The E.ON SE Group is also involved in operations at the wastewater treatment plant in Zagreb. A concession agreement exists between Zagrebačke otpadne vode d.o.o. (a company consolidated into the E.ON SE Group using the equity method) and the City of Zagreb. Based on a majority resolution of the City Assembly on 25 January 2024, the City of Zagreb exercised its contractual right to unilaterally terminate the concession. This termination provided a six-month period from the date of receiving the termination notice of 2 February 2024, in which the city either acquires the individual assets from Zagrebačke otpadne vode d.o.o. or the stake held by E.ON SE Group in the mentioned company. The manner in which the sale will take place has yet to be determined.

#### GRI 206-1

During 2022 and 2023, there were no pending or completed legal actions by the Croatian Competition Agency (CCA) as the relevant monitoring authority regarding anti-competitive behaviour or violations of anti-trust and monopoly legislation.

# 3. Our products, services and customers





## 3.1. Energy Networks

GRI 2-6

The Energy Networks business of the E.ON SE Group includes power distribution and gas distribution networks including associated activities. At E.ON Croatia, the Energy Networks activities only include gas distribution and are performed by the company E.ON Gas Distribution.

E.ON Gas Distribution operates natural gas distribution networks, an activity regulated by the Croatian Energy Regulatory Agency (HERA). In accordance with the Gas Market Act,<sup>2</sup> the company is responsible for the proper operation of the existing gas infrastructure and the construction of new gas infrastructure in areas where concessions were granted.

Concessions have been granted by municipalities or counties in Croatia. When a concession is granted, the company establishes coordination with project developers and construction companies to develop gas grids in compliance with technical specifications and set deadlines. After the grids are constructed, the company is responsible for future maintenance, safe and reliable operation of the grids as well as metering the natural gas consumption. Revenues in the Energy Networks business are determined by the Methodology for Determining the Amount of Tariff Items for the Distribution of Natural Gas, as decided by the Croatian Energy Regulatory Agency (HERA) for a particular reporting period.

<sup>2</sup> <https://www.zakon.hr/z/374/Zakon-o-tr%C5%BEi%C5%A1tu-plina>



### 3. Our products, services and customers

E.ON Gas Distribution manages its grid operations from locations in Koprivnica, Sveta Nedelja, Kutina and Nova Gradiška, which cover the following areas:<sup>3</sup>

#### **Brod-Posavina County**

Cities: Nova Gradiška

Municipalities: Cernik, Davor, Donji Andrijevci, Dragalić, Garčin, Gornji Bogičevci, Nova Kapela, Okučani, Rešetari, Stara Gradiška, Staro Petrovo Selo, Vrbje

#### **Karlovac County**

Cities: Duga Resa, Karlovac, Ogulin, Ozalj, Slunj

Municipalities: Barilović, Draganić, Netretić, Ribnik, Žakanje

#### **Koprivnica-Križevci County**

Cities: Koprivnica

Municipalities: Drnje, Đelekovec, Gola, Hlebine, Koprivnički Bregi, Koprivnički Ivanec, Legrad, Novigrad Podravski, Peteranec, Sokolovac

#### **Požega-Slavonia County**

City: Pleternica

#### **Sisak-Moslavina County**

Cities: Kutina, Novska, Popovača, Sisak

Municipalities: Jasenovac, Lekenik, Lipovljani, Martinska Ves, Sunja, Velika Ludina

#### **Zagreb County**

Cities: Jastrebarsko, Sveta Nedelja

Municipalities: Klinča Sela, Krašić, Pisarovina, Stupnik



<sup>3</sup> <https://www.eondistribucija.hr/hr/o-nama/distribucijska-podrucja.html>



# 1700 km

Length of gas network



# 1.1 TWh

Natural gas distributed

In 2023, E.ON Gas Distribution managed 1700 km of gas network in Croatia and distributed 1.1 TWh of natural gas. E.ON's gas networks in Croatia had 45 000 gas connections in 2023, positioning E.ON Gas Distribution as the third largest gas distributor in Croatia.



# 3<sup>rd</sup>

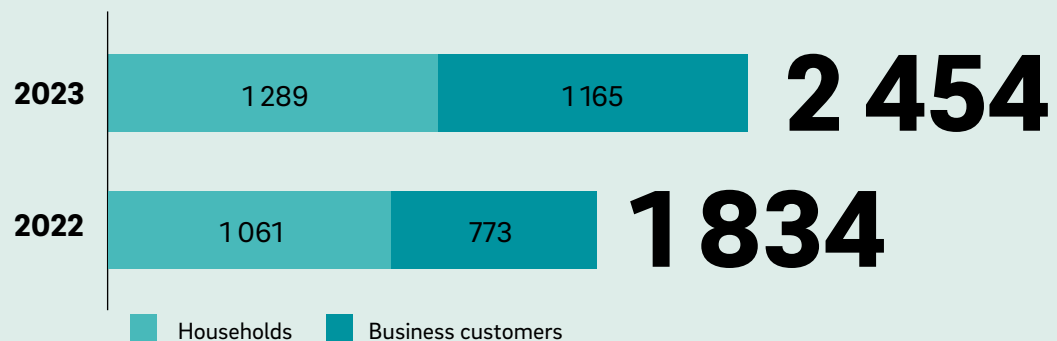
largest gas distributor in Croatia



# 45 000

Gas connections

Cumulative overview of smart meters installed





**Cumulative overview of**

<b>smart meters installed</b>	<b>2023</b>	<b>2022</b>
Households	1 289	1 061
Business customers	1 165	773
<b>Total</b>	<b>2 454</b>	<b>1 834</b>

By the end of 2023, E.ON Croatia's distribution network comprised 2 454 smart meters installed (2022: 1 834<sup>4</sup>), of which 620 were installed in 2023. Smart meters are installed at the billing points of the largest customers, in accordance with regulatory obligations, and at the billing points of small and medium-sized enterprises in all distribution areas. Smart meters are becoming the norm in the gas industry as they reduce the amount of manual work necessary for metering and gathering data, consequently improving data accuracy. The use of these meters mitigates "technical losses" to a minimum, as there is no time lag between the end of the billing period and the point of measurement. E.ON Gas Distribution is currently bearing the cost of installing these meters, given that the associated costs are not recognised in the current HERA Methodology.

In 2023, E.ON Croatia expanded its distribution network in the area covered by the City of Sisak, ensuring continuity and a high-quality supply of natural gas for residents and companies in the region. This investment, in the € 2 million range, significantly improves the energy infrastructure and expands the existing industrial zone of the City. This investment is fully aligned with EU Taxonomy due to use of hydrogen-ready PEHD (polyethylene, high-density) pipes.

<sup>4</sup>The number of smart meters installed for 2022 has been revised (previously reported 736 smart meters in the 2022 Sustainability Report)



## 3.2. Energy Retail

Energy Retail in the previous Sustainability Report was called Customer Solutions Retail. The renaming of this business segment was performed at the E.ON SE Group level.

Energy Retail aims at expanding its customer base in the long-term by offering a compelling value proposition featuring a

sustainable energy supply and energy solutions thus reducing the customer carbon footprint and helping Europe to achieve energy savings targets.

The Energy Retail segment in Croatia is operationally managed by the companies E.ON Energy Ltd. and E.ON Gas Ltd.



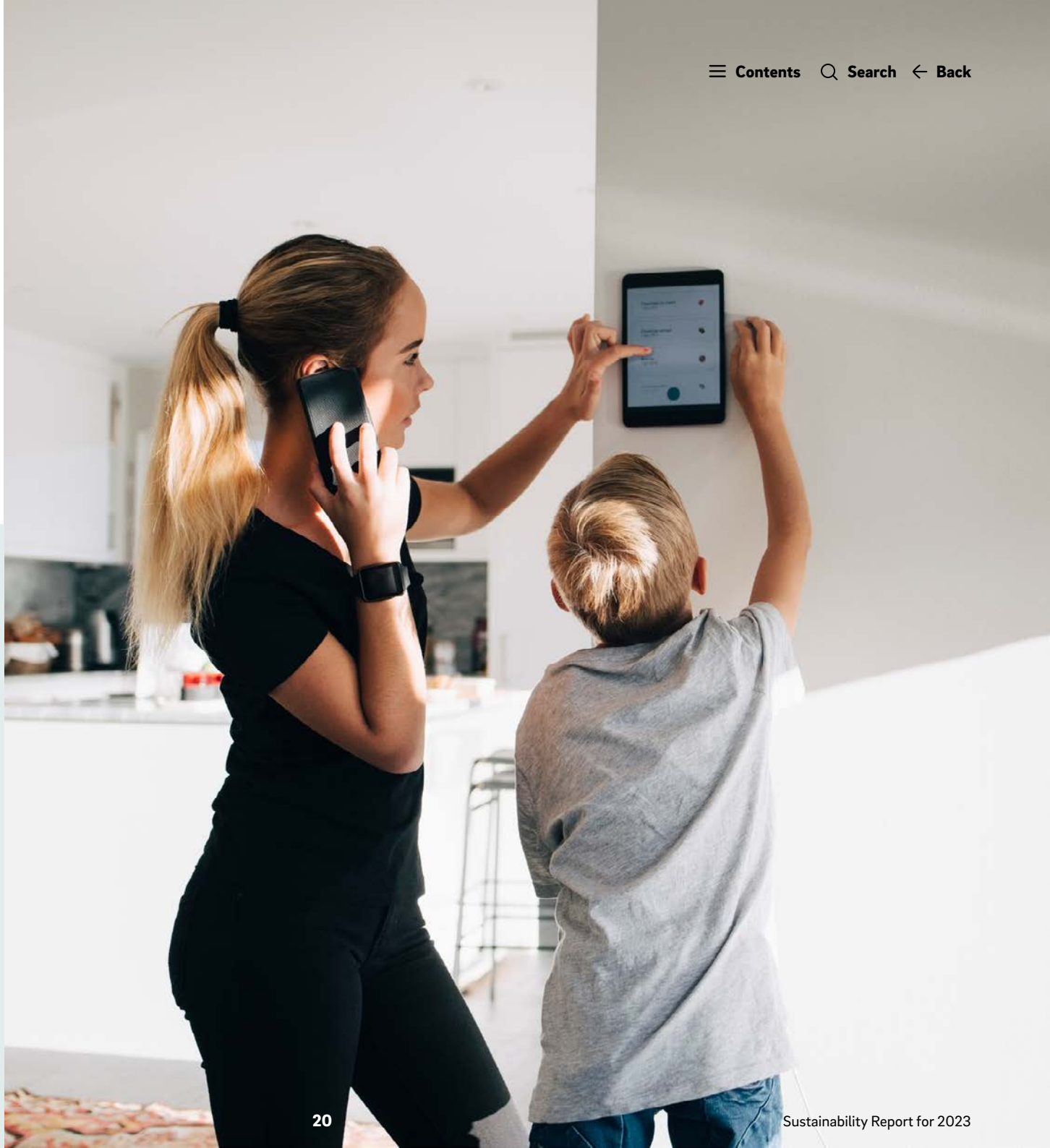
## 3.2.1. E.ON Energy - Power supply and solutions (Future Energy Home & eMobility)

### 3.2.1.1. E.ON Energy – Power supply

E.ON Energy is the second largest supplier of power in Croatia.

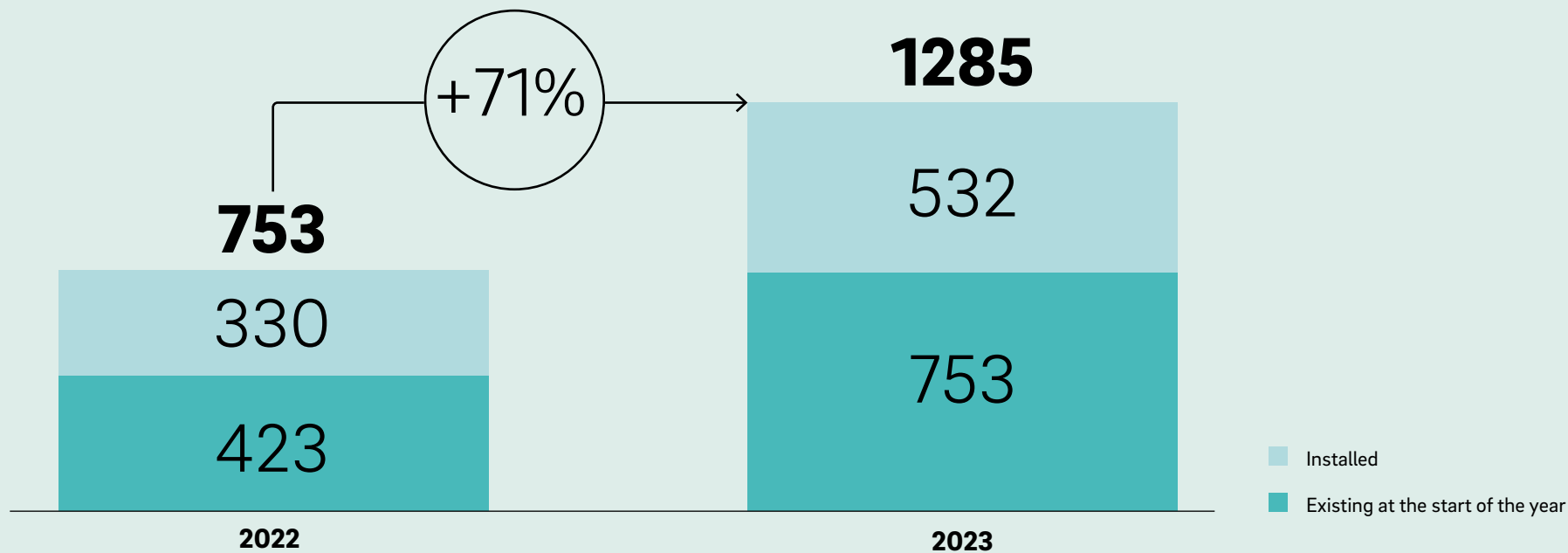
	2021	2022	2023
Household customers	120 000	105 000	79 148
Business customers	10 000	5 000	2 110
MWh of power sold	868 043	607 736	455 201
Share of green power sold	7.5%	1.9%	12.60%

As can be seen from the above table, E.ON Energy's customer base is contracting, both for residential and business customers, which is also reflected in the amount of power sold. As sales activities were reactivated in 2023 after two years of pause, the company started reshaping its customer portfolio by acquiring more customers to whom green energy could potentially be sold, which was reflected in the share of green power sold in 2023. E.ON Energy purchases a share of the green energy from the Croatian Energy Market Operator (HROTE). The remaining share is purchased through brokerage companies – CROPEX (Croatian Power Exchange) auctions, accompanied by Guarantees of Origin.



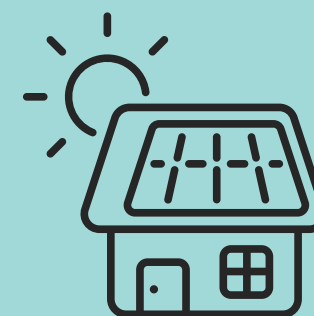
### E.ON Energy

#### Home solar power plants installed



### 3.2.1.2. E.ON Energy – Future Energy Home & eMobility

Besides the commodity, E.ON Energy also offers sustainable solutions with its Future Energy Home products and services, such as solar panels and eMobility for residential and business customers. E.ON Energy strives to make maximum use of solar energy in Croatia and is intensively focused on the construction of solar power plants for households. In 2023, E.ON Croatia recorded a noticeable growth in demand for solutions in the field of home solar power plants.





The main obstacles to installing solar power plants, especially in households, are financial due to cost-driven market as well as a complicated and lengthy permitting process. Customers are still not sufficiently informed and are cautious about technical malfunctioning equipment. As a response to these trends, E.ON Croatia has undertaken a series of activities to educate and inform customers about solutions for renewable energy sources, including campaigns and the involvement of Group experts who are ready to answer questions, as well as offering financing options in coordination with business partners to make home solar power plants financially accessible for everyone.

Solar power plants for households are the best way to achieve energy independence for residential users. Renewable energy sources have three key elements – sustainability, reliability, and price stability. The sale of solar power plants to households is carried out with the help of the Solar Calculator<sup>5</sup> and by the Sales Department. Customers are provided with design services and advice on how to obtain all the necessary permits.

Local contractors referred by E.ON carry out the installation of home solar power plants. In Croatia, E.ON purchases components for home solar power plants from renowned manufacturers such as Solaredge (Israel), Solis (China) and JA-Solar (China). In 2023, E.ON Energy installed 532 home solar power plants, representing a significant growth of 61.2% compared to 2022 (330 home solar power plants built in 2022<sup>6</sup>). The total portfolio of home solar power plants built by E.ON Energy now totals 1 285 units.

Home solar power plants are one of the solutions in the Future Energy Home portfolio of services. The Future Energy Home portfolio includes the development and implementation of solutions to integrate the energy home ecosystem fully. It is helping customers be fully equipped to achieve energy self-sufficiency in one single place - the home. In this type of ecosystem, the customer is able to compensate for solar production at night using a battery system, decarbonise heating via a heat pump, and electrify mobility using electric vehicle charging solutions. The plan is to offer the E.ON Home

Management System, where all these solutions are integrated, optimised, and effectively managed. Regardless of their location, customers using the app will be able to monitor their home's energy output and consumption, control household devices and reduce energy use and carbon emissions.

E.ON Croatia also has comprehensive products and services by offering new solutions for eMobility launched in April 2024, thus expanding the FEH portfolio. Electromobility (also called eMobility) refers to electrically powered vehicles and the charging infrastructure – i.e., the hardware and software as well as compatible services for charging electrical vehicle batteries.

<sup>5</sup> eon.hr/hr/kucanstva/solarni-kalkulator.html

<sup>6</sup> Number for solar power plants in 2022 revised due to change in methodology what is considered to be a "built" solar power plant (when it is placed on the roof or when commissioned)

### 3.2.2. E.ON Gas – Natural gas supply

At the start of 2023, E.ON Gas was supplying only customers under the public supply regime. This situation led to a decrease of 53% in gas sold in 2023 compared to 2022, with 0.42 TWh of natural gas sold to a customer base of 15 579 households and 1 788 business customers (2022: 0.89 TWh). Lower gas sales

in 2023 were mainly due to the curtailing of the customer base in late 2022, with a spillover effect across the whole of 2023. In addition, commodity market trends and higher temperatures also affected gas consumption.



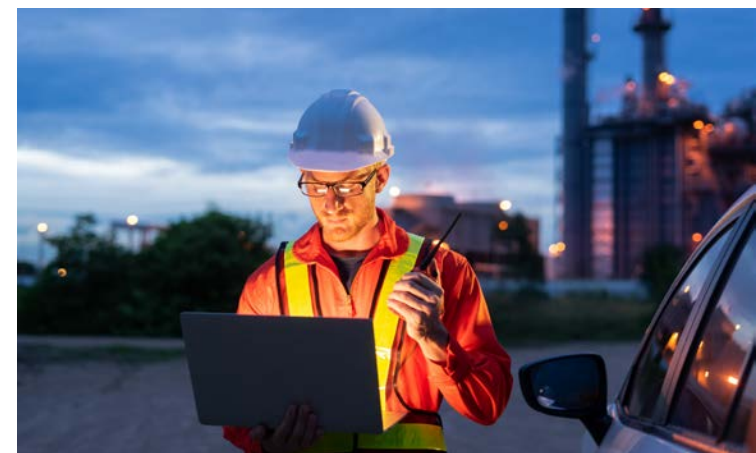


## 3.3. Energy Infrastructure Solutions

In last year's Sustainability Report, Energy Infrastructure Solutions (EIS) were reported as a part of Customer Solutions; however, organisational changes have placed EIS as a third business pillar.

### 3.3.1. Energy Infrastructure Solutions in Croatia

Energy Infrastructure Solutions focuses on business-to-business (B2B) customers. It is in this segment that the company E.ON Energy Infrastructure Solutions Ltd. develops, builds, sells, and operates energy efficiency solutions, solar power plants, and complex industrial solutions, including technologies for cogeneration of power and heat from biomass. The company is also involved in the management and maintenance of solar power plants throughout Croatia. In addition, Energy Infrastructure Solutions continuously explores possibilities of expanding its solutions portfolio to other renewable energy sources, such as biogas, geothermal or heat pumps.



### 3. Our products, services and customers

With more than 230 installed solar power plants on the Croatian market (150 solar power plants in 2022), E.ON Energy Infrastructure Solutions is the leading company in Croatia for designing and constructing solar power plants. E.ON Energy Infrastructure Solutions, one of the largest investors in solar power plants in Croatia, has significantly contributed to Croatian society's energy transition with 77 MWp total installed capacity by the end of 2023 (48.7 MWp in 2022).



# 230

Installed solar power plants on the Croatian market

### Total installed PV capacity



2023

77 MWp

2022

48.7 MWp

The company offers two business models for the construction of solar power plants:

- The turnkey model means that when choosing this model for the construction of a solar power plant, customers invest their own funds and achieve a return on investment through savings. E.ON Energy Infrastructure Solutions is providing end-to-end solution for its customers – from the design and supply of the equipment to the installation and commissioning of the power plant. After the power plant is commissioned for regular operation, it

becomes the customer's property, leading to lower energy costs and a positive impact on the environment, energy independence and price stability, as well as additional benefits in the form of a reduction in corporate income tax.

- The BOT (Build-Operate-Transfer) or PPA model is a model whereby customers do not invest their own funds, and E.ON Energy Infrastructure Solutions fully bears the costs of constructing the solar power plant until the power plant is commissioned for permanent operation. The customer then signs

a long-term power purchasing agreement with E.ON. This model enables customers to achieve savings from day one in the form of competitive electricity prices, long-term relationships, and cost planning, along with a stable and fixed energy price. After commissioning, the company takes care of the maintenance and insurance of the solar power plant, and after the end of the repayment period, the customer takes over the ownership and management of the power plant without additional costs.





E.ON Energy Infrastructure Solutions provides the following services to its customers:

- Design that includes the development of conceptual, basic and detailed designs, as well as the preparation of associated technical and economic analysis and investment studies
- Preparation of the study on the impact of power plants on the End User Experience Monitoring (EUEM) network and the study on protection settings (EPZ or *Elaborat za podešenje zaštite*)
- Financial analysis of projects and consultation regarding optimal financing instruments, as well as preparation of the necessary documentation for grants from available funds
- Construction of integrated = rooftop, non-integrated = ground-mounted photovoltaic power plants
- Functional testing of installations, thermographic recording and measurement of the quality of electricity
- Continuous control, maintenance and timely elimination of defects

## Flagship projects in 2023

### Construction of a biomass CHP

In 2023, Bauwerk Group Croatia, a leading manufacturer and supplier of premium parquet, and E.ON Energy Infrastructure Solutions entered into an agreement for the construction of a biomass-powered combined heat and power plant. The investment value of this project is €17 million and is the largest investment by E.ON Croatia to date, contracted under the Power Purchase Agreement for seven years after commissioning.

Construction of the plant is expected to be completed in one year. Experts from E.ON Croatia are responsible for all phases of project realization – from the design, construction, testing and commissioning to exploitation, whereas an Italian engineering company will perform the construction work. After commissioning, the plant will use wood chips left from Bauwerk's production of parquet as a fuel and convert them into useful energy. This process will eliminate the need for additional energy sources and exposure to highly variable prices of energy sources on the markets.



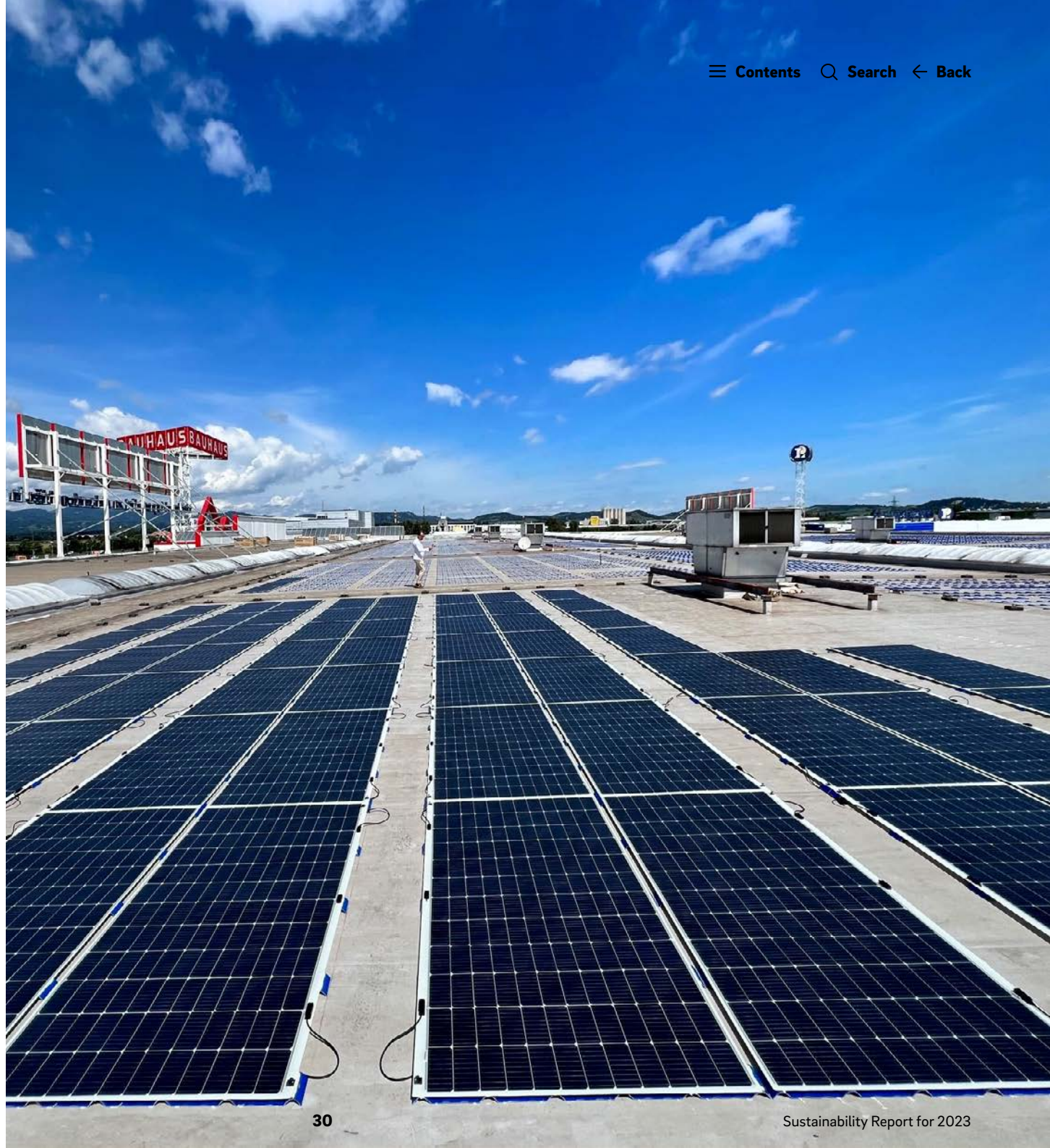


### **SE Koljane**

In September 2022, the Agreement on Financing the Construction of the SE KOLJANE Solar Power Plant was signed between EUROTIM d.o.o., OTP banka d.d. and E.ON Croatia, with the construction taking place in 2023. The power plant is located on a 13-hectare area in the town of Vrlika near Lake Peručko. The installed capacity of the power plant is 8.6 MWp, and the annual production of approximately 11.5 GWh will account for the annual needs of about 3 000 households. The total production will be purchased by E.ON Energy.

#### **Construction of a solar power plant for Bauhaus**

In early 2024, Energy Infrastructure Solutions successfully commissioned a solar power plant for Bauhaus where, for the first time, an innovative technology incorporating flexible panels with multiple benefits. This project was commenced in 2023. The flexible panels were used due to load-bearing limitations of the customer's roof at a location in Maribor, with the aim not to damage the structural integrity of the roof but not to damage the structural integrity of the room, but strengthen it even more. The flexible panels are joined together without a metal structure and have withstood all storms without sustaining any damage. The project has shown that E.ON Croatia takes a tailored approach to each customer – overcoming obstacles through innovative solutions at the lowest possible cost.



## 3.3.2. Energy Infrastructure Solutions in Slovenia

Energy Infrastructure Solutions in Slovenia's strategy is focused on the development and introduction of energy infrastructure solutions for transforming the Slovenian energy market, using facilities such as solar power plants and biomass cogeneration plants.

### **AquafilSLO natural gas cogeneration plant**

The first Energy Infrastructures Solution project in Slovenia is the conclusion of a long-term contract for the supply of low-carbon power and heat from a newly built natural gas cogeneration or combined heat and power (CHP) plant. This cogeneration plant started operating at the end of 2023 to cover the energy and production needs of AquafilSLO in Ljubljana. The 7.5 MWe turbine, designed to also run on hydrogen, was delivered by Mercurio. The plant will produce 59 GWh of power and 220 000 tons of steam at a pressure of 10 bar per year. With this capacity, it will cover 50% of the electricity and 100% of the steam needs of the production site.



## 3.4. Macroeconomic, geopolitical and regulatory outlook for Europe and Croatia

### 3.4.1. Macroeconomic outlook

As reported by the International Monetary Fund (IMF) in its November 2023 Regional Economic Outlook,<sup>7</sup> previous energy price shocks and tighter policies led to an economic slowdown in 2023. Europe faces the difficult task of restoring price stability while securing strong and green growth over the longer term. According to the initial estimated annual growth for 2023 by Eurostat,<sup>8</sup> based on seasonal and calendar-adjusted quarterly data, GDP increased by 0.5% in both the euro area and the EU. Meanwhile, the Croatian Government<sup>9</sup> reported an estimated GDP growth of 2.8% for Croatia, partially due to a Government assistance package in the amount of €7.2 billion, with the same growth rate expected in 2024 as well. According to the European Commission,<sup>10</sup> the decline in headline inflation in Europe in 2023 was faster than expected, largely driven by declining energy prices. Estimates by the Croatian National Bank<sup>11</sup> show that the average annual consumer price inflation rate in Croatia could be further reduced, from 8.4% in 2023 to 3.5% in 2024, driven by the expected decline in all main inflation components, in particular core inflation.

<sup>7</sup> International Monetary Fund: Regional Economic Outlook - Europe, November 2023

<sup>8</sup> Eurostat: Preliminary flash estimate for the fourth quarter of 2023, January 2024 (<https://ec.europa.eu/eurostat/documents/2995521/18404141/2-30012024-AP-EN.pdf/90da3cfd-0c61-d735-3d27-2597bd170e28>)

<sup>9</sup> GDP analysis for Croatia and other EU member, February 2024 (<https://vlada.gov.hr/UserDocsImages/Vijesti/2024/Velja%C4%8Da/27%20velja%C4%8Da//BDP-2023.pdf>)

<sup>10</sup> European Commission: Winter 2024 Economic Forecast: A delayed rebound in growth amid faster easing of inflation ([https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_730](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_730))

<sup>11</sup> Overview of the CNB's spring macroeconomic projections for Croatia – March 2024 (<https://www.hnb.hr/en/analyses-and-publications/macro-economic-projections>)

### 3.4.2. Geopolitical & energy outlook

The global economy continued to face challenges in 2023. Russia's aggression against Ukraine is still ongoing in 2024. Recent developments in the war situation include a proposal by EU leaders to use frozen Russian financial assets to finance the arming of Ukraine. The Israel-Hamas war has caused hostilities to spread across the Middle East. According to the International Energy Agency's Gas Market Report Q1 2024,<sup>12</sup> Qatar alone accounted for 20% of global LNG supplies in 2023, and the United Arab Emirates primarily transport their LNG production through the Strait of Hormuz. Consequently, any disruption to this route could have major implications for global LNG markets. Another geopolitical risk causing an increase in global shipping costs and directly impacting the EU's LNG imports is continuing attacks by the Houthis, militants backed by Iran, who began attacking container ships and oil tankers near the Bab el-Mandeb Strait in the Red Sea. In response, major shipping companies have temporarily suspended Suez transits and diverted their trade to alternative routes, which has increased shipping costs and time.

<sup>12</sup> IEA50 Gas Market Report, Q1-2024 (<https://www.iea.org/reports/gas-market-report-q1-2024>)

### 3.4.3. RES developments in EU & Croatia

As reported by the European Commission's Quarterly report on European gas and electricity markets<sup>13</sup> for Q3 2023, renewable energy saw an upward trend in installed capacity in 2023 and increased for the third consecutive quarter. Given the need to speed up the EU's clean energy transition, the Renewable Energy Directive EU/2018/2001<sup>14</sup> was revised in 2023. It sets and overall binding renewable energy target of at least 42.5% at the EU level by 2030 – but aiming for 45%. As a response to these trends, Croatia published its Energy Development Strategy of the Republic of Croatia until 2030 with an outlook to 2050<sup>15</sup> with the aim of ensuring energy independence and a particular emphasis on strengthening energy production from renewable sources. The regulatory framework is continually updated with new acts and amendments to current acts in order to support and further develop this Strategy. Furthermore, funding programmes are being introduced to increase the share of renewable energy sources. For example, in December 2023, the Croatian Environmental Protection and Energy Efficiency Fund published the criteria and conditions for co-funding energy renovation of family houses<sup>16</sup> in 2024, with a planned budget of €120 million.

<sup>13</sup> [https://energy.ec.europa.eu/data-and-analysis/market-analysis\\_en](https://energy.ec.europa.eu/data-and-analysis/market-analysis_en)

<sup>14</sup> European Commission: Renewable Energy Directive ([https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive\\_en](https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en))

<sup>15</sup> <https://www.zakon.hr/cms.htm?id=43467>

<sup>16</sup> Javni poziv za poticanje ugradnje fotonaponskih elektrana u obiteljskim kućama (EnU-4/23) (Public Call for Incentivizing the Installation of Photovoltaic Power Plants in Family Houses); <https://www.fzoeu.hr/hr/natjecaj/7539?nid=219>

### 3.4.4. Trends in power & gas prices

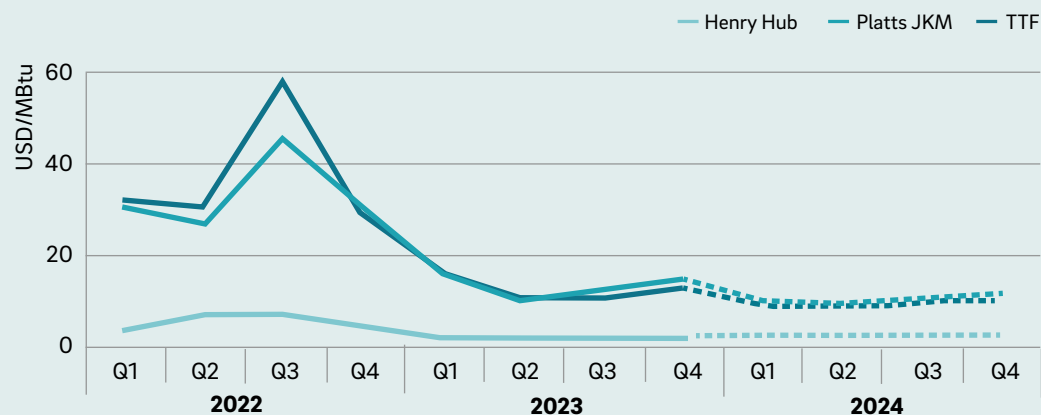
As mentioned in the Gas Market Report,<sup>17</sup> despite geopolitical tensions in 2023, natural gas prices decreased significantly across all key markets. Europe recorded a decline in TTF month-ahead natural gas prices by almost 70% compared to 2022. The downward trends are a result of warm weather, nearing full storage capacities and stable LNG inflows.

As stated by the CROPEX 2023 Annual Report, the 30-member strong energy market in Croatia recorded a large price decrease in 2023 compared to 2022, both in the Day Ahead Average Base Price and Average Peak Price.

Price (EUR/MWh)	2023	2022	Relative difference
Base Average	103.72	272.40	-61.92%
Peak Average	107.01	291.23	-63.26%
Highest Hourly	429.78	920.00	-53.28%
Lowest Hourly	-500.00	-50.10	+898.00%



#### Main spot and forward natural gas prices 2020-2023



Source: IEA50 Gas Market Report, Q1-2024 (<https://www.iea.org/reports/gas-market-report-q1-2024>)

In April 2023, the Croatian Government adopted the fourth package of measures<sup>18</sup> for the protection of households and the economy from rising prices, which were in force until 30 September 2023 for power and until 1 April 2024 for natural gas. According to this package of measures, energy and gas prices were fixed and additional tax reliefs were given. In September 2023, the fifth package of measures<sup>19</sup> was announced and in force from 1 October 2023 to 31 March 2024 for energy. Fixed prices remained the same – 59 EUR/MWh for electricity and 41 EUR/MWh for natural gas for households – with an increase in the electricity fixed price threshold from 2 500 kWh to 3 000 kWh biannually, whereas subventions for large companies were abolished.

<sup>17</sup> IEA50 Gas Market Report, Q1-2024 (<https://www.iea.org/reports/gas-market-report-q1-2024>)

<sup>18</sup> <https://vlada.gov.hr/UserDocsImages/Vijesti/2023/0%C5%BEujak/14%20o%C5%BEujka/4.%20paket%20mjera%20vlade.pdf>

<sup>19</sup> <https://vlada.gov.hr/UserDocsImages/Vijesti/2023/Rujan/14%20rujna/5.%20paket%20mjera%20vlade.pdf>

## 3.5. Business results<sup>20</sup>

GRI 201-1

in EUR	Directly generated economic value: revenues <sup>21</sup>			Distributed economic value <sup>22</sup>			Retained economic value		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Company</b>									
E ON Croatia	7 768 003	8 245 055	10 923 198	7 864 790	8 925 833	11 669 604	-96 787	-680 778	-746 406
E ON Energy	142 670 380	193 642 931	203 751 719	147 540 097	179 043 362	171 014 998	-4 869 717	14 599 569	32 736 720
E ON Gas	62 011 887	151 838 195	92 919 161	60 805 260	124 282 834	74 549 349	1 206 626	27 555 361	18 369 812
E ON Energy Infrastructure Solutions (former E ON Solar), Croatia	2 749 010	24 175 231	20 181 728	2 534 814	21 860 174	18 778 988	214 196	2 315 056	1 402 740
Solnet <sup>23</sup>	30 682	56 263	-	24 432	18 688	-	6 250	37 574	-
E ON Gas Distribution <sup>24</sup>	-	-	6 654 469	119	-	5 362 235	119	-	1 292 233
Montcogim – Plinara	2 884 737	2 450 372	-	1 626 626	1 351 059	-	1 258 112	1 099 313	-
Koprivnica plin	1 981 392	1 865 051	-	1 220 538	1 209 012	-	760 854	656 039	-
Plin-projekt	3 679 416	1 731 462	-	2 533 242	1 025 741	-	1 146 175	705 720	-
Moslavina plin	2 695 928	816 397	-	2 669 632	958 332	-	26 296	-141 935	-
E ON Energy Infrastructure Solutions (Slovenia)	12 947 787	10 825 208	9 052 175	13 126 829	18 210 349	5 813 602	-179 042	-7 385 141	3 238 572
E ON Energy Solutions	-	220	-	285	280 276	-	285	-280 055	-

<sup>20</sup> Business results in 2023 are preliminary and subject to change

<sup>21</sup> Total operating revenues from the AFS-ENT report are shown under the category Directly Generated Economic Value: Revenues.

<sup>22</sup> Operating expenditures less depreciation from the AFS-ENT report are shown under the category Distributed Economic Value.

<sup>23</sup> Solnet d.o.o. merged into E.ON Energy Infrastructure Solutions Ltd. (former E.ON Solar d.o.o.) in May 2023.

<sup>24</sup> The process of consolidation of gas distribution companies Moncogim – plinara d.o.o., Koprivnica plin d.o.o., Moslavina plin d.o.o. and Plin-projekt d.o.o. into E.ON Gas Distribution Ltd. was concluded in 2023.

Changes in revenue and business results are mostly influenced by the following factors:

- Amount of recharge costs such as IT costs, expat costs, etc. (E.ON Croatia)
- Level of marketing costs and costs connected to M&A activities regarding the mentioned acquisitions of companies Green Eight and Tomting 2010 (E.ON Croatia)
- Natural gas customer base in the observed periods (E.ON Gas)
- Productivity of constructed solar power plants for businesses (E.ON Energy Infrastructure Solutions Croatia)
- HERA's decision regarding the Methodology for Determining the Amount of Tariff Items for the Distribution of Natural Gas for a particular regulatory period (E.ON Gas Distribution)
- Strategic reorientation that demands time to assimilate to the new business model (Energy Infrastructure Solutions Slovenia)
- Trends in household prices, demand for home solar panels and share of green power sold (E.ON Energy)

Communication with tax authorities is carried out in accordance and subject to how the Tax Administration organises its work, i.e., liaising with the competent branches. Thus, for E.ON Croatia, E.ON Gas Distribution and E.ON Energy Infrastructure Solutions, the competent branch is located in Zagreb (Peščenica), while for E.ON Energy and E.ON Gas, the competent branch for large entrepreneurs is located in Osijek. Separate channels of communication are also organised with the relevant branches of the Croatian Customs Administration to fulfil the obligation of registering and paying excise duty. Other companies in the territory of the Republic of Croatia also liaise with the various Tax Administration branches near their business headquarters. Tax reporting for the companies of E.ON Croatia is carried out in two tax jurisdictions – Croatia and Slovenia.

### Tax policy of E.ON companies in Croatia

[GRI 207-1](#), [GRI 207-2](#)

The tax policy of E.ON's companies in Croatia complies with the tax regulations and stipulated deadlines of the Republic of Croatia. There is no specific tax strategy that would include recommended tax arrangements for business operations. Compliance of the tax treatment of individual transactions and processes with the applicable regulations is ensured by the Accounting and Tax department at E.ON. Regular annual audits verify such compliance, including the harmonization of value-added tax with the Croatian Tax Administration. The preparation of documentation on transfer prices is prescribed at the level of the E.ON SE Group and includes the creation of a Master File document and Local File documentation according to the tax jurisdictions covering business operations. The relations between companies within the E.ON SE Group are determined by the documentation mentioned above, which is also used in E.ON Croatia.

# 4. E.ON's approach to sustainable development



# 4.1. ESG Strategy

GRI 2-12, GRI 2-13, GRI 2-14

In 2021, the E.ON SE Group updated and confirmed its strategy by placing an even stronger emphasis on sustainability and identifying new growth ambitions. The key pillars of this strategy are **sustainability**, **digitalization**, and **growth**. The growth strategy adopted in 2021 also proved to be relevant and demonstrated

resilience in 2023. From the point of view of the E.ON SE Group, sustainability and digitalization underscore E.ON's growth ambitions and are precisely the success factors and enablers to accelerate the transformation of the energy system.





Climate protection is and will be one of the key drivers of E.ON's future growth. The E.ON SE Group has pledged to decrease Scope 1 and 2 emissions by 75% before 2030 and become climate neutral by 2040 regarding its Scope 1 and Scope 2 emissions. As for Scope 3, E.ON intends to reduce emissions by approx. 50% by 2030 and achieve climate neutrality by 2050. All the mentioned targets set by the E.ON SE Group level use 2019 as the base year.

The E.ON SE Group validated these climate targets with the Science Based Targets initiative (SBTi) in 2022, which means they are consistent with keeping global warming to 1.5 °C above preindustrial levels. More details on the carbon offset strategy of the E.ON SE Group are given in the fourth publication edition from March 2024, entitled "On course for net zero. Supporting paper for E.ON's decarbonization strategy and climate-related disclosures."<sup>25</sup>

Climate goals set by the E.ON SE Group are systematically embedded into the central control and management process. However, the E.ON SE Group is practicing a decentralised approach as subsidiaries like E.ON Croatia contribute to achieving targets and tailoring actions to the specific needs of their companies and markets.

E.ON Croatia has appointed a Director of Strategy and Sustainability to raise awareness about sustainability topics, coordinate projects and initiatives that aim at achieving climate targets and other ESG targets, as well as monitor progress and prepare the sustainability report. The Director of Sustainability and Strategy has the assistance of a dedicated team in the operational execution of these activities.

[GRI 2-12](#), [GRI 2-13](#), [GRI 2-14](#)

<sup>25</sup> [https://www.eon.com/content/dam/eon/eon-com/eon-com-assets/documents/sustainability/en/climate-related-disclosures/EON\\_2024\\_On\\_course\\_for\\_net\\_zero.pdf](https://www.eon.com/content/dam/eon/eon-com/eon-com-assets/documents/sustainability/en/climate-related-disclosures/EON_2024_On_course_for_net_zero.pdf)

 **Environment**

- Co<sub>2</sub>e emissions (Scope 1, 2 and 3)
- Share of green energy sold (Customer Solutions segment)
- Smart meter installations
- eMobility - charging stations (Customer Solutions segment)
- EU Taxonomy (aligned CapEx, OpEx and Revenues)

 **Social**

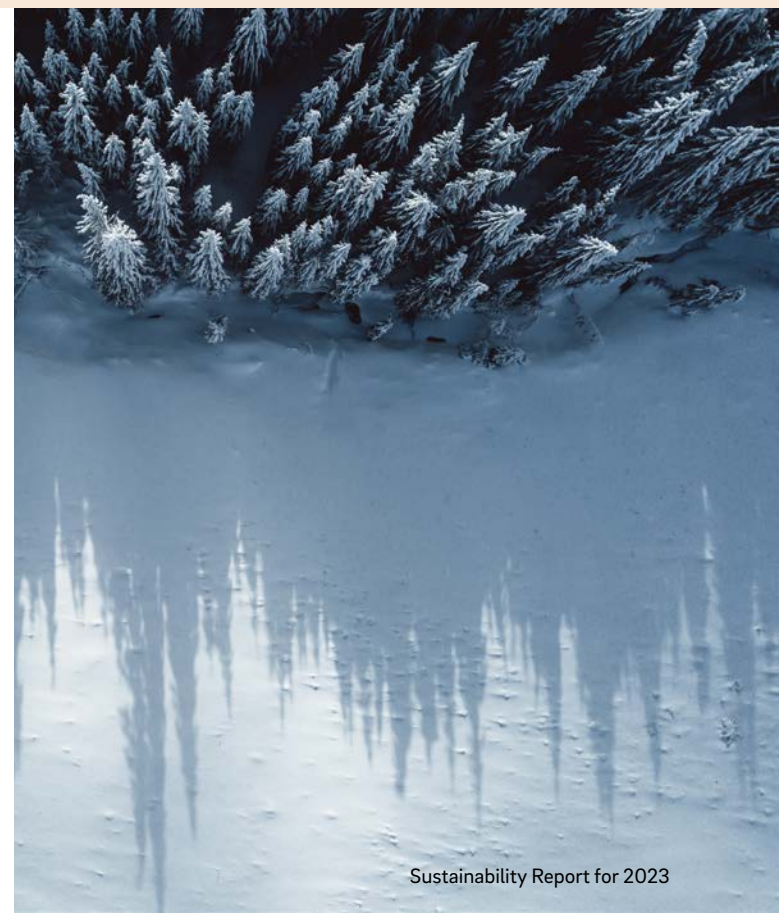
- Diversity: share of women in supreme governance bodies
- Health and safety: Serious Injuries and Fatalities (SIF) and Lost Time Injuries Frequency (LTIF)
- Net Promoter Score (NPS)
- Employee development: number of training hours
- Investment in the community
- Volunteering hours by employees

Although E.ON Croatia currently does not have a formal procedure for reporting sustainability topics, initiatives, and progress to the Management Board, in 2024, Sustainability Committee was created. Twice a year, the Sustainability Committee is given the task of monitoring the progress of the Strategy and Sustainability team regarding sustainability reporting, compliance with sustainability regulations, initiatives and projects across the E.ON Croatia value chain, sustainability communication practices, innovation and the development of clean technologies, sustainable business practices, and KPI performance.

Although no formal procedure exists, the Management Board is involved in developing, approving, and updating the organization's purpose, value and mission statements, including strategies, policies, and goals related to sustainable development so as to align them with the E.ON SE Group. Workshops run by the Strategy and Sustainability team are held, if necessary, to address these topics. The Management Board is also engaged in reviewing the annual Sustainability Report.

As a strong regional company focused on sustainability, digitalization and growth, E.ON Croatia is committed to complying with the increasingly stringent ESG regulation and, therefore, has already commenced activities for preparing the 2024 Sustainability Report in accordance with the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS). These activities include double materiality assessment and gap assessment comparing current disclosures and processes against the requirements under ESRS standards. A mandate was given by the Management Board to the Director of Strategy and Sustainability to engage all key stakeholders identified as part of a collaborative effort across and outside the organization.

Efficient and consistent implementation of E.ON's Sustainable Growth Strategy on decentralised levels requires the active support of the entire management of the E.ON SE Group. Therefore, the E.ON SE Group has outlined several ESG key performance indicators to be reported upon by subsidiaries, where E.ON Croatia has adopted all those relevant to its business.



## 4.2. Risk and opportunity management

### GRI 201-2

Within the scope of improving sustainability practices, ESG risks are an integral part of the Enterprise Risk Management at the E.ON SE Group. Risk management at the E.ON SE Group, as part of the company's business operations, is based on centralised management that defines standardised processes and tools for identification, assessment, countermeasures, monitoring and reporting on risks and opportunities, giving all business management units a realistic insight into the risks and opportunities in planned and contracted business activities. Risk management and assessment across the E.ON SE Group is governed by the Risk & Special Projects Department from the Group Controlling & Risk Division on behalf of the Risk Management Committee.

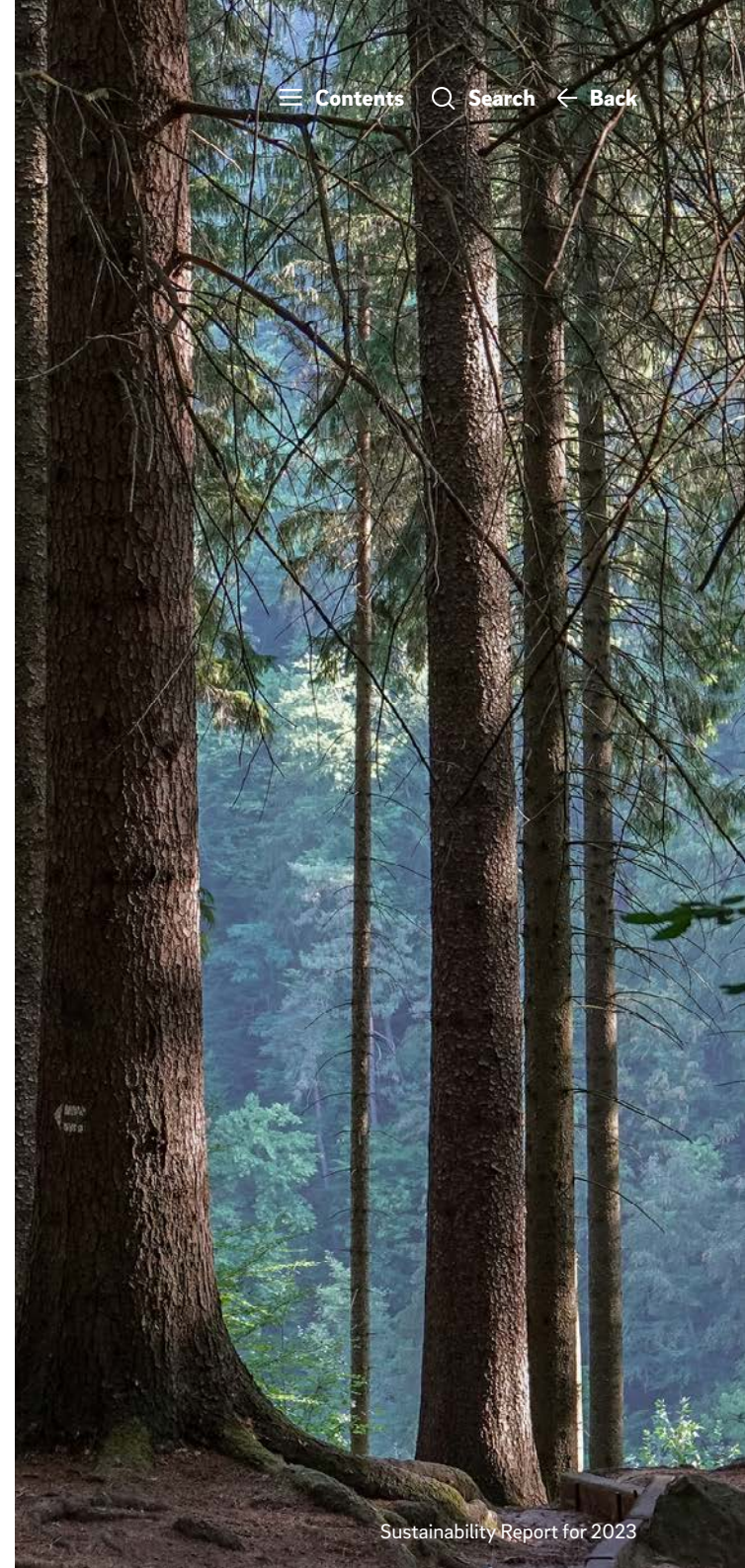
The main objectives of risk and opportunity management are as follows:

- Identification of particular risks and opportunities, including overall risk profiles within the medium-term plan based on continuous collection and analysis of relevant parameters,
- Transparency of the risk position to which the E.ON SE Group is exposed in line with legal requirements.




An authorised member from the Management Board is appointed to oversee all risks and opportunities, and as the "owner" of risks or opportunities, remains operationally responsible for management.

In accordance with the procedures above, E.ON Croatia frequently identifies and monitors operational and business risks, with the main emphasis on medium and short-term risks. These risks are

identified and monitored by the respective business and corporate directors and report to the E.ON SE Group, depending on the risk materiality and rating. As a part of the double materiality process, the E.ON Croatia Group will identify impacts, risks, and opportunities, as well as the methodology for rating ESG risks. The identified matrix will serve as input for the future development of ESG risk management procedures at a local level.



The E.ON Croatia Group has identified the following main risks, opportunities, and scenarios for ongoing development:

 <p><b>Race towards climate neutrality 2030.</b></p>	 <p><b>Lower use of gas infrastructure</b></p>	 <p><b>Resilience to extreme weather</b></p>	 <p><b>Cyber security</b></p>	 <p><b>Geopolitical tensions and war conflict</b></p>	 <p><b>Obtaining permits in the long term</b></p>	 <p><b>Underdeveloped network infrastructure</b></p>
<p>Various countries are increasing the level of decarbonization<sup>26</sup> beyond previously agreed measures, which imposes pressure on the gross margin when applying conventional solutions. Decarbonization is considered an opportunity for E.ON in Croatia and Slovenia, mainly in the segments of photovoltaic systems, eMobility, the production and application of hydrogen technologies and low-carbon heating systems, all with a potentially positive financial impact until 2030.</p>	<p>A strong push for heating electrification and decarbonization resulting in less natural gas consumption could lead to reduced use of the gas infrastructure if these processes are established sooner than planned.</p>	<p>The increased frequency of extreme weather events posing potential damage to property as a consequence (e.g., transmission cables, photovoltaic panels, etc.) is a challenge when adapting and strengthening resilience to climate change.<sup>27</sup></p>	<p>The continuous increase in cyberattacks, along with technological changes, will have a greater impact on cyber security.</p>	<p>Escalation of global tensions leading to disruptions in supply chains could lead to a financial and economic downturn on a regional or global scale.</p>	<p>Obtaining permits for the development of renewable energy source projects and other, often insufficiently defined administrative procedures make the development and application of low-carbon technologies difficult and hinder the energy transition, turning away potential investors.</p>	<p>The development of many renewable power generation projects has been slowed down or stopped completely due to issues with connections to the power distribution network. Distribution networks require large investments in order to increase capacity and ensure the stability of the power system. A delay in these investments could hinder growth potential and slow down energy transition.</p>

<sup>26</sup> Decarbonisation is the reduction of GHG emissions, primarily carbon dioxide, by reducing energy consumption and using energy sources with a lower or zero emission factor. The decarbonisation process involves the reduction of CO<sub>2</sub> emissions for every kWh of energy consumed and generated in facilities and kilometre traveled by a vehicle or per unit of product or service.

<sup>27</sup> Resilience to climate change shows how much a sector, territorial or economic unit will be affected by climate change. It is based on an assessment of the impact of climate change and the sector's vulnerability to climate change, which includes various climate parameters (e.g., sea level, air temperature, amount of precipitation, etc.).

## 4.3. Our approach to UN Sustainable Development Goals

With regard to its core business activities, E.ON Croatia has the greatest influence on the achievement of the following sustainable development goals (SDGs):

- Goal 7: Affordable and clean energy
- Goal 11: Sustainable cities and communities
- Goal 13: Climate action.

Within the framework of the assessed material impacts, certain Sustainable Development Goals (SDGs), including sub-goals, and the implementation of which E.ON Croatia is also a contributor. In the [Appendix](#), a comparative overview of sustainable development goals and key indicators shows how E.ON Croatia monitors its contribution to achieving specific sustainable development goals.



### Environmental areas

#### Resilience to climate change



#### Protection of the climate, the environment and human health



#### Utilisation of solar energy in line with the EU Solar Energy Strategy



### Social areas

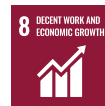
#### Reduction of energy poverty



#### A desirable workplace



#### Health and safety of employees



#### Digitalisation



#### Enhancing the quality of life in local communities



### Governance areas

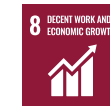
#### Strategic approach to sustainability



#### Good governance



#### Responsible procurement



#### Security and reliability of natural gas and power supply



#### Cyber security

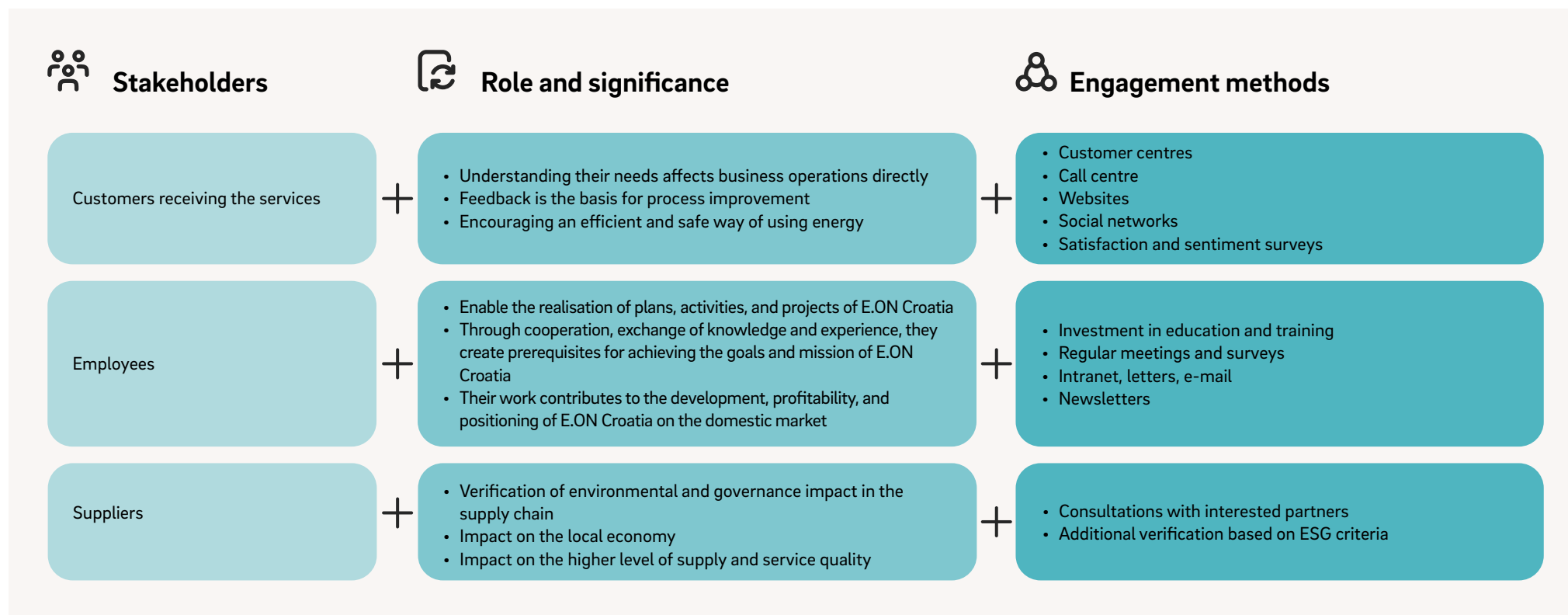


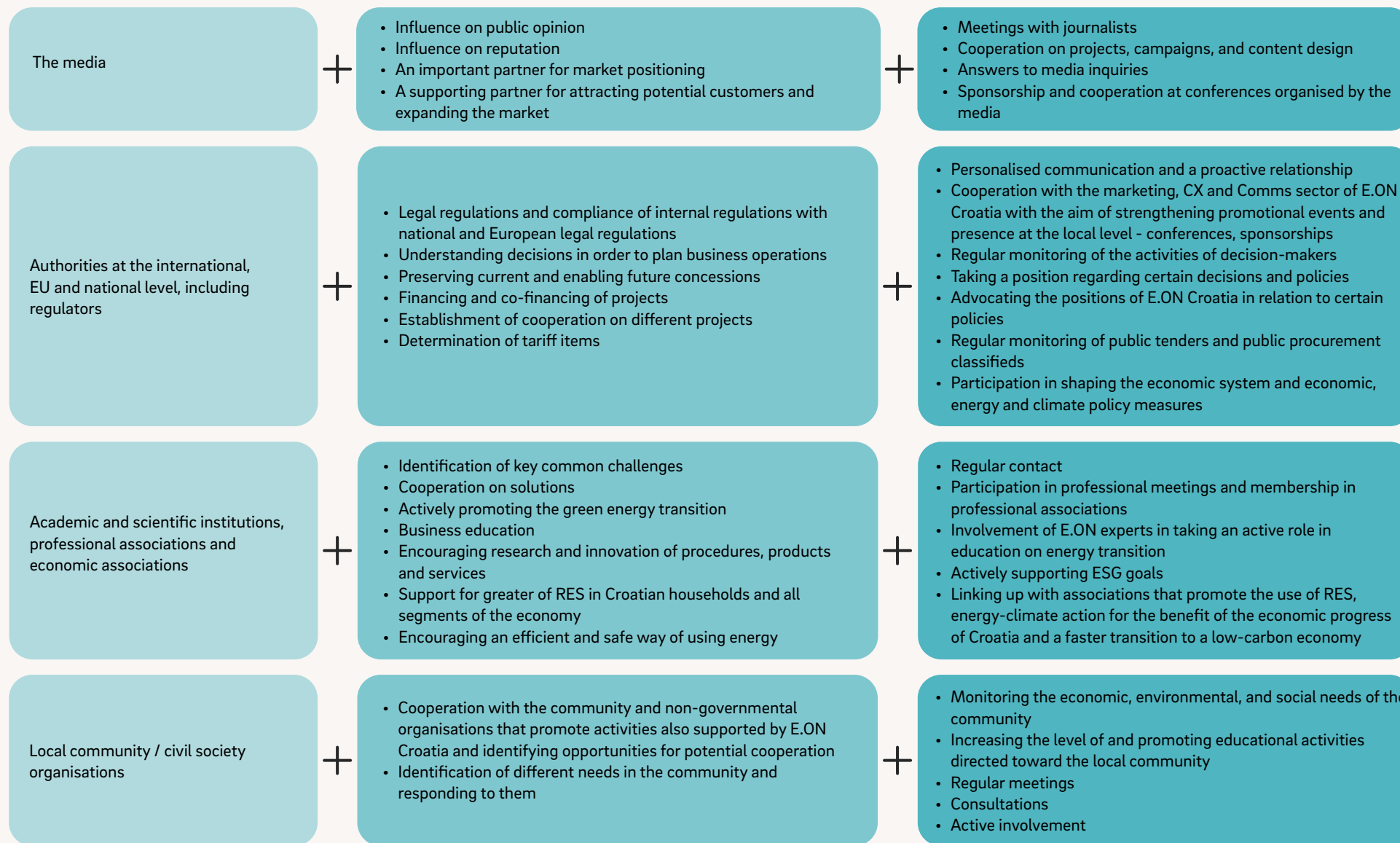
## 4.4. Material topics and stakeholder engagement

GRI 2-6, GRI 2-29

### 4.4.1. Stakeholder engagement

E.ON Croatia has established a network with different social groups, and with whom it communicates continuously and which also addresses sustainability topics. As a rule, stakeholders are recorded, analysed, and prioritised, depending on the specifics of the area, including strategic and management priorities, and internal capacities. An initial systematic approach to analysing sustainability requires assessing the material impacts.







## 4.4.2. Material topics

### GRI 3-1

For the first time, E.ON Croatia conducted an assessment of its material impacts for the 2022 Sustainability Report. In assessing the material impacts, the Global Reporting Initiative (GRI) standards were applied in the transitional phase until the entry into force of the new European Sustainability Reporting Standards (ESRS). Given that 2023 is a transitional year before E.ON Croatia implements reporting under the European Sustainability Reporting Standards (ESRS), stakeholder engagement and materiality assessment for the purpose of the GRI report were not repeated. Specifically, in this report, E.ON relies on data from the materiality assessment from the previous year. E.ON Croatia is currently in the process of performing a double materiality assessment in line with ESRS, and the results of this assessment will be used in the 2024 report.

According to the GRI standard, the impact can be real or potential, positive or negative for the economy, environment and society, including the impact on human rights. The impact is the result of an activities or business relationships, and it can be short-term and long-term, intentional and unintentional, repairable and irreparable.

The 2022 process of identifying material impacts was carried out in three steps.

**1**

In the first step of assessing material impacts, an overview of activities and business relationships concerning sustainability was carried out, and the stakeholders of E.ON in Croatia were selected, for which it had been concluded that their activities contribute to a comprehensive assessment of the material impacts.

**2**

The second step consisted of identifying sustainability areas and topics that already have an actual impact or could have a potential impact on the long-term and sustainable business operations of E.ON Croatia and areas that E.ON Croatia already affects (actual impact) or could affect (potential impact). The references taken into account were international agreements (Paris Agreement, UN SDG goals, ...), EU and Croatian strategies and roadmaps (Fit for 55, European Green New Deal, Low Carbon Development Strategy of Croatia) and E.ON strategies and action plans (E.ON Climate Commitment, E.ON SDG Commitment, E.ON SBTi Commitment, ...).

An internal workshop run by the reporting team was also held, where areas of sustainability were further analysed as to the actual and potential impact. Generally, the areas of sustainability are divided into three thematic areas: governance, environmental and social.

## Areas of sustainability

GRI 3-2



### Environmental areas

<b>Resilience to climate change</b>	Risk assessment regarding climate change and adaptation of business subject to ever more frequent adverse weather events, including the realisation of goals pertaining to limiting global warming.
<b>Protection of the climate, the environment and human health</b>	Significant reduction of GHG emissions, creating the preconditions for the energy transition towards a climate-neutral Europe, preserving biodiversity..
<b>Utilisation of solar energy in line with the EU Solar Energy Strategy</b>	A triple increase in the capacity of solar power plants by 2030



### Social areas

<b>Reduction of energy poverty</b>	Finding solutions for situations in which a household, individual or company is unable to afford basic energy services as a consequence of their income, high energy costs and low energy efficiency.
<b>A desirable workplace</b>	Development of competencies and professional training, equal opportunities – leadership diversity, especially regarding women in management positions, opportunities for equal employment and advancement, attracting and retaining employees, measures for employee satisfaction.
<b>Health and safety of employees</b>	Safe working conditions, risk assessments regarding occupational health and safety, raising awareness of the importance of safe working conditions with the aim of avoiding occupational injuries, safety-at-work training.
<b>Digitalisation</b>	Smart solutions that make it possible for households, companies and cities to enhance the quality of life and work in various aspects.
<b>Enhancing the quality of life in local communities</b>	Impact assessment and development programmes, employee volunteering, donations and investments in strategic areas, inclusion of vulnerable social groups.



### Governance areas

<b>Strategic approach to sustainability</b>	Resilience assessment of the business model against environmental, social and governance impacts and business risks with a description of sustainability goals and special emphasis on climate goals, monitoring and reporting
<b>Good governance</b>	Transparent market behaviour, governance, compliance with regulations, acting with integrity, decision-making based on ethical and anti-corruption principles, openness to the views and opinions of employees and other social groups in creating prerequisites for sustainable long-term business
<b>Responsible procurement</b>	Stability and long-term relations with suppliers, share of local suppliers, payment deadlines, verification of suppliers.
<b>Security and reliability of natural gas and power supply</b>	Continuous and timely supply of natural gas and power to customers, reducing dependence on Russian energy sources, energy savings.
<b>Cyber security</b>	Protecting all digital information, assessing cyber risks and ensuring a high level of data confidentiality.



GRI 3-3

Given that the 2022 materiality assessment was the first materiality assessment for E.ON in Croatia, there was no value chain assessment done. This year, E.ON is taking one step further by creating a complete analysis of the value chain to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD).<sup>28</sup>

3

In the third step, a survey was conducted from in which internal and external stakeholders assessed the severity of the impact of each area of sustainability, including managing these impacts and on which E.ON has the most positive influence. In addition, respondents evaluated the severity of impacts resulting from the

physical effects of climate change and transition-related risks on long-term and sustainable business operations.

The survey was completed by 119 participants, of which 27 were internal (employees, middle management and administrative roles), and 92 were external stakeholders (customers using E.ON services, suppliers of products and services, business customers, regulators, audit firms, business or interest associations and others).<sup>29</sup>

An analysis of the survey on the importance of sustainability areas for the long-term and sustainable business operations of E.ON Croatia shows that the **security and reliability of natural gas and power supply** have the highest impact on the sustainable and long-term business operations of E.ON Croatia, according to 71% of respondents. More than 60% of respondents

saw the impact of **good governance** as equally important. **Utilisation of solar energy in line with the EU Solar Energy Strategy**<sup>30</sup> was also assessed as having the highest impact on the sustainable and long-term business operations of E.ON Croatia.

Different aspects of impact, such as **responsible procurement, reduction of energy poverty, health and safety of employees, digitalisation, protection of the climate, the environment and human health, a desirable workplace and cyber security**, are slightly less significant for the sustainable and long-term business operations of E.ON Croatia, according to the responses of more than 58% of respondents.

According to 40% of all respondents, the impact of a **strategic approach to sustainability** is least similar to **climate resilience**. The impact of **enhancing the quality** of life in local communities is the lowest, according to 52% of respondents.

The survey was completed by more men (61%) than women (39%). Of these, 26% of women and 74% of men participated as internal stakeholders, and 42% of women and 58% of men were external stakeholders. For more details regarding the materiality assessment results, refer to the [Appendix](#).

<sup>28</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2464>

<sup>29</sup> Given that they are grouped data in which certain values (modalities of the statistical variable) appear in unequal frequencies, the frequencies of each modality were taken into account during the calculation.

<sup>30</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A221%3AFIN>

# 5. Climate protection and environment management



# 5.1. Climate protection

## 5.1.1. E.ON's approach

The E.ON SE Group views climate protection as a key driver of future growth. It has pledged to decrease Scope 1<sup>31</sup> and Scope 2<sup>32</sup> emissions by 75% before 2030 and become climate neutral by 2040 with respect to Scope 1 and Scope 2 emissions. As for Scope 3,<sup>33</sup> E.ON plans to reduce emissions by approx. 50% by 2030 and achieve climate neutrality by 2050. All the mentioned targets that the E.ON SE Group has set use 2019 as the base year. These goals were validated using the Science Based Target Initiative.<sup>34</sup> E.ON calculates its emissions using the globally recognised Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol) issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

<sup>31</sup> According to the E.ON CO<sub>2</sub> Steering Concept, Scope 1 encompasses direct GHG emissions from fuel combustion in relation to assets that E.ON owns or controls, such as power and heat generation and company vehicle fleet. They also include fugitive methane emissions from E.ON's gas distribution networks.

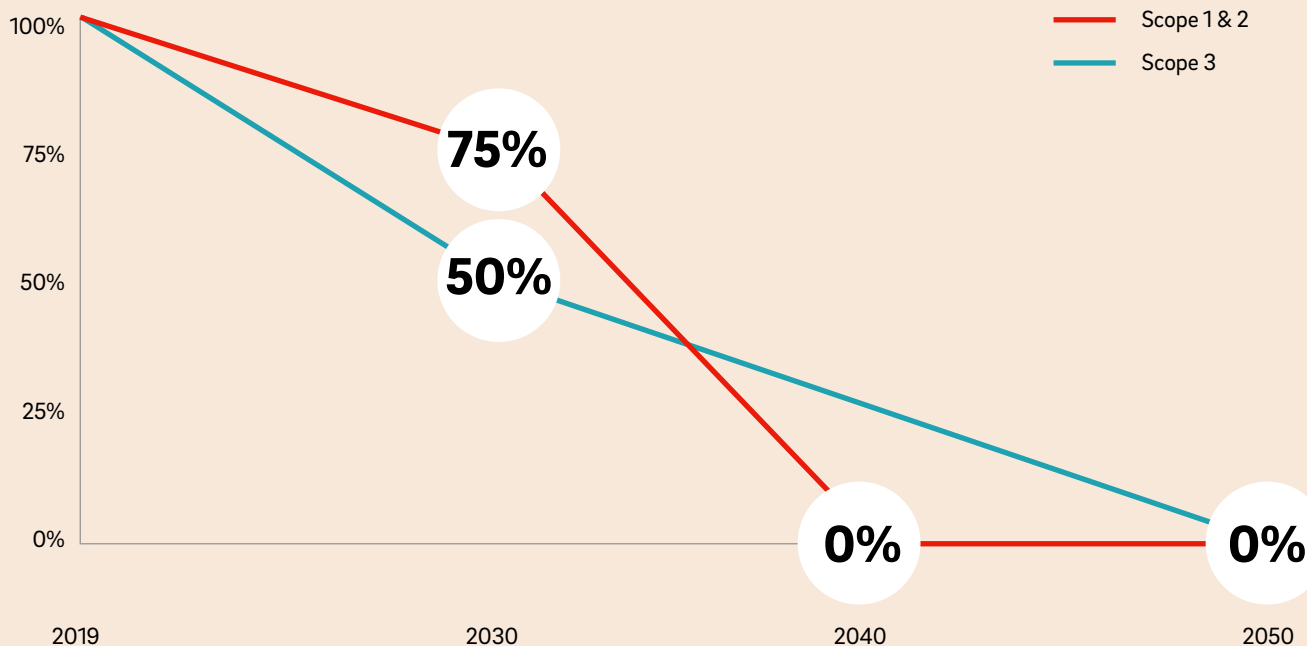
<sup>32</sup> According to the E.ON CO<sub>2</sub> Steering Concept, Scope 2 encompasses indirect GHG emissions from generation of purchased or obtained power, steam, heating or cooling of the reporting company, as well as electric vehicles, including the emissions that are classified as losses in E.ON's power distribution networks.

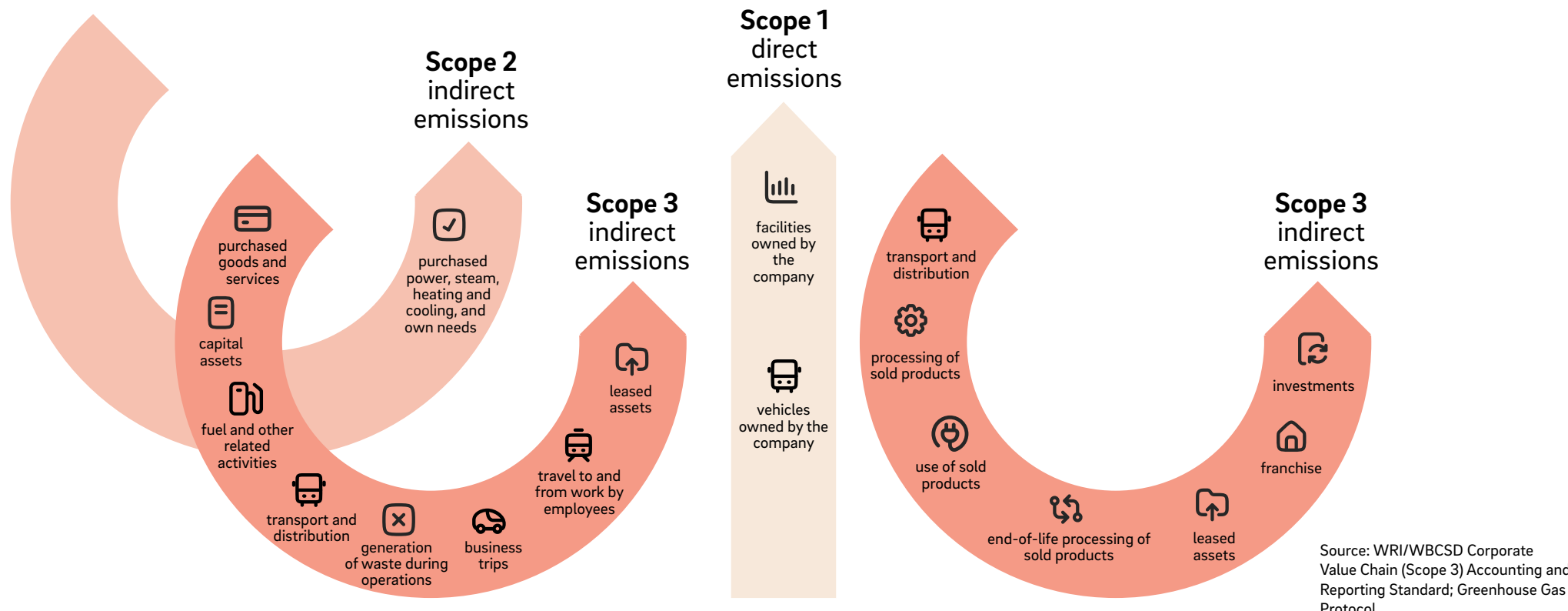
<sup>33</sup> According to the E.ON CO<sub>2</sub> Steering Concept, Scope 3 encompasses indirect emissions occurring upstream and downstream in relation to E.ON. They primarily result from the generation of power that E.ON purchases and resells to customers, as well as the use of natural gas sold. Emissions attributable to manufacture and provision of goods and services purchased by E.ON and business trips are also included.

<sup>34</sup> <https://sciencebasedtargets.org/>



E.ON plans to reduce emissions





In today's world, we see a trend among many countries, communities and companies focusing more on climate-friendly solutions, stemming from imposed changes in regulations and the ongoing movement of raising climate and environmental awareness. Therefore, renewable and low-carbon energy generation, combined

with efficient energy use, plays a key role in reducing GHG emissions. E.ON Croatia, following the strategy and business model of its parent company, devises solutions to help customers use energy more efficiently and produce their own renewable or low-carbon energy. Solutions such as eMobility, Future Energy Homes,

solar power plants, green energy supply, biomass and hydrogen-ready solutions are aligned with this business model. In addition, E.ON is continuously seeking new climate and environment-friendly solutions.

## 5.1.2 Measures and progress

GRI 305-1

### Direct emissions (Scope 1)

Scope 1 emissions are direct GHG emissions from fuels combusted in sources that E.ON owns, such as E.ON's power and heat plants, and vehicle fleet. Direct emissions, in addition to emissions resulting from vehicle fuel combustion, also include power and heat generation, and fugitive emissions. According to the definition of the GRI standards and the E.ON ESG Manual, fugitive emissions include emissions from maintenance or network leakage.

When comparing 2023 and 2022, fugitive emissions decreased by 97% in 2023. The decrease is mostly caused by the greater number of smart meters installed, which provide more accurate

data and the downsizing of "technical losses" caused by the time lag between the end of the billing period and the point of measurement.

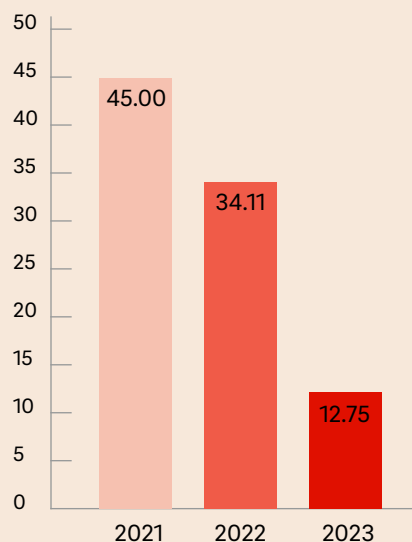
In 2023, Aquafil (gas CHP) became fully operational, which led to a new type of Scope 1 emissions that E.ON Croatia had not reported before, i.e., power and heat generation emissions. These emissions represent a significant share of Scope 1 emissions.

Vehicles owned by E.ON contribute directly to carbon dioxide emissions (details on vehicles owned are disclosed in the [Appendix](#)).

E.ON's direct gross carbon dioxide emissions in Croatia are calculated based on the use of owned vehicles. As part of Scope 1 emissions generated by E.ON Croatia and referring to the vehicle fleet, a car policy has been adopted since 25 January 2022 where a limit on CO<sub>2</sub> emissions has been set when buying a new company vehicle. A penalty regulation has been defined for cars exceeding 120 g/km CO<sub>2</sub>. Accordingly, E.ON Croatia is transitioning from diesel to gasoline vehicles, as they have a lower carbon footprint, but the final goal is to reach a fully electric or hybrid vehicle fleet in the following five years. The current challenge regarding the full adoption of electric vehicles is the lack of infrastructure, i.e., EV charging stations, in Croatia.

	UoM	2021	2022	2023
Power and heat generation emissions	kt of CO <sub>2</sub> e	0.00	0.00	11.62
Fugitive emissions	kt of CO <sub>2</sub> e	45.00	34.00	1.04
Emissions from owned vehicles	kt of CO <sub>2</sub> e	0.00	0.11	0.09
<b>Total emissions</b>	kt of CO <sub>2</sub> e	<b>45.00</b>	<b>34.11</b>	<b>12.75</b>

Gross GHG emissions / kt of CO<sub>2</sub>e



# Scope 1

All Scope 1 emissions originate from CO<sub>2</sub> except fugitive emissions, which are attributed to CH<sub>4</sub> (natural gas).

## Indirect emissions (Scope 2)

GRI 305-2

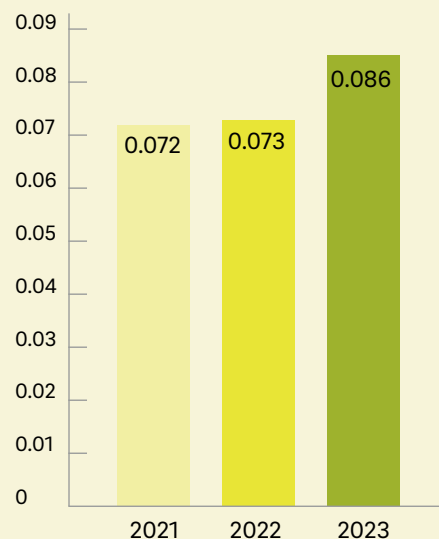
Scope 2 refers to indirect GHG emissions stemming from the generation of electricity that E.ON purchases to power its buildings, operations, and electric vehicles and natural gas combustion used to heat E.ON offices and facilities.

Total emissions, which refer to CO<sub>2</sub> only, increased by 17.7% in 2023 compared to 2022. E.ON Croatia plans to decrease these indirect emissions in the future by implementing its own renewable energy sources, such as solar power plants.

Indirect emissions as a result of the electricity usage were calculated using the location method. This method is based on calculations using the average specific CO<sub>2</sub> emission factor for the total electricity consumed in Croatia, which amounts to 0.132 kg CO<sub>2</sub>/kWh.<sup>35</sup>

	UoM	2021	2022	2023
Natural gas use	kt of CO <sub>2</sub> e	0.059	0.061	0.067
Electricity use	kt of CO <sub>2</sub> e	0.013	0.012	0.019
<b>Total emissions</b>	kt of CO <sub>2</sub> e	<b>0.072</b>	<b>0.073</b>	<b>0.086</b>

Gross GHG emissions / kt of CO<sub>2</sub>e



# Scope 2

<sup>35</sup> Source: Energija u Hrvatskoj 2020. (Energy in Croatia in 2020). Values are determined as the average for the period from 2015 to 2020.

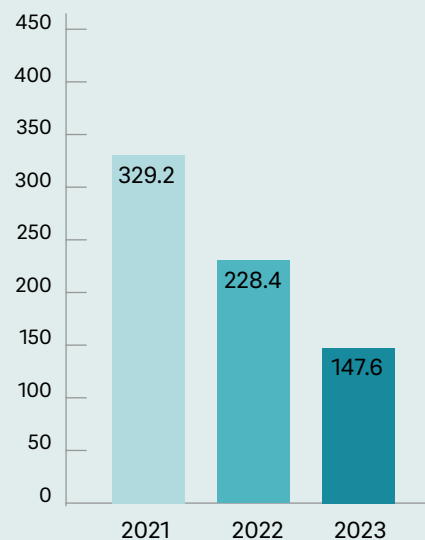
## Other indirect emissions (Scope 3)

GRI 305-3

Other indirect emissions are upstream and downstream emissions from the company's activities, primarily resulting from generation of electricity E.ON supplies to its customers and the combustion of natural gas E.ON supplies to its customers, as well as emissions from leased vehicles consuming fuel. The consumption of natural gas by customers of E.ON Gas in Croatia also indirectly leads to greenhouse gas emissions. In general, Scope 3 emissions decreased by 35% in 2023 compared to 2022.

	UoM	2021	2022	2023
Emissions from leased vehicles	kt of CO <sub>2</sub> e	0.13	0.15	0.18
Emissions from natural gas consumption supplied to customers	kt of CO <sub>2</sub> e	191.0	110.9	77.3
Emissions from generating electricity supplied to customers	kt of CO <sub>2</sub> e	138.1	117.3	70.1
<b>Total emissions</b>	kt of CO <sub>2</sub> e	<b>329.2</b>	<b>228.4</b>	<b>147.6</b>

Gross GHG emissions / kt of CO<sub>2</sub>e



# Scope 3

## 5. Climate protection and environment management

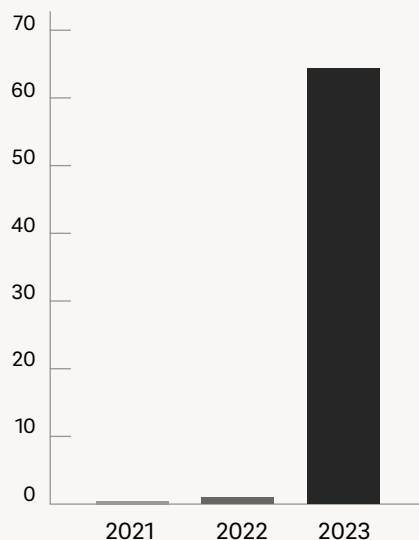
GRI 302-1

### Energy consumption in the organization

Energy consumption in the organization increased in 2023 due to the commissioning of Aquafil (gas CHP) in 2023, given that natural gas is used as input for electricity and steam generation. This newly built natural gas cogeneration plant provides efficient low-carbon power and heat supply which covers a large part of AquafilSLO consumption.

	UoM	2021	2022	2023
<b>Total energy consumption in the organization<sup>36</sup></b>	GWh	<b>0.5</b>	<b>0.9</b>	<b>64.1</b>

#### Total energy consumption in the organization / GWh



<sup>36</sup> Energy consumption for 2021 and 2022 modified when compared to the 2022 Sustainability Report due to recalculations.

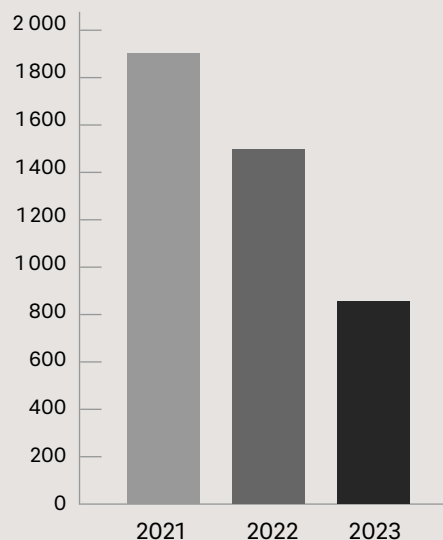
GRI 302-2

### Energy outside the organization

E.ON Croatia recorded a trend of decreasing energy use outside the organization as a consequence of the company's business model – strategic reorientation to energy solutions.

	UoM	2021	2022	2023
<b>Total energy consumption outside the organization</b>	GWh	<b>1910</b>	<b>1500</b>	<b>860</b>

#### Total energy consumption outside the organization / GWh



### 5.1.3. Initiatives

Avoidance and reduction of emissions have the highest priority in line with E.ON's holistic strategy. E.ON Croatia offers innovative customer solutions that contribute to this goal, such as:

- Introducing smart meters, which contribute to more accurate measurement of gas consumed
- Installing solar power plants as renewable energy sources for households and businesses
- Providing solutions in the field of electromobility which can indirectly contribute to growth in the number of electric vehicles
- Implementing technologies for cogeneration of power and heat from biomass
- Producing hydrogen, a renewable fuel, from wastewater sludge
- Developing new innovative solutions to simplify and enrich people's daily lives in parallel with being more sustainable

#### Increasing energy efficiency

Pursuant to Article 13 of the Energy Efficiency Act (Official Gazette, 127/14, 116/18, 25/20, 32/21, 41/21),<sup>37</sup> E.ON Croatia is obliged to submit to the Ministry of Economy and Sustainable Development (MoESD) annual reports on energy savings recorded in the previous year.

The study on energy savings constitutes proof of achieved energy savings. The study is a concise document that systematises information and evidence on measures implemented to improve energy efficiency and contains the following elements: data on the savings holder, type of implemented measures, location of implemented measures, the amount of new annual and cumulative savings along with calculations of these savings and evidence that the measure was implemented, as well as evidence of input data used to calculate the new annual energy savings. The national coordination authority verifies the energy savings on the basis of the study, which ultimately confirms that the energy savings were achieved and that the holder is credited with the savings.

In accordance with stipulated legal obligations, E.ON Croatia has prepared the following studies on energy savings for 2021, 2022 and 2023:

- UE-BC-001/22 for Measure 1: Implementation of educational and informational campaigns on energy efficiency, renewable sources and energy-efficient household and office devices
- UE-BC-002/22 for Measure 15: Photovoltaic solar modules
- UE-BC-003/22 for Measure 22: Replacement of existing or installation of new lighting fixtures in households
- UE-BB-004/22 for Measure 15: Photovoltaic solar modules
- UE-BB-005/22 for Measure 23: Replacement, improvement and installation of new lighting systems and their components in service and industrial sector buildings
- UE-BB-006/22 Measure 4: Introduction of advanced (smart) metering systems for monitoring the consumption of power and thermal energy.

Measure	2021	2022	2023
Implementation of educational and informational campaigns on energy efficiency, renewable sources and energy-efficient household and office devices <sup>38</sup>	2.06	3.17	0.88
Photovoltaic solar modules - households	0.63	1.71	2.96
Photovoltaic solar modules - business	0.11	5.43	20.23
Replacement, improvement or installation of new lighting systems and their components in service and industrial sector buildings <sup>39</sup>	1.71	1.32	0.00
Introduction of advanced (smart) metering systems for monitoring the consumption of power and thermal energy <sup>40</sup>	0.65	0.70	1.17
<b>Total energy savings</b>	<b>5.16</b>	<b>12.33</b>	<b>25.24</b>

The described energy efficiency study is the best measure to prove that E.ON Croatia's model is focused on the decarbonization and energy efficiency of its customers. In 2023, the increase was due to the installed solar plants and smart meters.

<sup>37</sup> <https://www.zakon.hr/z/747/Zakon-o-energetskoj-u%C4%8Dinkovitosti>

<sup>38</sup> According to the description from the study, the proposed energy saving budgeting method was taken from the EU H2020 MultEE project – Facilitating Multi-level Governance for Energy Efficiency, specifically from the document General Formulas for Determining the Impact of Energy Efficiency Measures with the application of the bottom-up method for the measure Awareness Raising Campaign. The amount of savings determined in this manner is unrealistically high and insufficiently supported by concrete data.

<sup>39</sup> Discontinued in 2023

<sup>40</sup> According to the definition from the Energy Efficiency Act, an advanced 76 metering system is an electronic system that can measure energy consumption by providing more information than a conventional meter and transmit and receive data via a specific form of electronic communication.

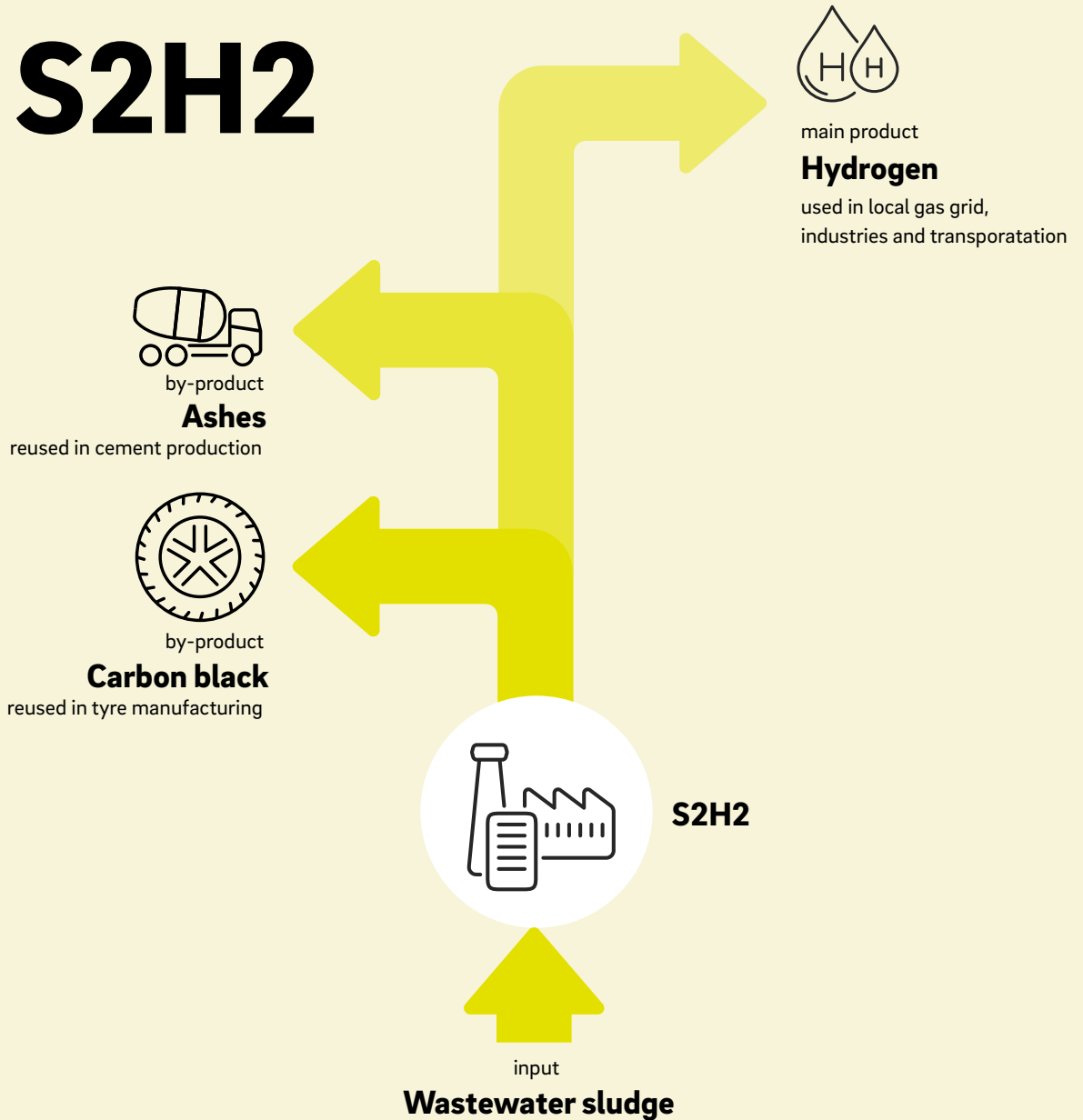
**From sludge to hydrogen**

E.ON Croatia is currently supporting the development of a Sludge-to-Hydrogen (S2H2) project. The project aims to produce hydrogen, a renewable fuel, from wastewater sludge using a novel gasification technology. The project received a funding grant from the EU Innovation Fund in December 2023 and is and signed the Grant in June 2024.

The main objective of the project is to transform currently landfilled sludge into hydrogen as fuel or feedstock with only ashes and carbon black occurring as by-products. Both of these by-products can be recovered and reused, circular economy principles achieved and the bar for national sewage water treatment practice set. The relative reduction of GHG emissions amounted to 108% of the target. The project is located in Zagreb.

S2H2 employs a novel approach to gasification using after heaters and syngas recirculation, and enabling zero emissions of CO<sub>2</sub> as all carbon is captured as solid remains. The S2H2 unit processes 25 tonnes of sludge daily and produces up to one tonne of renewable hydrogen. Hydrogen will be used for the decarbonization of the local gas grid or for commercial use to support the decarbonization of process industries and transportation. The by-products, ashes and carbon black, can be reused in cement production and tyre manufacturing, respectively.

The technology can be scaled across multiple wastewater treatment plants in Croatia and the EU due to its flexibility and scalable design. Currently, there is no other alternative for treating wastewater sludge in Croatia.



## 5.2. Environment

The Health, Safety, Environment and Climate Protection Policy Statement of the E.ON SE Group clarifies that environmental and climate protection, similar to occupational health and safety, is an integral part of the company's business operations. The Policy Statement obliges E.ON to consider environmental and climate protection in all its business decisions.

E.ON Croatia commits to complying with all health, safety, and environment (HSE) laws and regulations, as well as the requirements of the E.ON SE Group. Accordingly, E.ON Croatia has implemented the Integrated Management System (IMS) which ensures continuous improvement in the areas of quality of the services (QoS) provided, health and safety at work, and environmental protection.

E.ON Croatia works closely with internal and external stakeholders in all areas and clearly supports the following principles:

- Taking care of the health and safety of employees, customers and business partners, as well as environmental and climate protection based on economic efficiency across all business decisions.
- Applying the best possible techniques and procedures in business processes to optimise occupational health and safety, reduce the environmental impact, prevent any environmental pollution and improve energy efficiency.
- Maintaining a dialogue concerning E.ON's aspirations and performance with all interested stakeholders.
- Emphasizing E.ON's commitment to consulting with and participation by workers in all segments of the occupational health and safety system.
- Working with documented management systems in accordance with the requirements of international standards: ISO 9001 – Quality management systems (QMS), ISO 14001 – Environmental management systems (EMS), and ISO 45001 – Occupational health and safety (OH&S) management systems.

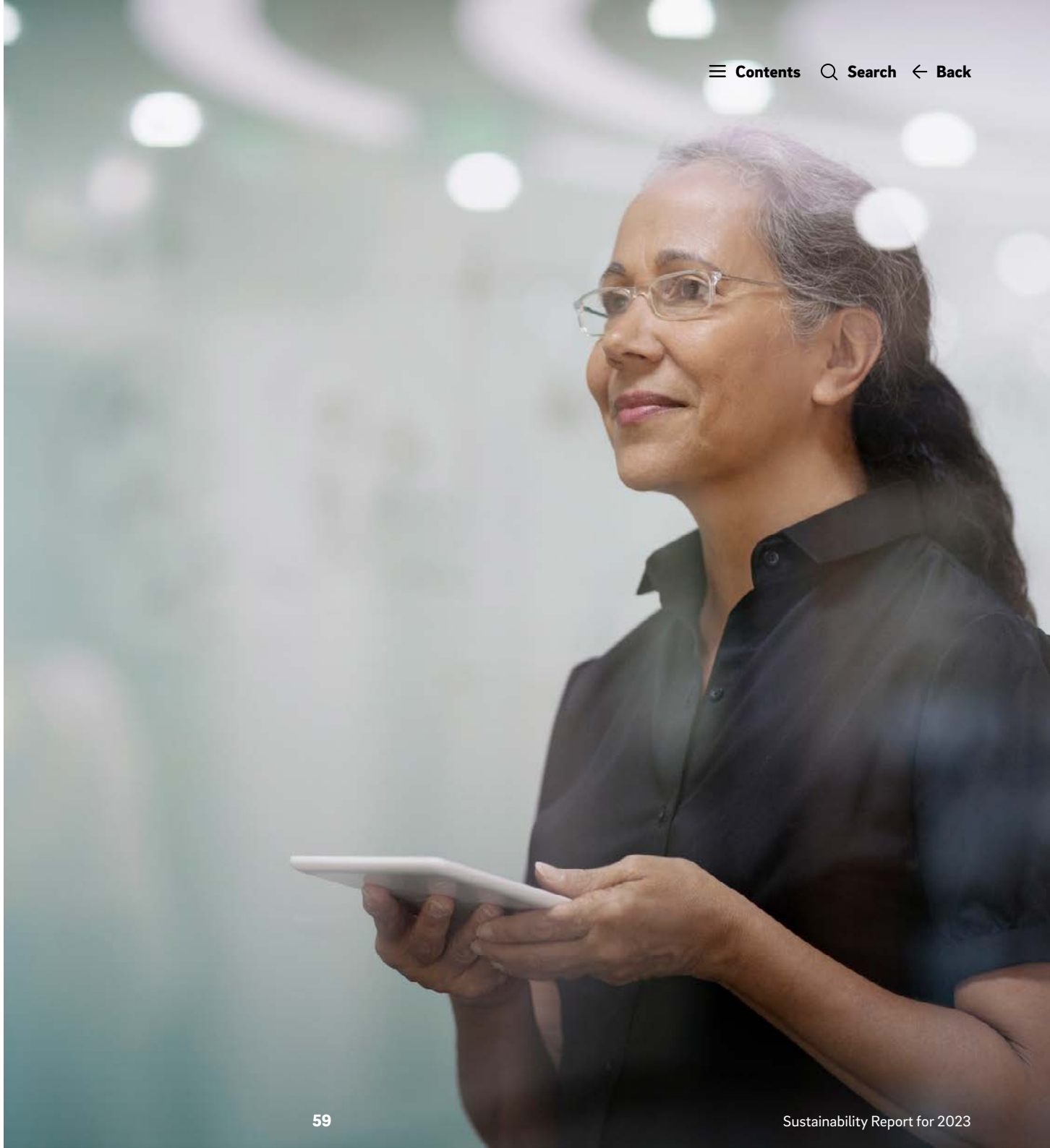


### 5.2.1 Environmental initiatives

E.ON employees and managers are required to report environmental accidents using the PRISMA tool (Platform for Reporting on Incident and Sustainability Management and Audits) implemented across the E.ON SE Group.

In addition, several environmental ESG key performance indicators are implemented and reported to the E.ON SE Group (see section [Our ESG Strategy](#) for more details on the relevant KPIs).

In addition to its current portfolio of sustainable products and services, E.ON Croatia intends to invest a total of 150 million EUR in the next four years for the development of projects aligned with the EU taxonomy and complex solutions in the Energy Infrastructure Solutions sector. Also, steps towards implementing the principle of a circular economy have been taken, specifically the Sludge-to-Hydrogen (S2H2) project. More information on this project is found in the chapter [5.1.3 Initiatives](#).



## 5.3. EU Taxonomy

The Taxonomy Regulation establishes an EU-wide classification system for environmentally sustainable economic activities in order to direct green investments towards those activities that are essential for achieving the set sustainability goals. The aim of taxonomy is to help investors and companies identify environmentally sustainable economic activities and encourage their financing.

There are six environmental objectives:

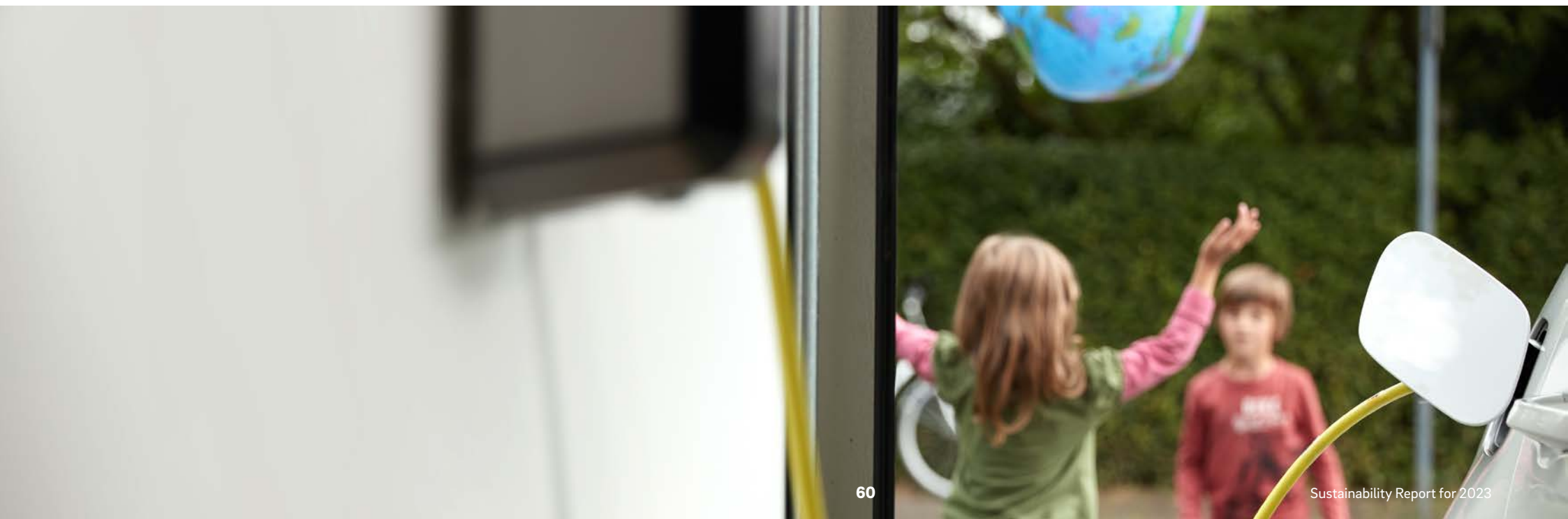
- Climate change mitigation,
- Climate change adaptation,
- Sustainable use and protection of water and marine resources,
- Transition to a circular economy,
- Pollution prevention and control,
- Protection and restoration of biodiversity and ecosystems

Activities within the taxonomy can be classified as "taxonomically eligible economic activities" or as "taxonomy aligned economic activities." In order for an economic activity to be "taxonomy aligned," it must:

- contribute significantly to at least one of the six environmental goals
- not significantly harm any of the remaining environmental objectives (do no significant harm)
- be carried out in accordance with minimum protective measures (compliance with the principles and documents of international organizations) and
- be aligned with the technical verification criteria adopted by the European Commission.

E.ON Croatia has also mapped its economic activities and identified current taxonomy eligible activities:

- 4.1. Electricity generation using solar photovoltaic technology
- 4.19 Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels
- 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking lots next to buildings)
- 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings
- 7.6. Installation, maintenance and repair of renewable energy technologies.



# 6. Social



## 6.1. Employees

GRI 2-23

The E.ON SE Group has defined four People Priorities across the Group, also reflected in the Group People Strategy or GPS@E.ON. These priorities are:



### Future of work

adapting to a new way of thinking and working in a time of significant changes



### Sustainability

active adoption of measures to improve human resources based on sustainability as an imperative for responsible business



### Diversity and inclusion

commitment to accepting diversity and inclusion, individual development and teamwork, encouraging knowledge and talent development



### Leadership

encouraging managers to act as role models for employees based on their exemplary leadership and behaviour

Topics of Group-wide strategic significance, such as talent management, diversity and inclusion, learning and development, employer value proposal and HR tech, are managed centrally.



## 6.1.1. Employee working conditions

At E.ON Croatia, employee working conditions are defined in the company's Work Ordinance and the Annex on the Systematisation and Organisation of Employment Positions.

Work Ordinance regulate how to enter employment, organization of operations, salary, remuneration and fringe benefits, employment rights and obligations, protection of worker dignity and protection against discrimination, protection of personal data, termination of employment and other employment matters.

The Annex on the Systematisation and Organisation of Employment Positions is outlined in line with applicable laws and bylaws and

aims to define each work position, role and responsibilities. All employee data is entered in PRISMA.

### GRI 2-7

The total number of employees in all subsidiary companies of E.ON Croatia in 2023 was 265 (106 women and 159 men), which is 9.1% more than in 2022 when E.ON had 243 employees (91 women and 152 men). Women represented 40% of the workforce in 2023, up from 37% in 2022. In all, 263 employees are located in Croatia, while two others are based in Slovenia.

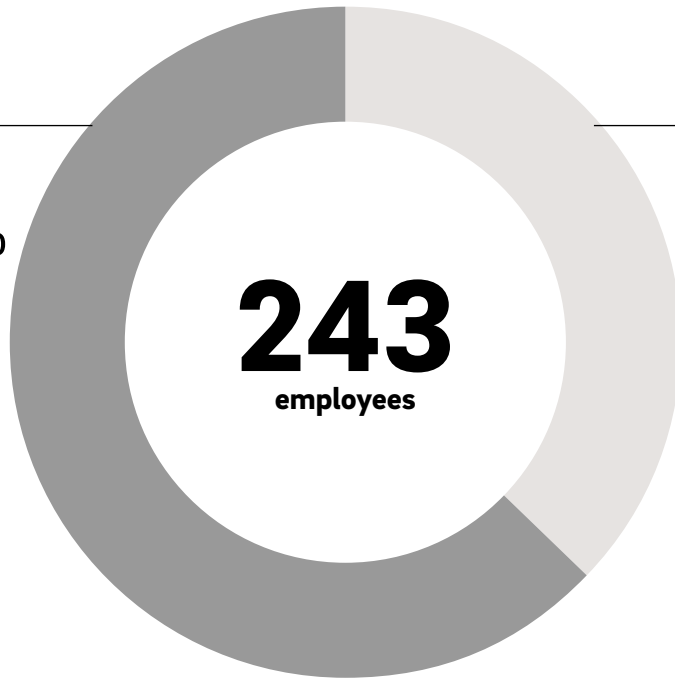
The share of employees with an open-ended employment contract in 2023 was 98%, and there were only five employees with a fixed-term employment contract (100% of them were female), which is a positive indicator of employment security. All workers

at E.ON Croatia are directly employed by the company. There are no workers at E.ON Croatia from third-party employment agencies. As the employer, E.ON Croatia does not repeatedly renew fixed-term employment contracts without first granting a permanent contract. Temporary contracts, in most cases, only provide replacements for absent employees due to maternity leave. In addition, no restructuring plans in terms of employment took place in 2022 or 2023. On the contrary, the year-on-year growth in the number of employees at the company is evident. For a more detailed breakdown of the employee structure per gender and type of employment contract, refer to the [Appendix](#) section.

### Workforce 2022



**152**  
63%



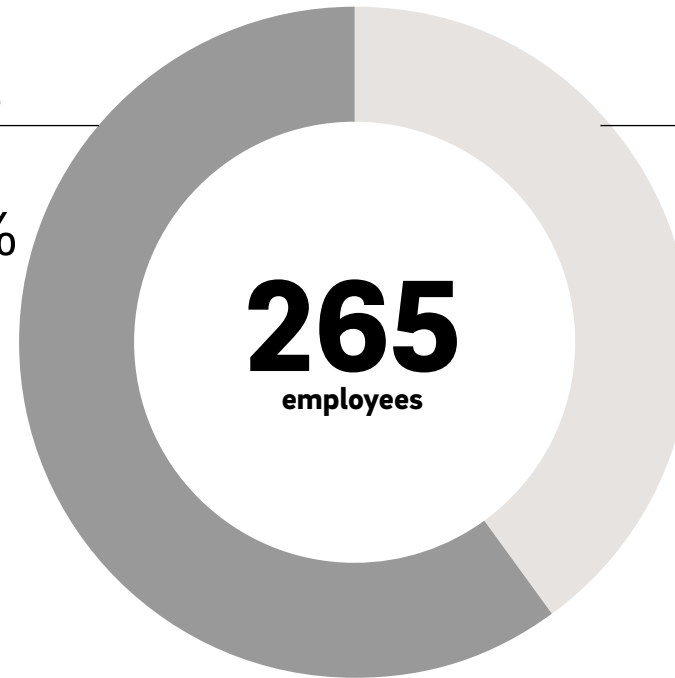
**91**  
37%

**243**  
employees

### Workforce 2023



**159**  
60%



**106**  
40%

**265**  
employees

GRI 401-1

In 2023, E.ON Croatia hired 83 new employees, which is 54% more than in 2022, when 54 new employees were hired. Regarding the gender structure, 43% of 2023 new employees are female employees (2022: 37%). The largest share of new employees in 2020 is the age group between 30 and 50 years of age, accounting for 70% of all employees (2022: 69%). The company hired all new employees guided by the principles of equality and non-discrimination.





The total number of terminated employment contracts in 2023 was 45 (2022: 38 employees were let go), of which 40 were initiated by employees themselves. For a more detailed breakdown of new and fluctuating employee numbers by gender and age, refer to the [Appendix](#) section.

GRI 401-3

All employees at E.ON Croatia are entitled to maternity and parental leave. Eighteen employees took maternity and parental leave in 2023, 13 of whom were female employees. By the end of 2023, eight of these employees (five males and three females) returned to work after parental leave had ended.

GRI 401-2

Employees who work full-time at E.ON in Croatia are provided with:

 <b>Insurance and health coverage</b>	 <b>Paid time off</b>	 <b>Financial benefits</b>	 <b>Other benefits</b>
<hr/> <p style="text-align: center;">Health care</p> <hr/> <p style="text-align: center;">Disability and invalidity coverage</p> <hr/> <p style="text-align: center;">Life insurance (not applicable to all E.ON Croatia employees)</p> <hr/> <p style="text-align: center;">Additional medical insurance</p> <hr/> <p style="text-align: center;">Annual physical check-ups</p> <hr/>	<hr/> <p style="text-align: center;">Day off for a child's first day at school</p> <hr/> <p style="text-align: center;">Day off for birthdays</p> <hr/> <p style="text-align: center;">Parental leave</p> <hr/>	<hr/> <p style="text-align: center;">Transportation allowance</p> <hr/> <p style="text-align: center;">Subsidised hot meal</p> <hr/> <p style="text-align: center;">Christmas bonuses</p> <hr/> <p style="text-align: center;">Severance pay at retirement (not applicable to all E.ON Croatia employees)</p> <hr/> <p style="text-align: center;">Gift for best employees based on end-of-year performance</p> <hr/>	<hr/> <p style="text-align: center;">A hybrid work policy exists depending on the working position (3+2 days of home and office)</p> <hr/> <p style="text-align: center;">Eight days of remote work monthly</p> <hr/> <p style="text-align: center;">Two additional weeks yearly of "working from anywhere in the EU")</p> <hr/> <p style="text-align: center;">Sports benefits</p> <hr/> <p style="text-align: center;">Gifts for children</p> <hr/> <p style="text-align: center;">Education</p> <hr/> <p style="text-align: center;">Special discounts for employees</p> <hr/>

In September 2023, E.ON Croatia adopted the YES Award, which rewards employees who achieve significant success or outstanding results. For the award to be granted, employees must fulfil certain conditions clearly identified as part of the YES Award rules. The YES Award requires a nomination from an E.ON director with a corresponding explanation regarding the nominee and suggested award amount. The HR & Culture Sector collects all nominations

and prepares them for approval by the Management Board. The Management Board decides as to the amount of the award, which can vary anywhere up to gross 5 000 EUR.

### GRI 202-1; GRI 2-30; GRI 2-19

Employee salaries depend on competencies and experience. At E.ON Croatia, the coefficient for an entry-level salary at E.ON is the ratio of the entry-level salary to the minimum wage as defined by Croatian legislation in 2023, i.e., 1.75 for both genders and refers to the gross salary. In Croatia, the stipulated minimum salary in 2023 was 700 EUR (2022: coefficient was 1.73). E.ON Croatia provides fair pay that enables its employees to live a decent life, as can be seen from the ratio above. The remuneration of the highest governance body and senior executives is structured as fixed and variable pay, with the variable part of the pay tied to company and individual performance, and also includes potential severance payments.

### GRI 201-3

At E.ON Croatia, there are no defined benefit plan obligations and other retirement plans.

E.ON Croatia employees are not covered by collective bargaining agreements and no employee is involved in any form of worker association, including workers' council or membership in any union. E.ON Croatia has not, in any way, discriminated or influenced against freedom of association. The non-existence of workers' councils is only due to a lack of employee interest in forming such an association. Across the E.ON SE Group, workers' councils and other forms of employee representation do exist. Cooperation is respectful, based on open dialogue and no discrimination of any kind towards employees who join such workers' councils.

Social dialogue with employees is performed at biannual All Hands meetings when management communicates the company goals and achievements, as well as other corporate culture and governance topics, to all employees. All Hands meetings also provide employees with the opportunity to ask questions

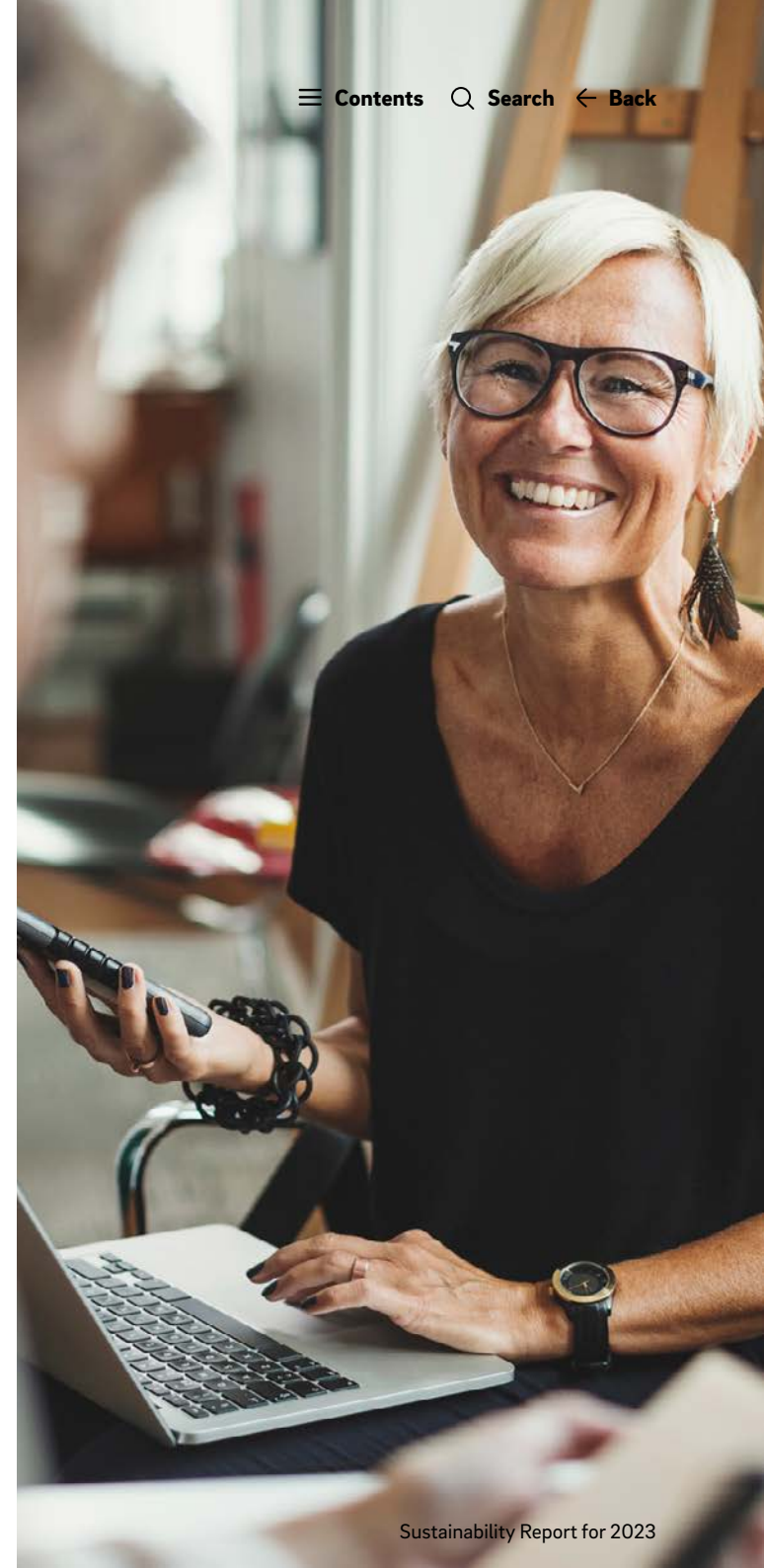
anonymously on any topic of interest, which are transparently answered by management immediately on the spot. In addition, the Marketing Department at E.ON Croatia prepares and sends monthly email newsletters to all employees, informing them about upcoming events, news and updates relevant specifically to the E.ON Croatia Group.

E.ON Croatia nurtures strong values in providing a healthy work-life balance for its employees. Work time is prescribed in Work ordinance. Daily working hours are 8 hours per day, where the employee has the flexibility to decide when to start (between 7:00 and 9:00 am) and finish (between 3:00 and 5:00 pm) during a workday and when to take a break, in agreement with their immediate superior. Some work positions are organised into work shifts. Also, depending on work requirements, on-call duty may be introduced, and the employee is entitled to fair remuneration for such work, in line with the amount set in the Work ordinance.

Vacation days are granted according to applicable laws. Additional vacation days are granted based on length of employment, level of education and social conditions (number of children, disabilities). Also, during a calendar year, employees are entitled to take leave for important personal needs, such as getting married, childbirth, birthdays, and moving as prescribed in the Work Ordinance.

All overtime work is compensated in line with the Work Ordinance. Maintaining a healthy work-life balance requires limiting overtime hours to only extraordinary cases, like a sudden increase in workloads and other emergencies. These decisions should be agreed to in writing or, in cases of special emergencies, verbally.

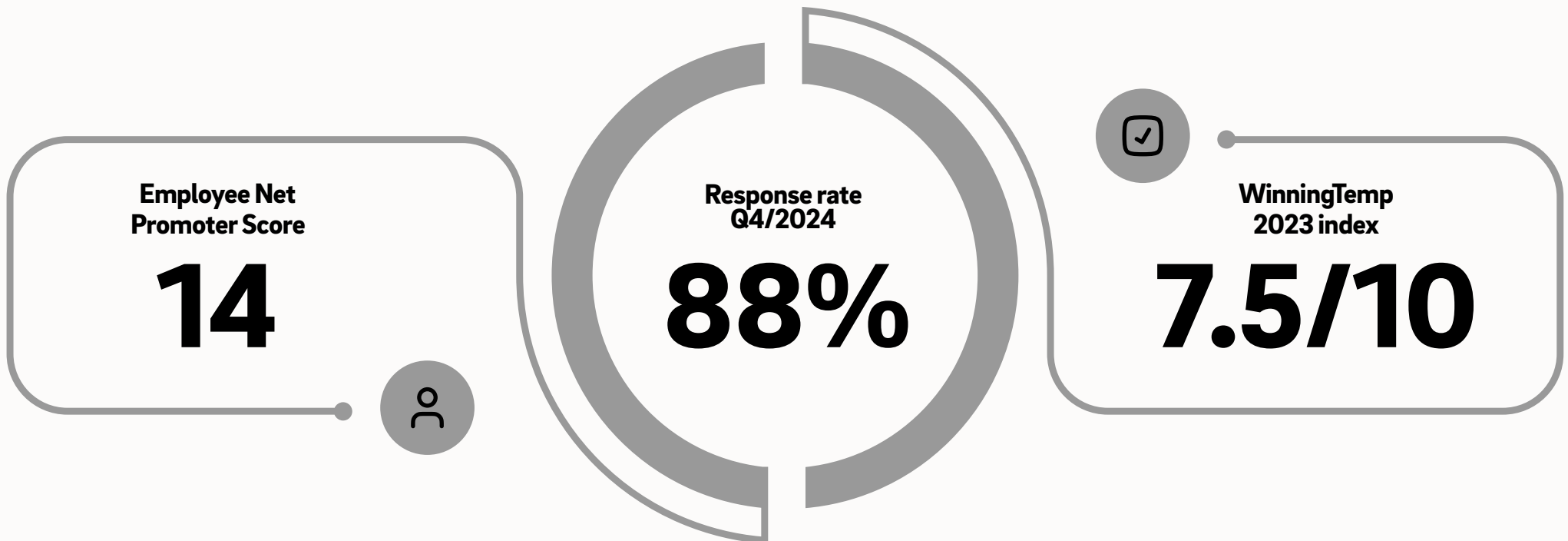
Depending on the work position, E.ON Croatia grants the possibility of two days of home office work per week and two additional weeks a year of taking a "workation" (work + vacation), meaning the possibility of working from anywhere in the EU. The aim is to make working at E.ON even more flexible and to respond to individual employee needs.



E.ON Croatia measures employee satisfaction by conducting an anonymous Winningtemp Survey. The surveys are communicated weekly through Winningtemp application to all employees and contain questions regarding Leadership, Job satisfaction, Meaningfulness, Autonomy, Work Situation, Participation, Personal Development, Commitment, and the Employee Net Promoter Score (eNPS).

The response rate is high and always above 80%. For the last quarter of 2023, the total index amounted to 7.5/10, with a response participation rate of 88%. The eNPS amounted to 14, which shows that most employees would recommend E.ON Croatia as an employer. The HR & Culture Sector pays close attention to these survey results. All complaints, suggestions and low scores are followed up with action points for improvements in these areas.

### Winningtemp Survey



## 6.1.2. Equal treatment and opportunities for all

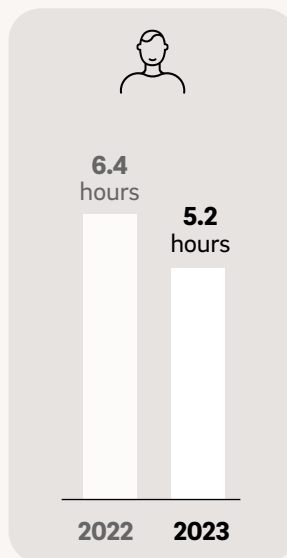
E.ON Croatia strives towards attracting and developing top talent, creating a winning culture and driving digitalization. E.ON SE has implemented a group-wide competency model called Grow@E.ON and it was implemented in Croatia as well. This competency model forms an integral part of the Group People Strategy. It describes how employees and managers should behave toward each other and customers, provides guidance to staff in their daily work and sets out a clear path for their personal development and professional growth. In addition, 10 People Guidelines, explained in more detail in the Governance section, demonstrate how employees should behave ethically and be compliant with laws and regulations.

E.ON cares about employee retention and helps employees grow professionally. Accordingly, one of E.ON's objectives is the internal filling of vacant management positions, if possible. The training and education policy adopted by the E.ON SE Group is based on the 70-20-10 principle:

- 70% of training is carried out at the workplace
- 20% through social interactions
- 10% through training and seminars."

Across the E.ON SE Group, mandatory employee training is conducted, which includes onboarding training, i.e., the process of integrating new employees, HSE training on health and safety aspects of work and functional training relevant to the specific employment position. In accordance with the fast-paced digital age, digital training and self-directed learning are encouraged as part of the work process and adapted to individual employee needs. In addition, employees have access to a wide range of self-directed eLearning modules.





GRI 404-2, GRI 404-1

At the beginning of 2024, a new learning platform was introduced at E.ON Croatia called MyGenius. with access to over 10 000 learning modules in different formats, such as podcasts, quizzes, videos and online training courses. This innovative platform also uses artificial intelligence to recommend new content by taking into account the needs of an individual role and the preferences of the individual employee. Learning is not only desirable, but a key factor for business sustainability and business development in accordance with market needs.

In 2023, E.ON Croatia conducted 1 303 hours of training (2022: 1 978). The average number of hours of training is 4.5 for women (2022: 7.2 hours) and 5.2 for men (2022: 6.4 hours). For a more detailed breakdown, please refer to the [Appendix](#) section. The scope and topic of training depend on the work position. The training is mostly focused on data protection, compliance, sustainability, health, safety and security. In addition, depending on the employee and work position, the Young Talents program and Training for Gas Installers are also provided.

Employment and work at E.ON Croatia are in no way conditioned by nationality, gender, age, religion or other differences. In line with the Work Ordinance and applicable laws, E.ON Croatia is obliged to protect its employees against direct and indirect discrimination in terms of the actual job and working conditions. The Code of Conduct also outlines respect for diversity as a key part of E.ON's daily business and culture.

According to the Work Ordinance and applicable laws, E.ON Croatia is required to protect the dignity of all employees against any form of harassment. E.ON Croatia appointed a confidential person in 2022 (in accordance with regulations on the protection of whistleblowers) and a person responsible for protecting the dignity of employees (in accordance with the Croatian Labor Act). All employees have been properly informed regarding these established channels

for exercising their rights. Complaints related to the protection of employee dignity can be reported directly to the officer responsible for protecting the dignity of employees. Complaints should be, in accordance with the Work Ordinance, investigated within eight days of having received them, and all appropriate measures have to be undertaken for the purpose of preventing possible ongoing harassment or sexual harassment. The entire process is fully aligned with the Croatian Labour Act.

GRI 405-1, GRI 202-2

The goal of the E.ON SE Group is to have an equal share of women and men in managerial positions by 2030. An ESG key indicator called Share of Female Executives has been defined and describes the total share of female executives at the E.ON SE Group in leadership levels from A to D, including Board members and directors. The grading process for the A-D leadership level at E.ON Croatia (E.ON Hay grade) was finalised in 2023, and the share of female executives according to this type of grading amounts to 23%. In addition, the amount of senior management hired from the local community is 77%, given that ten members are either born or have the legal right to reside indefinitely in Croatia.

GRI 405-2

In 2023, the ratio of the average basic salary and remuneration of women to men employed at E.ON Croatia and in affiliated companies was 0.95. A more detailed breakdown is given for the top, middle and line management categories in the [Appendix](#) Section. In the category called top<sup>42</sup> and line management, women, on average, have a higher salary. On the other hand, males have a higher average salary in middle management.

<sup>42</sup> Top management are the directors of sectors, middle management are heads of departments and line management are team leads.

## 6.2. Health and Safety

### Implemented in 2023

[GRI 403-1](#), [GRI 403-2](#), [GRI 403-3](#), [GRI 403-4](#), [GRI 403-5](#)

The Health, Safety, Environment & Climate Protection Policy Statement of the E.ON SE Group was updated in 2021 to reflect E.ON's Vision Zero for safety targets and again redefined in 2022 to better integrate sustainability aspects across the Group, including task areas such as the environment and biodiversity, sustainability reporting, and supply chains.

The Health, Safety, Security and Environment Sector is tasked with implementing HSSE policies and measures. All activities, workers and work positions are covered by the HSE management system, and a risk assessment for every work position has been performed. E.ON Croatia commits to applying all health, safety, and environment (HSE) laws and regulations and defines the necessary management systems. In 2023, the Integrated Management System (IMS) was implemented at E.ON Croatia in accordance with the requirements of international standards ISO 9001 – Quality management systems (QMS), ISO 14001 – Environmental management systems (EMS) and ISO 45001 – Occupational health and safety (OH&S) management systems.

In addition, People Guidelines also contain a guideline regarding health and safety which promotes an expectation that all employees embrace HSE on the job. It also describes E.ON's Safety F1RST principles for a safety mindset and behaviours necessary to prevent accidents and for workers to distance themselves from work situations that they believe could cause injury or ill health. The guideline contains extra tasks for managers because their responsibilities include leading by example.

Mandatory HSE training is provided to all new hires within 60 days from the day of employment. The training is provided by an authorised third-party provider and tailored for every specific work position. Also, additional internal HSE training is provided to employees.

Employees from each entity within the E.ON Croatia Group have a representative who is included in the HSE committee and is informed about all HSE initiatives, strategies and future activities. All HSE communication is provided on the intranet Connect website dedicated to HSE as well as All Hands meetings. E.ON Croatia has a formal joint management-worker health and safety committee that meets on a quarterly basis and where all members have equal voting rights.

In addition to health safety measures regarding its own employees, the HSE Department also takes specific actions for local subcontractors who perform projects on behalf of E.ON Croatia. This includes site checks for appropriate health and safety measures used by these workers and documentation checks.

[GRI 416-1](#), [GRI 416-2](#)

E.ON extends its high standards for occupational health and safety to the products it offers its customers. The company sets uniform standards to ensure that its products are safe throughout their life cycle, from development to recycling. The HSE Department assesses 100% of significant product and service categories for improvement. In 2023, there were no incidents regarding non-compliance with regulations or voluntary codes concerning the health and safety impact of products and services.

## Integrated Management System (IMS)



Implemented in  
**2023**

### ISO 9001

Quality management systems (QMS)

### ISO 14001

Environmental management systems (EMS)

### ISO 45001

Occupational health and safety (OH&S) management systems

## 6.3. Customers

GRI 417-1

E.ON continuously measures and improves customer experience to maintain and increase customer trust. It is crucial for our business to be customer-oriented. The E.ON brand strives to provide customers with everything they want from the world of energy of the future, such as positive experiences and smart, sustainable solutions. Our goal is to empower individuals, companies, and cities to build a sustainable world in which they want to live and work.

### Approach towards customers

E.ON continues to develop and upgrade customer experiences. This approach is envisaged from the perspective of satisfied customers and reflects what E.ON wants to accomplish in its interaction with customers. Therefore, E.ON:

- **makes my life simpler:** It makes life simple for customers in a complex energy world.
- **knows me:** We understand our customers and want to provide them with the best service using a personal approach.
- **offers me a choice:** We offer individualised solutions for our products and services. We provide customers with all the information that helps them make the right decision.
- **appreciates me:** Customers feel welcome. We respond to their needs, treat them with respect and value their loyalty.
- **gives me the opportunity to be part of something bigger:** Our customers can achieve the energy transition. We make it possible for them to participate in this process, and together, we build a sustainable future.

### Organization

E.ON's customer service in Croatia operates within the business of Energy Retail. It consists of three sections: telesales, the call centre and the business support department.





### GRI 2-8

Through its external partner, E.ON Croatia has contacted a centre with telesales engagement, receiving client inquiries and administration.

Telesales agents sell energy solutions to households, such as home solar power plants. The call centre answers customer inquiries on the telephone, whereas the business support department is responsible for written communication with customers and administration of the entire customer service.

#### Practical examples

One of the consequences of the energy crisis in 2022 and 2023 for the E.ON Group in Croatia was the increased communication with customers. This happened as a response to the energy markets, both by E.ON and the government. In most cases,

changes in government regulations were not clear. The main principle of E.ON Croatia in communicating with customers is transparency. Therefore, E.ON was able to clearly explain to its customers its company activities in order to ensure the security of power and natural gas supply, the changes that occurred in the market and government regulation, and how it all affected customers and E.ON's business operations.

In order to improve its customer service and customer experience, E.ON continued to upgrade its IVR (interactive voice response) system and the quality of information provided through this channel. This system provides callers with answers to the most frequently asked questions posed by E.ON's customers. In addition, E.ON Croatia performed more extensive educational activities for tele agents to deepen their knowledge with the aim of improving customer service quality and agent satisfaction. Considering that the electricity and gas market has

been reactivated, E.ON has formed a new sales team, ending the year with ten new agents. A new team of two agents has also been hired to cover communication through digital channels.

Engaging with customers is also performed on social media and by sending newsletters to customers. All customers have the freedom to express their opinions in comments on social media, other types of platforms or verbally. E.ON Croatia has responsible marketing practices and does not publish any misleading information. Marketing campaigns are present across all channels – social media, radio, and TV campaigns – with the aim of raising brand awareness as well as educating customers about E.ON's services. E.ON Croatia practices non-discrimination in that it offers its services to all customers, regardless of race, gender, disability, and the like.

**Customer satisfaction**

E.ON in Croatia continuously conducts customer satisfaction surveys using two metrics: the NPS (Net Promoter Score) and the CSAT (Customer Satisfaction Score). Both types of surveys are conducted twice a year, using an online questionnaire to collect data. The most recent NPS survey was conducted in the period from 2 November to 16 December 2023, and included approximately 1 000 E.ON electricity and gas supply customers and 2 000 customers from competing companies providing the same services. According to the results, E.ON Croatia achieved an NPS of +6 points, while the competition in total achieved an NPS of -2. Therefore, we can conclude that E.ON is +8 points ahead of the competition in the half-year results in 2<sup>nd</sup> half of 2023 and has increased the difference compared to the same period in 2022 by +12 points. According to the latest NPS report, the most important categories for E.ON's customers in Croatia are **"trust"** (16%), **"valued customer"** (15%) and **"simplicity in doing business"** (13%). The most recent CSAT research was conducted from 11 December to 18 December 2023 on a total of 284 home solar power plant customers, with a response rate of 23%. The CSAT score for PV B2C customers was 78%, which represents an increase of +7 percentage points, with an NPS of +48, equivalent to an increase of +23 points.



## 6.4. Affected communities

E.ON Croatia wants to contribute to prosperity, economic development, sustainability, and quality of life in communities where it does business. Positive impacts are initiated by creating jobs and offering energy solutions that enhance customer sustainability and comfort.

In addition, through various initiatives and projects, E.ON Croatia actively participates in the development of the communities in which it operates.

### Initiatives and projects



#### Tree planting

E.ON Energy was involved in a campaign of planting one tree for every customer who activated e-invoice. This campaign resulted in the planting of 10 000 trees in 2023 by E.ON employees. The campaign was part of the "Compensating by Planting" program that E.ON has been supporting since its inception. As a unique program in this part of Europe, it allows companies to plant trees, which contributes to compensating for their CO<sub>2</sub> footprint in the community in which they live and work.



#### Health focus

Also, E.ON Croatia has become a holder of the label "Company as a Friend of Health," which is part of the National Program "Live Healthy" organised by the Ministry of Health and the Croatian Institute of Public Health.



#### PowerUp

In April 2023, E.ON Croatia organised a PowerUp conference in Zagreb where E.ON Croatia gathered 100 decision-makers and experts from the business and energy sector with the intention of sharing best practices from the Croatian and European markets on exploiting the potential of renewable energy sources found in Croatia.



#### Education of next generation

At the end of 2023, E.ON Croatia commenced collaboration with the Nikola Tesla Technical Museum, aimed at providing education about renewable energy sources for younger generations, starting in 2024.



#### Academic cooperation

E.ON Croatia started supporting education and learning by signing a cooperation agreement with the Zagreb School of Economics and Management for a joint effort to support young, talented people on their educational path to developing and encouraging sustainability topics in the energy sector.

# 7. Governance



## 7.1. Internal structure, policies and procedures

GRI 2-9, GRI 2-10, GRI 2-11

The E.ON Croatia Group, as a part of the E.ON SE Group in Germany, consists of E.ON Croatia Ltd. as the holding company and other related limited liability companies given in subchapter 2.4.

All companies in Croatia have two bodies that are mandatory in accordance with the Companies Act: the General Assembly and the Management Board. None of them have established a Supervisory Board, nor do they have the legal obligation to do so.

The highest governing body of the E.ON Group in Croatia is the Management Board of E.ON Croatia Ltd., which is responsible for approvals (preliminary authorization), and confirmations of decisions and is also involved in the decision-making of all other companies within the Group. In accordance with the Croatian Companies Act, Management Board members may be appointed for a period of up to five years, which is also confirmed by the Articles of Association of E.ON Croatia Ltd. The currently valid Articles of Association were adopted on 1<sup>st</sup> December 2020.

**Andreas Rörig**, the director of E.ON Croatia Ltd., is the Chief Executive Officer and President of the Management Board, according to the internal procedures of the E.ON SE Group. The other director of E.ON Croatia Ltd. is **Ashkan Hosseini**, who is internally considered as the Chief Financial Officer.



The members of the Management Board are appointed by a shareholder decision. The mandate of each member of the Management Board commences on the date of the decision, regardless of the date of entering the facts in the court register of the commercial court with jurisdiction. Management Board members can be reappointed by shareholder decision at any time, but also by a court decision if an important reason arises. They can also resign, in which case a separate shareholder resolution on termination of office is not required.

The Croatian Companies Act stipulates the basic legal capacity as a basic requirement for Management Board members, and additional requirements may be imposed by the Articles of Association, which at E.ON Croatia Ltd. is not the case. Additionally, persons who are subjects to or parties in certain criminal or civil proceedings are prohibited from being appointed as Management Board members (especially corporate criminal offenses). The Management Boards of the companies mainly consist of two members, with a default joint representation function so that each company can be represented by either two directors or a director and procurator. In accordance with the Croatian Companies Act, Management Board members may be appointed for a period of up to five years, which is also confirmed by the Articles of Association of E.ON Croatia Ltd.

**Internal organisation and central functions**

The internal organisation of E.ON Group in Croatia has three main pillars (business holders) organised into main business streams – [Energy Retail](#), [Energy Networks](#) and [Energy Infrastructure Solutions](#). Each business pillar is led by an authorised person to whom employees are assigned for a specific part of the business or activity.

In addition to the business pillars, E.ON Croatia Ltd. has established seven central functions that are available to all companies within the E.ON Group in Croatia. The central functions are:



**Delegation of responsibility**

The director is responsible for the company's representation and business management. In the event that more than one director is appointed for a certain company, their responsibility can be divided as determined in the Articles of Association and in accordance with the basic requirements stipulated by the Croatian Companies Act. In addition, the director's powers can be transferred to the company's procurator. At E.ON Croatia, procurators are appointed by the Management Board.

## GRI 2-16

Critical concerns, if they exist, can be communicated to the highest governance body at regular Management Board meetings. In urgent cases, the Management Board may be informed with per rollam Management Board papers that are sent and approved or acknowledged via e-mail in line with internal rules of the office of the Management Board. The members of the Management Board also get involved in certain matters on the basis of emails from directors, departmental heads and employees, occasional operational meetings, series of task force meetings on specific subjects (when needed) or on the basis of steering and advisory committees.

**Code of conduct**

## GRI 2-23

E.ON Croatia has a Code of Conduct that defines our responsibilities and how we expect our employees to behave to ensure a constructive and productive working environment that supports our core values and beliefs. The Code of Conduct is publicly available. It guides and supports our people to make the right decision and to things ethically. The Code of Conduct and People Guidelines apply to all E.ON employees, including the E.ON Management Board and all executives. All employment contracts refer to the Code of Conduct,

and employees are regularly reminded of the importance of complying with the Code of Conduct by partaking in training, All Hands meetings and other forms of communication.

The members of the E.ON Management Board and the company executives are obliged to confirm in writing at the end of each year that they, and those within their area of responsibility, have acted in compliance with the Code of Conduct.



The Code of Conduct is supplemented with People Guidelines which give additional guidance to employees and executives. The 10 points of the People Guidelines are as follows:



01

### Anti-corruption

Guidelines for employees who wish to invite or get invited by business partners to events, grant or receive gifts on behalf of E.ON or engage in donating or sponsoring activities



02

### Antitrust prevention

Instructions to ensure antitrust law-compliant behavior and guidance on the main areas of antitrust law



03

### Know Your Counterparty

Guidance on when and how to check the identity and integrity of your business partner before you enter into an external business relationship



04

### Data Protection

The essential rules for handling personal data of employees, customers, suppliers and other third parties that all employees should observe



05

### Information Security

Support for the secure handling of information in any form to avert financial or reputational damage to the Group.



06

### Media relations and social media

Overview of good practice regulations in relation to the use of digital platforms and social media and an outline of media interaction guidelines



07

### Health and safety environment

Guidelines and guidance on how to integrate HSE into the everyday working life of managers and employees and thus contribute to safety and health at work



08

### Security for employees

The essential rules for minimizing security-related risks or ensuring safe travel that should be observed by all employees and contractors



09

### Procurement of good services

Assisting in how to procure goods and services and indications of when the Supply Chain should be involved in the process (decision tree and explanations)



10

### Booking business trips

Description of what needs to be considered when planning business trips and how they are booked

### Conflict of interest

#### GRI 2-15

Conflict of interest is broadly defined in the Croatian Companies Act and the Code of Conduct. Without prior authorisation from the company shareholders, the director or Management Board member shall not participate in business operations in the following cases:

- If he or she is an authorised representative, procurator or authorised representative of the counterparty on the basis of the issued power of attorney
- If the counterparty is his or her authorised representative or procurator, or if the counterparty is authorised on the basis of a power of attorney issued by him or her, or if the counterparty is a family relative
- If there is a conflict of interest between a particular director and the company in connection with the business operations. In the event of any of the mentioned circumstances, the respective director is obliged to inform other members of the Management Board and company shareholders.

Employees are obliged to notify their superiors immediately of a possible conflict between their work and private interests. In 2023, there were no reported conflicts of interest of any type.

### Compliance and anti-corruption

#### GRI 2-23

The business processes at E.ON Croatia are aligned with national regulations and strategies that directly and indirectly govern efforts to combat corruption.

E.ON Croatia has its own Legal, Compliance & Regulatory Sector. In its day-to-day activities, this department is led by the Compliance Function Policy.

The task of the compliance function is to prevent, detect and eliminate corporate crime from the onset. For this purpose, a Compliance Management System (CMS) has been implemented at E.ON Croatia and across the E.ON SE Group. It combines the following elements, studies and practices:

- Establishing and promoting a culture of compliance, including a strong commitment to compliance goals and objectives
- Identifying and analysing compliance risks
- Designing a compliance program that is proportionate to the risk, consisting of measures such as training, guidelines and a whistleblower hotline
- Establishment and maintenance of a (staffed) compliance organisation with tasks, responsibilities and reporting lines
- Developing and disseminating appropriate communication on compliance issues
- Monitoring compliance and continuously identifying the need for adjustments and improvements

When investigating activities that may constitute a corporate crime, the compliance function can consult Corporate Audit. Due to the sensitivity of the information, the compliance function applies the principles of data protection law and confidentiality to its documentation practices and other activities.

In accordance with the Group's policies, the compliance officer conducts a risk exposure assessment for activities that are listed as risky by internal documents (e.g., giving gifts to third parties, including business partners, organising travel for business partners on behalf of the company, etc.) and regularly applies KYC (Know Your Counterparty) procedures for potential business partners before the company enters into contractual relations with them.

The compliance officer regularly informs employees of the obligation to notify them of actions that could constitute potential corrupt practices, as provided by applicable regulations and internal policies. Employees are obliged to carry out the KYC procedure for potential

business partners for whom there is a risk of exposure and to check or seek the approval of the compliance officer.

#### GRI 205-1

To prevent bribery in charitable donations and sponsorships, a KYC check of the organization to which the donation or sponsorship is given is also performed by the compliance department, as well as legal and finance checks of such contracts.

Additionally, the compliance officer organises training and entrance interviews with newly employed or newly appointed Management Board members and persons who are employed in management positions within the company. The compliance officer regularly informs the Group about potential and confirmed cases of corruption, the status of such cases and measures taken within the company. As a rule, each case is approached individually, and an optimal solution is sought in accordance with the applicable regulations, internal rules, and group policies.

This department also needs to adhere to the Compliance Roadmap, which defines the frequency of certain initiatives and activities that need to be performed by the department, and it becomes a basis for compliance reporting to the Management Board. It includes, for instance, the frequency of presenting the status of compliance at meetings of the Management Board, compliance welcome emails and talks with new managers, and top-down communication between the Management Board and all employees regarding compliance matters. It also defines compliance risk assessment procedures and goals for consecutive two-year periods. The E.ON SE Group monitors alignment with the Compliance Roadmap.

#### GRI 205-1

Anti-corruption is addressed in the Code of Conduct and defined in more detail in the Anti-Corruption People Guideline. In 2023,

## 7. Governance

the compliance function of E.ON Croatia received 16 inquiries for approvals of different lunches, sponsorships, donations, and trips. In 2022, the compliance function performed a detailed analysis of all the representation costs incurred in 2021 and 2022. Risk assessment procedures are performed using the Business Heat Map, Gatekeeper Interviews, and Pattern Analysis, and consequently, no significant risks related to corruption were identified.

### GRI 205-2

In 2023, all the members of the governance body were required to attend training and communication related to anticorruption policies and procedures. On 28 February 2023, an email was sent to all employees informing them that as of 1 January 2023, the People Guidelines on Anticorruption and Compliance Function are in force along with the mentioned policies attached to the email. Regular eLearning about compliance and face-to-face training are also conducted with new-hires. In 2023, 104 employees were trained on anticorruption topics. Moreover, there were several compliance trainings at the All Hands meetings.

The business partners of E.ON Croatia are informed about anticorruption policies and procedures by acknowledging and signing the E.ON Suppliers Code of Conduct, which forms an integral part of the business contract. It is customary that Energy Infrastructure Solutions requests its B2B customers to accept E.ON's Anti-Corruption Clause when signing contracts.

### GRI 205-3

In 2021, the company E.ON Energy Ltd. reported one case of corruption, in which a former sales agent claimed that the company had not settled all his claims from the business cooperation agreement and also addressed the Group through its established channel for the protection of whistleblowers. The company



explained to the sales agent and informed the Group in detail about the steps taken. The company entered into negotiations with the sales agent and tried to conclude a settlement as to the remaining claims. The negotiations were unsuccessful, and the sales agent brought an action against the company before the competent court, where the proceedings are ongoing.

In 2023 and 2022, there were no confirmed incidents of corruption or incidents in which employees were dismissed or disciplined for corruption. In addition, there were no confirmed incidents of terminating or not renewing contracts with business partners due to violations related to corruption and no public legal cases regarding corruption brought against the organization or its employees.

#### Compliance with laws and regulations

##### GRI 2-27

There were no significant instances of non-compliance that would have resulted in administrative or judicial sanctions and fines that are the subject of ongoing appeals in 2023.

##### GRI 2-25, GRI 2-26

E.ON Croatia cooperates with the competent bodies and institutions that execute legal procedures, and when there are indications of a possible dispute, it endeavours to address the issue objectively, its legal position, and, if possible, settle with the counterparty or the party initiating the legal procedure. The company ensures that internal processes and procedures comply with laws as well as the Group's rules and policies, with an emphasis on protecting the rights of customers who fall under the category of consumers. Within the organization itself, there is a special emphasis on protecting the health and life of its workers, and environmental protection regulations are respected in its daily business, which includes on-site work.

In proceedings initiated against the company, there is always an effort on our part to identify deficiencies in handling and performing obligations as well as deficiencies in processes that can be rectified. In such cases, the organization always assumes responsibility and strives to mitigate the justified demands of the counterparty, i.e., reduce the consequences of any violation. There are several official functions and channels that facilitate the submitting of reports on violations in certain areas, including labour rights, requiring the involvement of the Officer for the Protection of Workers' Dignity and Confidential Person for the protection of whistle-blowers who report irregularities within the organization.

E.ON Croatia is a member of several organizations that act as market participants and are often members of working groups involved in adopting or amending important regulations. Also, some of our employees are members of councils and committees that form policies at the level of their department and help implement relevant regulations.

Official records are kept of all litigations in which E.ON Croatia and related companies are a party to proceedings, and the status of litigations is reported to the Management Board at its meetings, whereas litigations assessed as high risk are also reported at the Group level.

The Whistleblowers Channel is publicly available to everyone who wants to report any irregularities. The contact details of persons appointed to protect workers' rights are publicly disclosed and available to all employees on the E.ON intranet website. Concerns about the organization's business conduct can be raised using the channel for reporting compliance irregularities, as well as by customers submitting complaints, which are processed according to legally stipulated procedures or internal regulations.

#### Membership associations

##### GRI 2-28

E.ON Croatia participates in the following industry associations, membership associations, and national or international advocacy organizations:

- German-Croatian Chamber of Commerce



- American Chamber of Commerce in Croatia (AmCham)



- Croatian Managers' and Entrepreneurs' Association (CROMA)



- Croatian Chamber of Commerce (HGK)



- Renewable Energy Sources of Croatia (RES Croatia)



- Network for Empowering Women in Energy Transition (XEnergy)



- Croatian Employers Association (HUP)



## 7.2. Suppliers, KYC and Due diligence

GRI 2-23, GRI 2-6, GRI 2-12

The procurement activities at E.ON Croatia are performed in compliance with the prescribed Supply Chain Handbook, Supply Chain Function Policy, and People Guideline Procurement of Goods and Services. According to these documents, suppliers need to be selected on a rational, transparent and consistent basis, and all activities should be handled fairly and transparently, treating all suppliers in the same manner to avoid manipulation, special treatment or fraud in the tendering process. The Supply Chain as a Group Function is led by the Chief Procurement Officer (CPO). All Supply Chain Directors report to the CPO.

Suppliers become qualified according to the E.ON qualification process. The supplier onboarding process is carried out before the contract is signed. Steps in the process include registration of the supplier, collecting general information about the supplier, filling out the HSE questionnaire, and providing a formal pledge to comply with the E.ON Supplier Code of Conduct and Human Rights questionnaire. By doing so, potential risks, such as financial, Health, Safety and Environment (HSE), Corporate Social Responsibility (CSR) and product or service failure are systematically captured and mitigated. Suppliers agree to E.ON's General Terms and Conditions for Purchase Contracts, which are legally binding. The contracts also oblige suppliers to comply with the minimum standards of our Supplier Code of Conduct.

The Procurement of Goods and Services in People Guidelines, available for all employees, explains how to procure goods and services and when to involve the Supply Chain in this process. The E.ON SE Group has outlined a threshold legend and accompanies all procurement-related activities and approvals depending on the transaction amount.

The strict division of responsibility between the business user and the Procurement Sector applies to the entire procurement process from the initial purchase request by the business user till implementation of the Tender Procedure and Contracting (Purchasing), including payment and verification of invoices (Finance Sector). In this way, potential malicious actions are prevented and potential financial or reputational damage to the company.

Know Your Counterparty (KYC) in the People Guidelines explains how to check the identity and integrity of a business partner before establishing an external business relationship. The Compliance Officer at E.ON Croatia is the main point of contact for any uncertainties regarding the KYC procedure.

The E.ON SE Group obliges all E.ON SE Group Management Board members and the Chief Human Rights Officer to sign the Human Rights Statement, which is subsequently published on the E.ON website. The statement acknowledges the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) of the United Nations (UN) and its fundamental conventions while providing an overview of risks and measures taken. The E.ON SE Group started a group-wide human rights due diligence project in 2022 with the aim of preparing for the requirements of the Supply Chain Act.

The expectation is that suppliers meet minimum environmental, social, and governance (ESG) standards, as well as properly performing compliance processes. These ESG standards are defined in the Supplier Code of Conduct<sup>43</sup> with which the suppliers of E.ON Croatia also have to comply. The E.ON SE Group conducts due diligence and adopts a risk-based approach that includes both country and industry risks. Given that a large number of suppliers to E.ON Croatia are also suppliers to the E.ON SE Group, they are covered under these due diligence processes. However, E.ON Croatia also cooperates with other suppliers, depending on local needs.

<sup>43</sup> <https://www.eon.hu/content/dam/eon/eon-hungary/documents/lablec/Beszallitok/supplier-code-of-conduct-2023.pdf>





## 7.3. Cyber security and Data protection

E.ON Croatia is responsible for complying with the General Data Protection Regulation (GDPR) and national laws and regulations on data protection, as well as implementing the Data Protection Management System (DPMS). This system is based on the standard IDW PS980 and describes the minimum standards for data protection within the E.ON Group. Furthermore, E.ON Croatia ensures the protection of personal data for its customers, business partners and employees in accordance with the Act on the Implementation of the General Regulation on Data Protection (Official Gazette 42/2018).

E.ON Croatia has appointed a data protection officer (DPO) who is responsible for responding to all requests from data subjects. In addition, the DPO regularly reports to the Group DPO, in particular on information relating to legal and regulatory developments and fines, the protection of data subjects' rights, relations with third parties, fulfilment of documentation duties, and correspondence with supervisory authorities.

The Data Protection Policy of the E.ON SE Group clearly defines roles and responsibilities across the entire Group. Data protection is also a topic in the People Guidelines. All employees are required to protect data as part of their day-to-day operations, and Data Protection in the People Guidelines sets out the most important requirements for handling personal data.

The E.ON SE Group has implemented a group-wide cybersecurity strategy, monitors its implementation and coordinates the cybersecurity organization across E.ON. Accordingly, the Chief Information Security Officer (CISO) of E.ON oversees group-wide cybersecurity organization. E.ON Croatia has an appointed

Information Security Officer who is also responsible for the following:

- Coordinating the implementation of E.ON Group policies and standards at E.ON Croatia
- Coordinating, implementing, supporting, improving and managing the legally/internally required ISMS (in particular, the Croatian Information Security Act 79/07, 14/24; NIS Directive, ISO/IEC 27001, Smart Meter and B3S)
- Providing advice and guidelines for information security
- Ensuring the quality of security classifications and deciding whether further risk analysis is required
- Negotiating and revising of IT contracts
- Coordinating the results of internal and external audits where there is a need for improved information security

The Information Security Officer is part of the IT and Digitalisation Department and reports directly to the Head of the Digital Solutions Department. The IT and Digitalisation Department ensures that the digital products and solutions that E.ON Croatia provides meet all relevant customer needs, identifies strategic opportunities for digital capabilities through a thorough understanding of business needs, ensures uninterrupted delivery and operation of IT services by monitoring system performance and performs other activities needed for maintaining a safe and efficient IT environment.

Cyber security is also covered in Point 10 of the People Guidelines, to which E.ON Croatia is a party. Cyber Security in the People Guidelines explains how employees can contribute to ensuring cyber security and what actions to take (strong passwords, reporting suspicious emails, using work solutions approved by E.ON).

#### GRI 418-1

In 2023, three complaints were received from customers. One complaint was regarding the legal basis for the customer being contacted by phone instead of their email address. After investigating, it was determined that the data subject provided consent for contacting using their mobile phone. The DPO provided the customer with information on E.ON's legal base for contacting (consent) and confirmation that the agent would provide further information via mail instead, as requested.

Another complaint refers to the data subject requesting E.ON to deliver the audio recordings of E.ON's agent calling the data subject, following the situation in which the agent did not properly inform the data subject in the recording. Later on, the data subject again approached E.ON given that the situation happened again, but with a different agent. After the investigation, it was determined that this situation occurred due to the fact that the data subject was E.ON's former agent for households, and for some of E.ON's end-customers, the data subject's contact was outlined as contact information. Following the data subject's first request, E.ON immediately deleted the number for all customers available and placed a notification not to call the data subject's number again. However, due to human error, the situation repeated. E.ON timely provided the data subject with the audio recordings.

E.ON Croatia received a request to appeal against a first-instance decision of the Zagreb Administrative Court on 4 October 2023. In the court proceedings before the Zagreb Administrative Court on 19 September 2023, the respective court (in first-instance

proceedings) adopted a decision by which it rejected the data subject's claim and confirmed the CDPA's decision. The data subject, however, requested to appeal against this first-instance court decision on 4 October 2023. E.ON is currently preparing a response to his request.

# 8. Reporting practices



## 8. Reporting practices

### GRI 2-3

#### The approach to reporting

The E.ON Croatia Sustainability Report covers the reporting period from 1 January to 31 December 2023. Sustainability reports are prepared annually. The Global Reporting Initiative (GRI) standard was used in preparing the report, and the requirements of the new European Sustainability Reporting Standards were taken into account when selecting material sustainability topics.

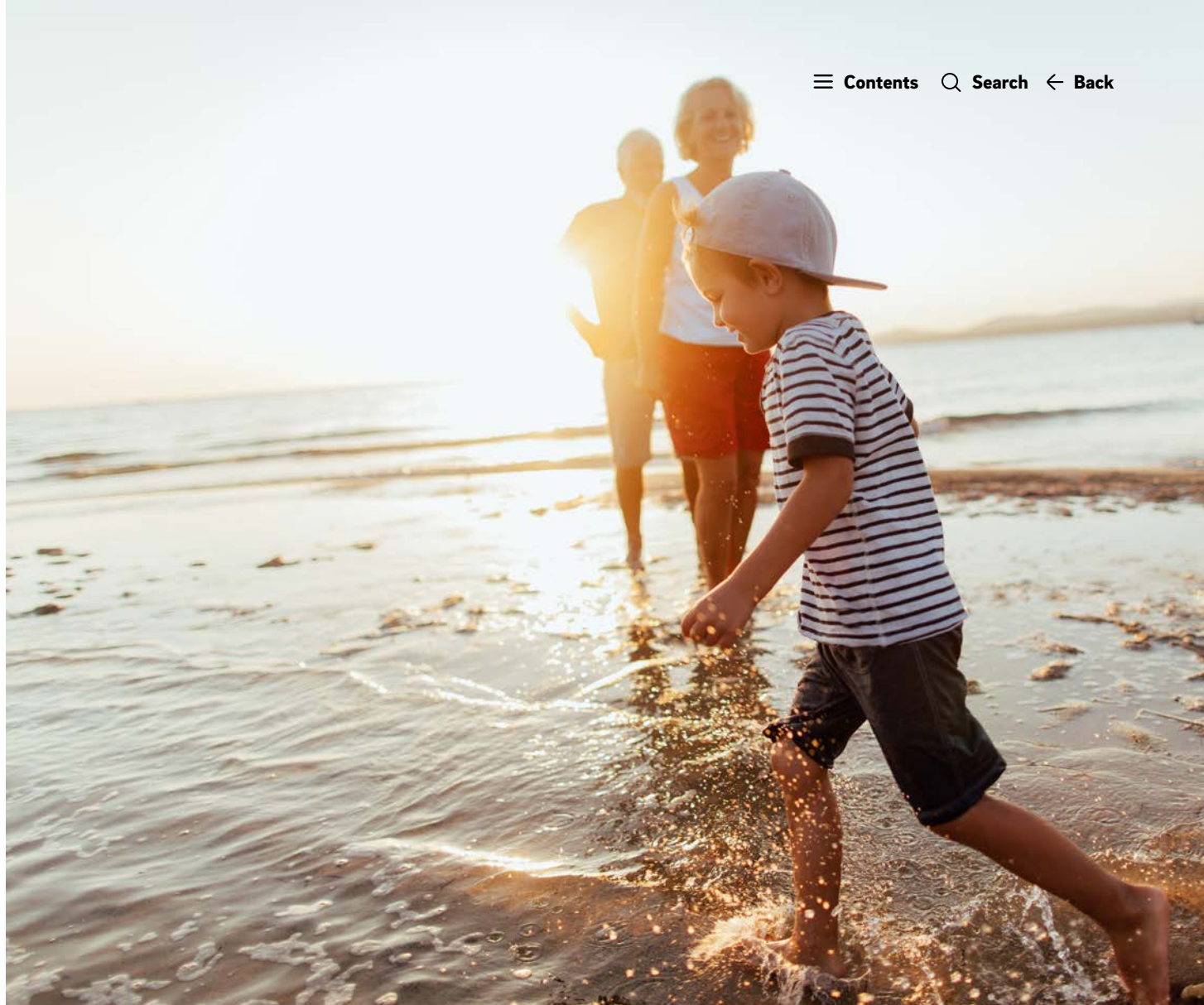
Data were collected for the year 2023, while data for 2021, 2022, and for some indicators, the year 2020 was taken from the previous year's Sustainability Report.<sup>44</sup> In collecting, analysing, and interpreting data, already established monitoring, implementation and reporting processes related to the key sustainability indicators of the E.ON SE Group were taken into account.

#### Statement of responsibility

This Sustainability Report presents the results of E.ON's operations in Croatia in the environmental, social and management segments, and presents them based on collected and analysed qualitative and quantitative information.

The Management Board of E.ON in Croatia participated in preparing and approving the 2023 Sustainability Report together with the Strategy & Sustainability central function.

As a strong regional company focused on sustainability, digitalization and growth, the E.ON Croatia Group aspires to comply with an increasing number of ESG regulations and, therefore, has already initiated activities for preparing the 2024 Sustainability Report in accordance with the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS). These activities include double materiality assessment and gap assessment comparing



current disclosures and processes against the requirements under ESRS standards.

<sup>44</sup> <https://www.eon.hr/hr/o-nama/odrzivost/e-on-hrvatska-objavljuje-svoj-prvi-izvjestaj-o-odrzivosti.html>



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# 9. Appendix




**Comparative overview of sustainable development goals (SDG) and key performance indicators for E.ON:**

Description of the goal	Description of the sustainable development sub-goal	Key performance indicators for E.ON	Description of the goal	Description of the sustainable development sub-goal	Key performance indicators for E.ON
<b>Gender equality</b> (empowering women and promoting gender equality)	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	Share of female executives	<b>Industry, innovation and infrastructure (build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation)</b>	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	Electric charging stations for vehicles Electric and gas distribution networks Installation of smart meters Design and construction of solar power
<b>Affordable and clean energy</b> (ensure access to affordable, reliable, sustainable and modern energy for all)	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services. 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.	Installation of smart meters Share of green energy in total energy sold Electric charging stations for vehicles		9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	
<b>Decent work and economic growth</b> (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.			9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers.	
			<b>Sustainable cities and communities (make cities and human settlements inclusive, safe, resilient and sustainable)</b>	11.3 Enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.	Share of green energy in total energy sold Design and construction of solar power plants

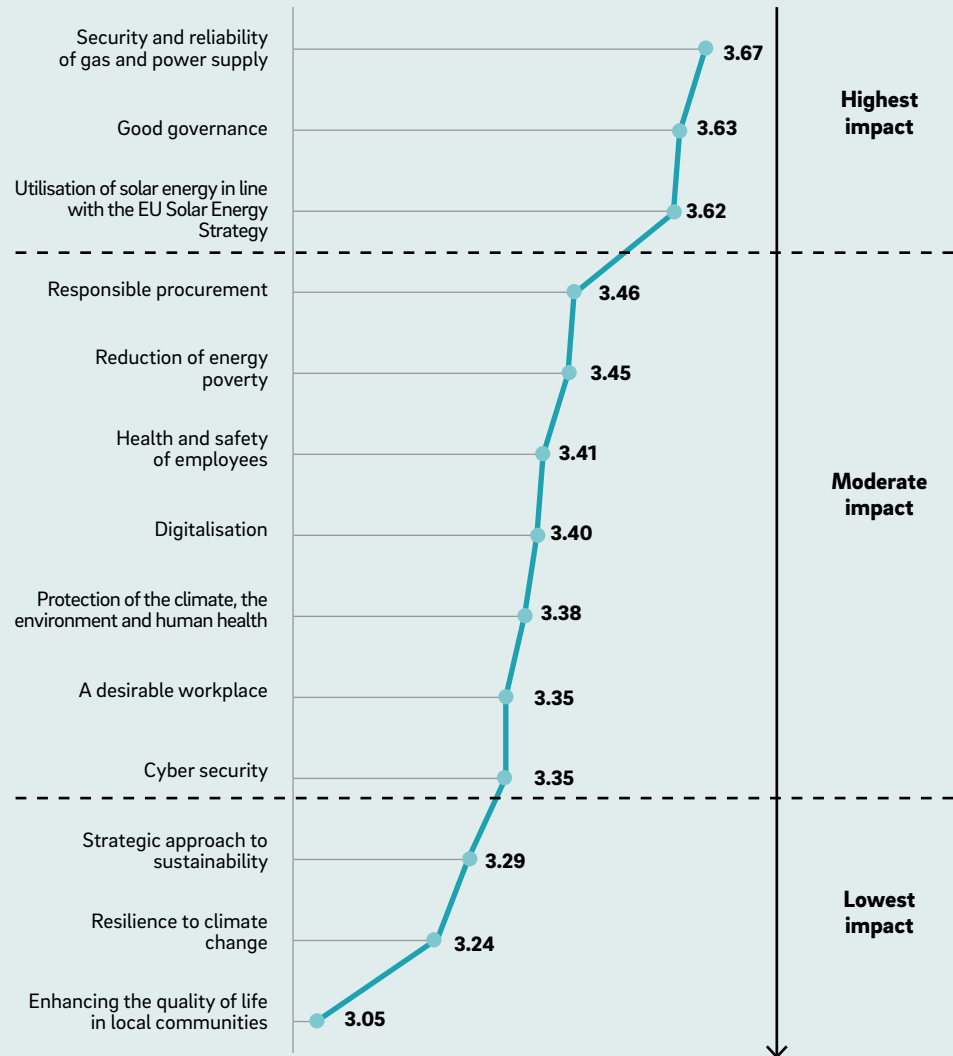
Description of the goal	Description of the sustainable development sub-goal	Key performance indicators for E.ON	Description of the goal	Description of the sustainable development sub-goal	Key performance indicators for E.ON
<b>Responsible consumption and production</b> (ensure sustainable consumption and production patterns)	12.2 Achieve the sustainable management and efficient use of natural resources.	Installation of smart meters Share of green energy in total energy sold Design and construction of solar power plants	<b>Life on land</b> (protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss)	15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.	Investment in the local community Volunteer work on improving the local community
	12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.			15.a Mobilise and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.	
	12.5 substantially reduce waste generation through prevention, reduction, recycling and reuse.			15.b Mobilise significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.	
	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.		<b>Peace, justice and strong institutions</b> (promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels)	16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime.	Anti-Corruption Policy <sup>44</sup>
	12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities.			16.5 Substantially reduce corruption and bribery in all their forms.	
<b>Climate action</b> (take urgent action to combat climate change and its impacts)	13.1 Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries.	Share of green energy in total energy sold		16.7. Ensure responsive, inclusive, participatory and representative decision-making at all levels.	
	13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.				16.b Promote and enforce non-discriminatory laws and policies for sustainable development
			<b>Partnerships for the goals</b> (include the global partnership for sustainable development)	17.7 Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed.	

# 2022 impact materiality analysis

## Assessing E.ON's impacts on environment and society

GRI 3-3

Assessment of the severity of impact of areas of sustainability



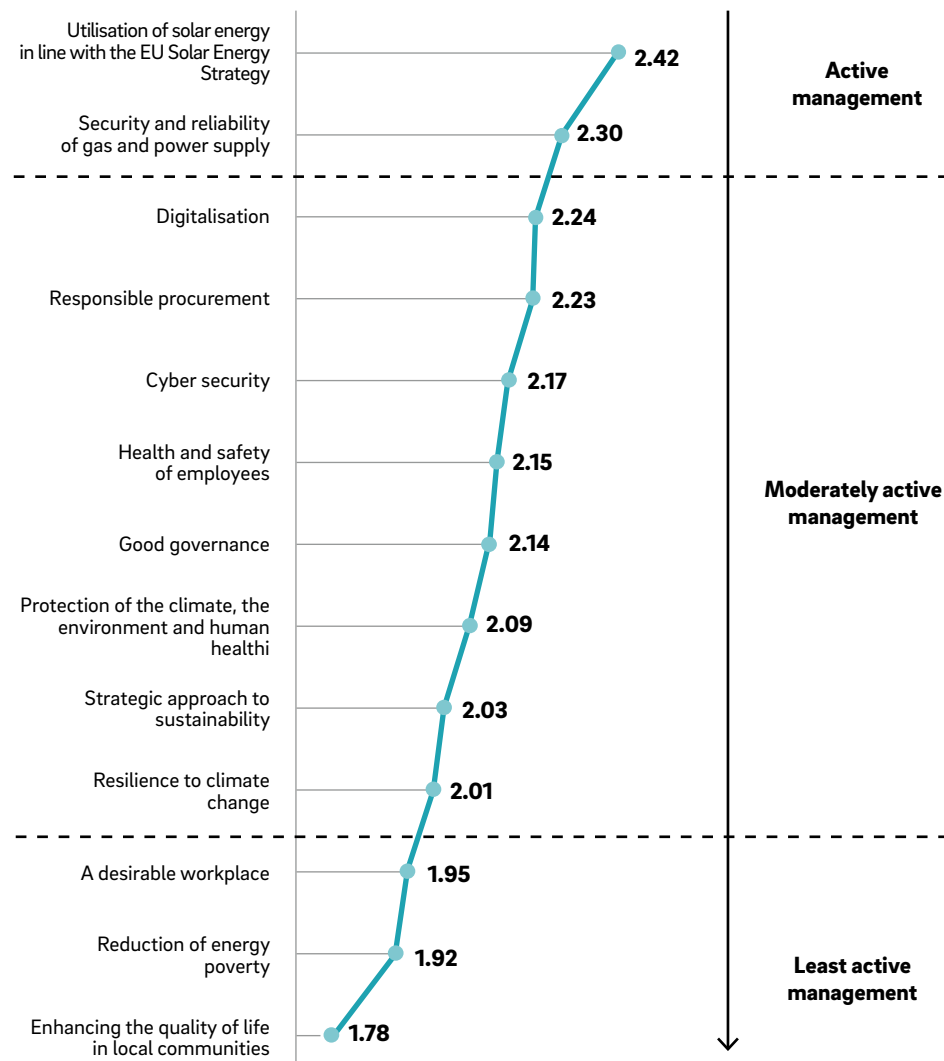
Internal stakeholders have assessed that the areas of **utilisation of solar energy in line with the EU Solar Energy Strategy, good governance and a desirable workplace** have the highest impact on sustainable and long-term business operations of E.ON in Croatia.

On the other hand, external stakeholders find the area of sustainability of **security and reliability of gas and power supply** as the one with the highest impact, while they agree with internal stakeholders regarding the impact of good governance and utilisation of solar energy.

The issue of **enhancing the quality of life in local communities** has the lowest impact on E.ON Croatia, as both internal and external stakeholders agree.

## Approach to managing the areas of sustainability

### Evaluation of management of the areas of sustainability



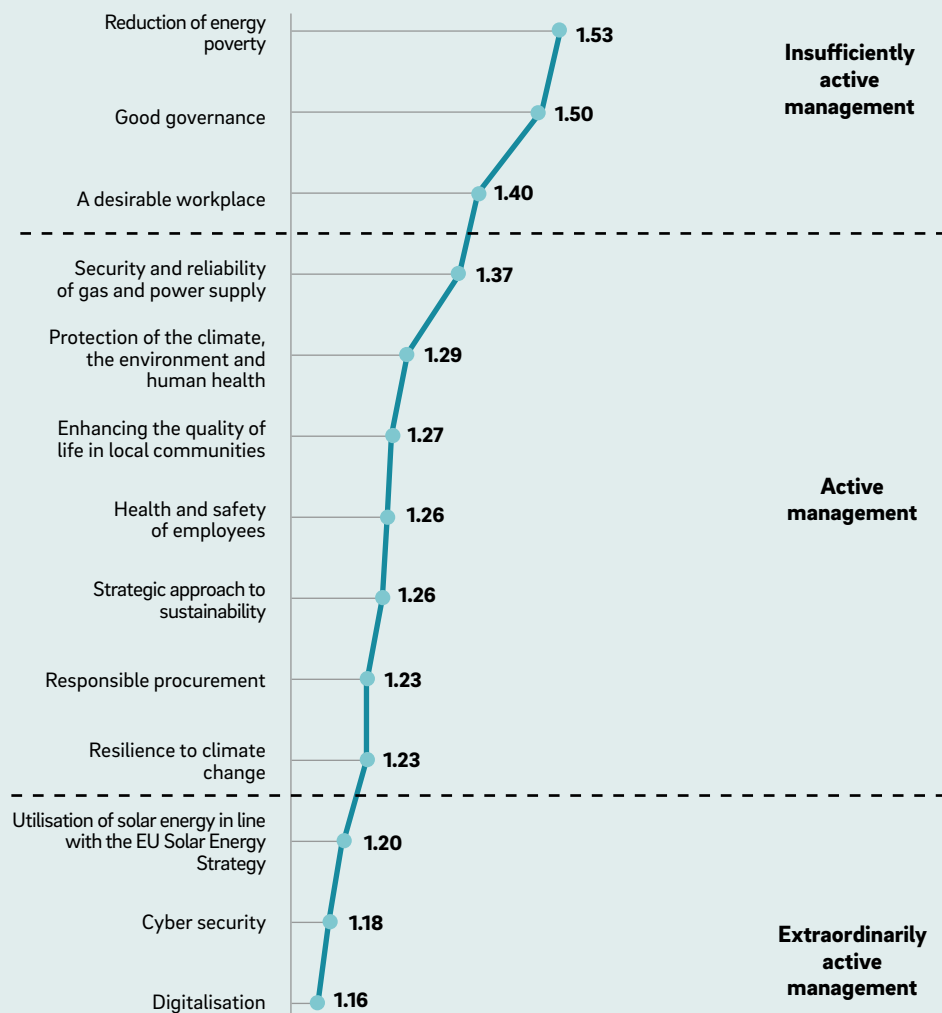
For 61% of all respondents of 2022 materiality analysis, utilisation of solar energy in line with the EU Solar Energy Strategy is the area of environmental sustainability that E.ON Croatia manages most actively. E.ON Croatia equally actively manages the area of **security and reliability of natural gas and power supply**, according to 55% of all respondents.

E.ON manages the areas of **digitalisation, responsible procurement, cyber security, health and safety of employees, good governance and protection of the climate, the environment and human health** in a relatively active manner.

A desirable workplace, reduction of energy poverty and enhancing the quality of life in local communities are the areas for which 60% of respondents expressed their highest expectations for improvement.

## Assessment of relative management of impacts and their severity

The gap between the assessment of severity of impact of an area of sustainability and the approach to its management



According to the results of the survey, the largest gap was determined in the areas of **reduction of energy poverty, good governance and a desirable workplace**, which are also areas with the most potential for progress.

Active management is recognized in the areas of **security and reliability of natural gas and power supply, protection of the climate, the environment and human health, enhancing the quality of life in local communities, health and safety of employees, strategic approach to sustainability, responsible procurement and resilience to climate change**.

The smallest gap concerns the issues of **digitalisation, cyber security and utilisation of solar energy in line with the EU Solar Energy Strategy**, which is an indicator of an extraordinarily active management of those areas.

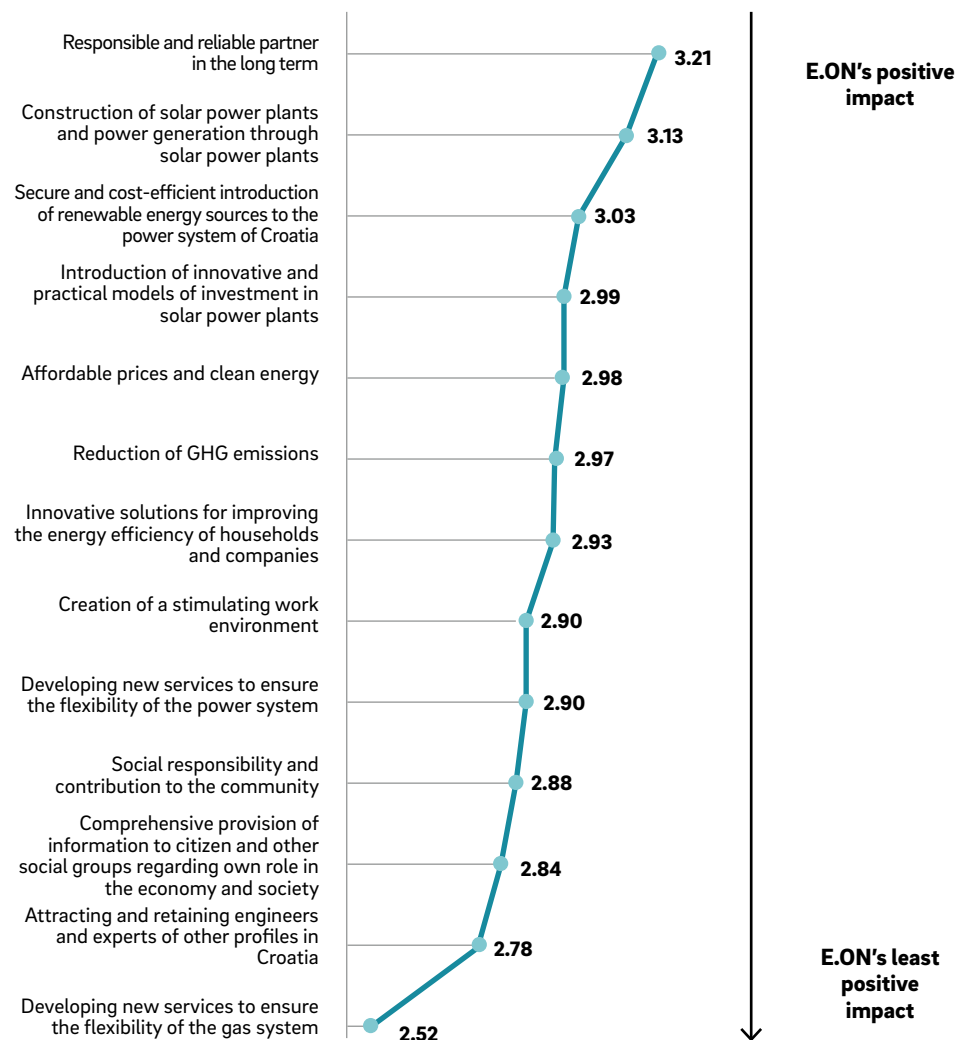
## Positive impact on activity segments

The 2022 impact materiality survey included an assessment of the possible positive impact of E.ON Croatia on certain activity areas.

All respondents agreed that E.ON Croatia has the greatest positive impact as **a responsible and reliable partner in the long term**. E.ON's activity in the field of **development of renewable energy sources, i.e. the development of solar power plants**, has an equally positive impact.

The positive impact was not detected to such an extent regarding the issues of affordable prices and clean energy, reduction of GHG emissions, increase in energy efficiency of households and companies, and creation of a stimulating work environment. The issue of developing new services to ensure the flexibility of the gas system has the least positive impact.

## Assessment of the positive impact on activity segments



## Physical risks and transition risks

According to Guidelines on non-financial reporting<sup>45</sup> the climate change risks in relation to the financial results of E.ON Croatia can be divided into physical risks, transition risks that primarily relate to risks of a negative impact of climate change on the company.

Physical risks arise from physical effects of climate change, and they include:

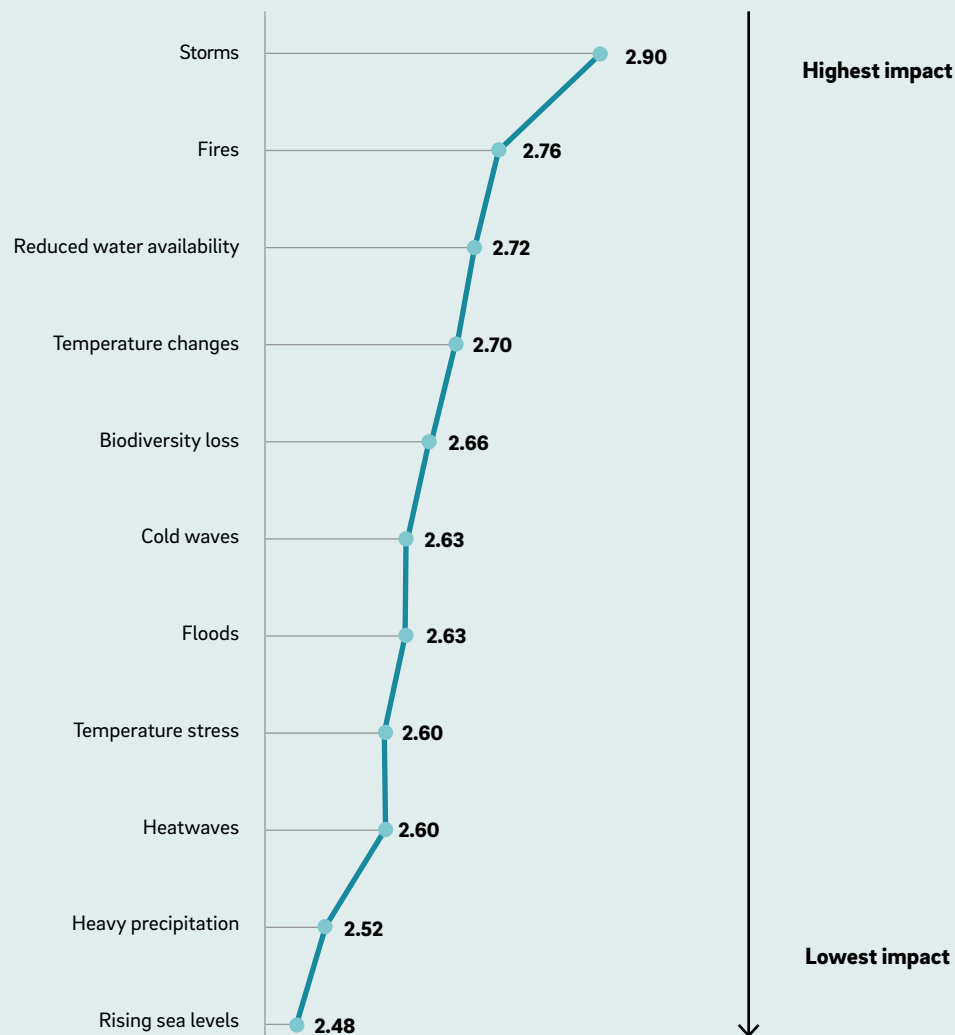
- **acute physical risks** – arising from particular events, especially weather-related events such as storms, floods, fires or heatwaves, that may damage production facilities and disrupt value chains;
- **chronic physical risks** – arising from longer-term changes in the climate, such as temperature changes, rising sea levels, reduced water availability, biodiversity loss and changes in land and soil productivity.

The exposure of a company to physical risks does not directly depend on whether or not that company has a negative impact on the climate.

The survey included an assessment of the importance of individual risks to the sustainable and long-term business operations of E.ON Croatia. Among the physical risks, storms and fires have the greatest impact, which is in line with the risk assessment of resilience to extreme weather, i.e. their impact on property destruction and potential financial loss.

<sup>45</sup> Communication from the European Commission: Guidelines on nonfinancial reporting: Supplement on reporting climate-related information

## Assessment of the potential impact of physical risks on E.ON's business operations in Croatia



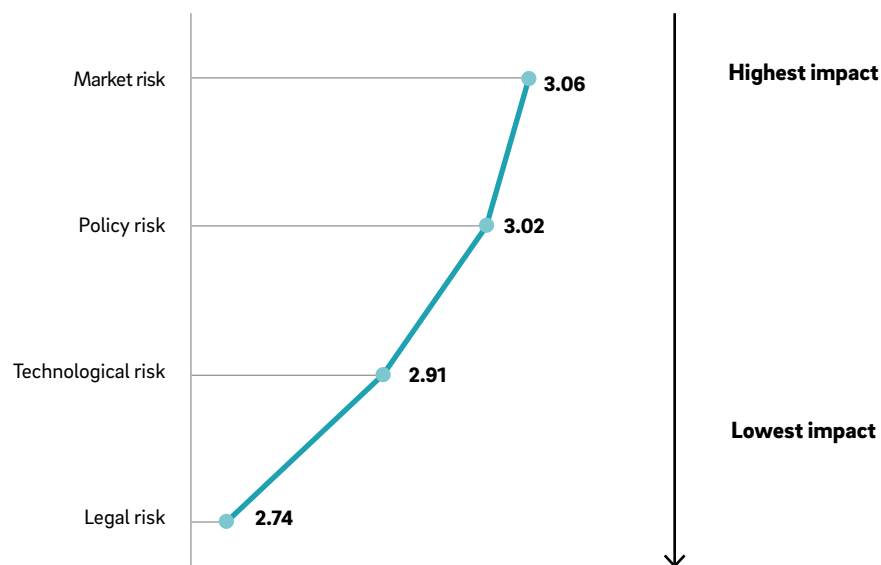
Transition risks arise from the transition to a low-carbon economy that is resilient to climate change, and include:

- **market risks** – for example, in cases where private and business customers decide to switch to products and services that are less harmful to the climate.
- **policy risks** – for example, as a result of energy efficiency requirements, mechanisms for pricing carbon that increase the price of fossil fuels, etc.
- **technological risks** – for example, in cases of improving technologies with a less adverse impact on the climate, etc.
- **legal risks** – for example, the risk of initiating court proceedings due to failure to avoid or reduce adverse effects on the climate or non-adaptation to climate change, etc.

Generally speaking, a company with a higher negative impact on the climate will be more exposed to transition risks.<sup>46</sup>

The respondents believe that in the transition to climate-neutral economy, **market risks** have the **highest impact**, while **legal risks** have the **lowest impact** on E.ON Croatia.

### Assessment of the potential impact of transition risk on E.ON's business operations in Croatia



<sup>46</sup> [https://eur-lex.europa.eu/legal-content/HR/TXT/PDF/?uri=CELEX:52019XC0620\(01\)&from=IT](https://eur-lex.europa.eu/legal-content/HR/TXT/PDF/?uri=CELEX:52019XC0620(01)&from=IT)

## Additional tables and data

### GRI 305-1

Owned vehicles information	UoM	2021	2022	2023
Gasoline-powered vehicles	No.	14	18	16
Diesel powered vehicles	No.	33	41	32
Hybrid vehicles	No.	1	1	1
Electric vehicles	No.	1	1	1
<b>Total number of vehicles owned by E.ON Croatia</b>	<b>No.</b>	<b>49</b>	<b>61</b>	<b>50</b>

### GRI 305-1

Leased vehicles information	UoM	2021	2022	2023
Gasoline-powered vehicles	No.	8	9	24
Diesel powered vehicles	No.	23	39	28
Hybrid vehicles	No.	0	2	2
Electric vehicles	No.	0	0	0
<b>Total number of leased vehicles</b>	<b>No.</b>	<b>31</b>	<b>50</b>	<b>54</b>

### GRI 2-7 Employees

Employee information	2020	2021	2022	2023
<b>Total number of employees:</b>	<b>216</b>	<b>218</b>	<b>243</b>	<b>265</b>
Women	83	89	91	106
Men	133	129	152	159
<b>Number of employees employed with an open-ended contract</b>	<b>191</b>	<b>203</b>	<b>242</b>	<b>260</b>
Women	73	87	90	101
Men	118	116	152	159
<b>Number of employees employed with a fixed-term contract</b>	<b>25</b>	<b>15</b>	<b>1</b>	<b>5</b>
Women	10	2	1	5
Men	15	13	0	0
<b>Number of full-time employees</b>	<b>216</b>	<b>217</b>	<b>242</b>	<b>265</b>
Women	83	89	91	106
Men	133	128	151	159
<b>Number of part-time employees</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>
Women	0	0	0	0
Men	0	1	1	0

Employee information	2020	Share	2021	Share	2022	Share	2023	Share
<b>Total number of employees:</b>	<b>216</b>		<b>218</b>		<b>243</b>		<b>265</b>	
Women	83	38%	89	41%	91	37%	106	40%
Men	133	62%	129	59%	152	63%	159	60%
<30 years	32	15%	38	17%	38	16%	31	12%
30-50 years	147	68%	146	67%	169	69%	202	76%
>50 years	37	17%	34	16%	36	15%	32	12%

## GRI 401-1

	2020	Share	2021	Share	2022	Share	2023	Share
<b>Total number of new employees</b>	<b>35</b>		<b>57</b>		<b>54</b>		<b>83</b>	
Women	17	48%	25	44%	20	37%	36	43%
Men	18	52%	32	56%	34	63%	47	57%
<30 years	11	31%	18	32%	15	28%	16	19%
30-50 years	22	63%	37	65%	37	69%	58	70%
>50 years	2	6%	2	4%	2	4%	9	11%

	2020	Share	2021	Share	2022	Share	2023	Share
<b>Total number of fluctuating employees</b>	<b>57</b>		<b>38</b>		<b>45</b>		<b>83</b>	
Women	32	56%	21	55%	19	42%	36	43%
Men	25	44%	17	45%	26	58%	47	57%
<30 years	10	18%	13	34%	6	13%	16	19%
30-50 years	39	68%	21	55%	28	62%	58	70%
>50 years	8	14%	4	11%	11	24%	9	11%

## GRI 401-3

	2021	2022	2023
<b>Total number of employees that took maternity/parental leave</b>	<b>6</b>	<b>9</b>	<b>18</b>
Women	6	6	13
Men	0	3	5
<b>Total number of employees who returned to work in the reporting period after parental leave ended.</b>	<b>3</b>	<b>9</b>	<b>8</b>
<b>Total number of employees who returned to work after parental leave ended that were still employed 12 months after their return to work.</b>	<b>2</b>	<b>9</b>	<b>No data available</b>

## GRI 401-1

	2021	2022	2023
<b>Hours of training</b>	<b>168</b>	<b>1,978</b>	<b>1,303</b>
Women	66	832	477
Men	102	1,146	826
<b>Total number of employees who attended training</b>	<b>54</b>	<b>294</b>	<b>265</b>
Women	25	116	106
Men	29	178	159
<b>Average hours of training per year per employee</b>	<b>3.1</b>	<b>6.7</b>	<b>4.9</b>
Women	2.6	7.2	4.5
Men	3.5	6.4	5.2

## GRI 401-1

Management salary info per gender in EUR				
Management category	Male	Female	Ratio of female to male salary	Average salary
Top management	5 964.19	6 117.33	1.03	6 010.13
Middle management	3 459.04	3 078.33	0.89	3 324.67
Line management	3 111.88	3 144.40	1.01	3 119.62

## GRI Index

### GRI Content Index

**Statement of use** E.ON Croatia has reported in accordance with the GRI Standards for the period from 01 January 2023 to 31 December 2023.

**GRI 1 used** GRI 1: Foundation 2021

### GRI 2: General disclosures 2021

Disclosure	Chapter	Page	Comment
<b>The organization and its reporting practices</b>	2-1 Organizational details	2. Information about the Company	5
		2.4. Organizational structure	12
	2-2 Entities included in the organization's sustainability reporting	2.4. Organizational structure	12
	2-3 Reporting period, frequency and contact point	8. Reporting practices	86
	2-4 Restatements of information	Not applicable.	-
2-5 External assurance	Not applicable.	-	This report is not covered in the external assurance reports.
<b>Activities and workers</b>	2-6 Activities, value chain and other business relationships	3. Our products, services and customers	14-35
		4.4.1 Stakeholder engagement	44
		7.2 Suppliers, KYC and Due diligence	83
	2-7 Employees	6.1.1. Employee working conditions	63
		Appendix	88
2-8 Workers who are not employees	6.3. Customers	71	

## GRI 2: General disclosures 2021

Disclosure	Chapter	Page	Comment
<b>Governance</b>			
2-9 Governance structure and composition	7.1. Internal structure, policies and procedures	76-82	
2-10 Nomination and selection of the highest governance body	7.1. Internal structure, policies and procedures	76-82	
2-11 Chair of the highest governance body	7.1. Internal structure, policies and procedures	76-82	
2-12 Role of the highest governance body in overseeing the management of impacts	4.1. Our ESG Strategy	37-39	
	7.2. Suppliers, KYC and Due diligence	83	
2-13 Delegation of responsibility for managing impacts	4.1. Our ESG Strategy	37-39	
2-14 Role of the highest governance body in sustainability reporting	4.1. Our ESG Strategy	37-39	
2-15 Conflicts of interest	7.1. Internal structure, policies and procedures	80	
2-16 Communication of critical concerns	7.1. Internal structure, policies and procedures	78	
2-19 Remuneration policies	6.1.1. Employee working conditions	63	
2-25 Processes to remediate negative impacts	7.1. Internal structure, policies and procedures	76	
2-26 Mechanisms for seeking advice and raising concerns	7.1. Internal structure, policies and procedures	76	
2-27 Compliance with laws and regulations	7.1. Internal structure, policies and procedures	76	
2-28 Membership associations	7.1. Internal structure, policies and procedures	76	
2-30 Collective bargaining agreements	6.1.1. Employee working conditions	63	

**GRI 2: General disclosures 2021**

Disclosure		Chapter	Page	Comment
<b>Strategy, policies and practices</b>	2-22 Statement on sustainable development strategy	1. Introduction	3	
	2-23 Policy commitments	6.1. Employees	78	
		7.1. Internal structure, policies and procedures	76-77	
		7.2 Suppliers, KYC and Due diligence	83	
<b>Stakeholder engagement</b>	2-29 Approach to stakeholder engagement	4.4.1. Stakeholder engagement	44-45	

**GRI 2: General disclosures 2021**

Disclosure		Chapter	Page	Comment
<b>Disclosures on material topics</b>	3-1 Process to determine material topics	4.4.2. Material topics	46-48	
	3-2 List of material topics	4.4.2. Material topics	47	
	3-3 Management of material topics	4.4.2. Material topics	48	
		Appendix		88

**Topic disclosures**

Disclosure		Chapter	Page	Comment
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	6.1.1. Employee working conditions	66	
	202-2 Proportion of senior management hired from the local community	6.1.2. Equal treatment and opportunities for all	69	

## Topic disclosures

Disclosure		Chapter	Page	Comment
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	6.1.1. Employee working conditions	66	
	202-2 Proportion of senior management hired from the local community	6.1.2. Equal treatment and opportunities for all	69	
<b>GRI 205: Anticorruption 2016</b>	205-1 Operations assessed for risks related to corruption	7.1. Internal structure, policies and procedures	80-81	
	205-2 Communication and training about anticorruption policies and procedures	7.1. Internal structure, policies and procedures	81	
	205-3 Confirmed incidents of corruption and actions taken	7.1. Internal structure, policies and procedures	81-82	
<b>GRI 206: Anti-competitive Behaviour 206</b>	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	2.4. Organizational structure	13	
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	3.3. Business results	35	
	207-2 Tax governance, control, and risk management	3.3. Business results	35	
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	Not applicable.		In prior year sustainability report, E.ON Croatia reported consumption of office paper under this disclosure. In 2023 E.ON Croatia does not have data on actual paper consumption. However, this is not relevant, as total weight or volume of materials that are used to produce and package the organization's primary products and services, no office paper is used. We believe this will not have significant influence information users' decision-making as materials are not a material topic for E.ON.

## Topic disclosures

Disclosure		Chapter	Page	Comment
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	5.1.2. Measures and progress	55	
	302-2 Energy consumption outside of the organization	5.1.2. Measures and progress	55	
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	5.1.2. Measures and progress	52	
	305-2 Energy indirect (Scope 2) GHG emissions	5.1.2. Measures and progress	53	
	305-3 Other indirect (Scope 3) GHG emissions	5.1.2. Measures and progress	54	
<b>GRI 401: Employment 2016 and employee turnover</b>	401-1 New employee hires	6.1.1. Employee working conditions	65	
		Appendix	88	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.1.1. Employee working conditions	65	
	401-3 Parental leave	6.1.1. Employee working conditions	44	
		Appendix	88	
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	6.2. Health and safety	70-71	
	403-2 Hazard identification, risk assessment, and incident investigation	6.2. Health and safety	70-71	
	403-3 Occupational health services	6.2. Health and safety	70-71	
	403-4 Worker participation, consultation, and communication on occupational health and safety	6.2. Health and safety	70-71	
	403-5 Worker training on occupational health and safety	6.2. Health and safety	70-71	

## Topic disclosures

Disclosure		Chapter	Page	Comment
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	6.1.2. Equal treatment and opportunities for all	69	
		Appendix	88	
	404-2 Programs for upgrading employee skills and transition assistance programs	6.1.2. Equal treatment and opportunities for all	69	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	6.1.2. Equal treatment and opportunities for all	69	
	405-2 Ratio of basic salary and remuneration of women to men	6.1.2. Equal treatment and opportunities for all	69	
		Appendix	88	
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service category	6.2. Health and Safety	70	
	416-2 Incidents of non-compliance <b>concerning the health and safety impacts of products and services</b>	6.2. Health and Safety	70	
<b>GRI 417: Marketing and Labelling 2016</b>	417-1 Requirements for product and service information and labelling	6.3. Customers	71-72	
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	7.3. Cyber security and Data Protection	85	

## Abbreviations

<b>B2B</b>	business-to-business	<b>GPS</b>	Group People Strategy
<b>BOT</b>	build-operate-transfer	<b>GWh</b>	gigawatt-hour
<b>CAPEX</b>	capital expenditure	<b>ha</b>	hectare
<b>CCA</b>	Croatian Competition Agency	<b>HERA</b>	Croatian Energy Regulatory Agency
<b>CCfD</b>	carbon contracts for difference	<b>HGK</b>	Croatian Chamber of Commerce
<b>CHP</b>	combined heat and power	<b>HR</b>	Human Resources
<b>CISO</b>	Chief Information Security Officer	<b>HROTE</b>	Croatian Energy Market Operator
<b>CO<sub>2</sub>e</b>	carbon dioxide equivalent	<b>HSSE</b>	Health, Safety, Security, Environment
<b>CPO</b>	Chief Procurement Officer	<b>HUP</b>	Croatian Employers Association
<b>CROPEX</b>	Croatian Energy Exchange	<b>ILO</b>	International Labour Organization
<b>CSAT</b>	customer satisfaction	<b>IMS</b>	Integrated Management System
<b>CSR</b>	corporate social responsibility	<b>ISO</b>	Information Security Officer
<b>CSRD</b>	Corporate Sustainability Reporting Directive	<b>IVR</b>	interactive voice response
<b>DPMS</b>	Data Protection Management System	<b>KPI</b>	key performance indicator
<b>DPO</b>	Data Protection Officer	<b>kt</b>	kiloton
<b>DSO</b>	distribution system operator	<b>kWh</b>	kilowatt-hour
<b>ESG</b>	Environmental, Social and Governance	<b>kWp</b>	kilowatt-peak
<b>ESRS</b>	European Sustainability Reporting Standards	<b>KYC</b>	Know Your Counterparty
<b>ETS</b>	EU Emissions Trading Scheme	<b>MB</b>	Management Board
<b>EU</b>	European Union	<b>MWh</b>	megawatt-hour
<b>EV</b>	electric vehicle	<b>MWp</b>	megawatt peak
<b>GDPR</b>	General Data Protection Regulation	<b>No.</b>	number

<b>NPS</b>	Net Promoter Score
<b>OPEX</b>	operating expenses
<b>PPA</b>	power purchase agreement
<b>PRISMA</b>	Platform for Reporting on Incident and Sustainability Management and Audits
<b>PtH</b>	power-to-heat
<b>PV</b>	photovoltaic
<b>RCA</b>	root cause analysis
<b>REGEA</b>	Regional Energy and Climate Agency of Northwest Croatia
<b>RES</b>	renewable energy sources
<b>SBTi</b>	Science Based Targets initiative
<b>SDG</b>	Sustainable Development Goals
<b>SPR</b>	Supplier Performance Review
<b>TTF</b>	Title Transfer Facility
<b>TWh</b>	terawatt-hour
<b>UN</b>	United Nations
<b>UoM</b>	unit of measure
<b>VAT</b>	value-added tax
<b>ZOV</b>	Zagrebačke otpadne vode d.o.o.