Sustainability Report 2017
innogy is aiming the Sustainability Report 2017 at an audience of key stakeholders, such as analysts, investors, customers, suppliers, non-governmental organisations (NGOs), policymakers and government agencies. The report is also intended for its workforce and anyone else interested in the Group’s activities. It includes the summarised separate non-financial report (NfR) of innogy SE and its subsidiary companies in accordance with the German Commercial Code (HGB) Article 315c in conjunction with Article 289c. This report is used to explain the economic, social and environmental challenges facing our core business in the reporting period 2017. Potential conflicts of interest have been outlined. We therefore present the measures that we have developed in the area of Corporate Responsibility (CR).

The Sustainability Report is based on the Standards (2016) of the Global Reporting Initiative (GRI). This report has been prepared in accordance with the GRI Standards: "Core option". This means that it was subjected to an analysis of the topics really relevant to our business (materiality). As a framework for the non-financial report, we used the GRI Standards in particular for the materiality analysis and the concepts. A list of the NfR content can be found in the index in the Appendix. This “Sustainability Report 2017” was available for the implementation of the GRI Materiality Disclosure Service. The correct positioning of the “materiality disclosures” (GRI 102-40 – 102-49) was confirmed by the GRI.

The data provided in this report relate to all affiliates of innogy SE that are consolidated in the innogy Annual Report. Any deviations from this are clearly pointed out. Wherever available, the comparative values from 2016 are given. The financial data are taken from the innogy Annual Report 2017. They are expressed in the relevant national currency and were converted on the basis of the average annual values for 2017 (1 US dollar = € 0.88, 1 UK pound sterling = € 1.14, 100 Czech crowns = € 3.80, 100 Hungarian forints = € 0.32, 1 Polish zloty = € 0.24). We are required to present the figures for innogy SE and the entire innogy Group separately for the non-financial report. Any deviations from this have been disclosed in the report.

The content of the non-financial report is highlighted in blue.
Editorial reference

This report is published in German and English annually in spring. The editorial deadline was on 9 February 2018.

Forward-looking statements

This document contains forward-looking statements. These statements reflect the current views, expectations and assumptions of the management, and are based on information currently available to the management. Forward-looking statements do not guarantee the occurrence of future results and developments and are subject to known and unknown risks and uncertainties. Therefore, actual future results and developments may deviate materially from the expectations and assumptions expressed in this document due to various factors. These factors primarily include changes to the general economic and competitive environment. Furthermore, developments on financial markets and changes in currency exchange rates as well as changes in national and international laws, in particular in respect of fiscal regulation, and other factors influence the company’s future results and developments. Neither the company nor any of its affiliates undertakes to update the statements contained in this notification.

The following symbols in this report indicate:

- References to content in this report
- References to online content
- Externally verified content
Sustainability at innogy

Expansion of renewable energies
334,000 Plants in Germany
3.9 GW Capacity worldwide

Emissions
Direct emissions low and further reduced to 627 thousand metric tons

Availability and reliability
Average of 14.2 min. of non-availability due to faults excluding natural events in Germany

Innovations
200 projects
68 patents

Compliance
No serious breaches of our guidelines

Sustainable infrastructure development
Almost 1 billion euros
Capital expenditure on climate and environmental protection

45,566 employees
Gender breakdown
34.6% women
65.4% men

Operating in 16 countries

23 million customers (electricity and gas)
Our contribution to UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are political objectives of the United Nations which are designed to safeguard sustainable development at an economic, environmental and social level.

We want to make a significant contribution to the achievement of the SDGs through our actions and business activities. Today, we are already able to see innogy exerting an impact on the goals outlined below on the basis of the topics that are material to us. In 2018, we will take measures in order to raise awareness for the SDGs and in future we will present our contribution to the benchmarks transparently and in concrete terms.

<table>
<thead>
<tr>
<th>SDG</th>
<th>Material topics</th>
<th>Content of the report</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Affordable and availability</td>
<td>· Expansion of grids and renewable energies (p. 41)</td>
</tr>
<tr>
<td></td>
<td>Renewable energy development</td>
<td>· Securing availability and reliability (p. 41)</td>
</tr>
<tr>
<td></td>
<td>Sustainable infrastructure development</td>
<td>· Confronting fuel poverty (p. 37)</td>
</tr>
<tr>
<td></td>
<td>Innovation management</td>
<td>· Expansion of climate-friendly electricity generation (p. 57)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SDG</th>
<th>Material topics</th>
<th>Content of the report</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Responsible consumption and production</td>
<td>· Resource efficiency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Energy savings (S. 49 f)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Waste management (S. 63)</td>
</tr>
<tr>
<td>9</td>
<td>Industry innovation and infrastructure</td>
<td>· Capital expenditure on infrastructure (p. 36)</td>
</tr>
<tr>
<td></td>
<td>Sustainable infrastructure development</td>
<td>· Research and development (p. 45)</td>
</tr>
<tr>
<td>13</td>
<td>Climate action</td>
<td>· Expansion of grids and renewable energies (S. 41, 57)</td>
</tr>
<tr>
<td></td>
<td>Greenhouse gases</td>
<td>· Green electricity and gas products (S. 51)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Greenhouse gas reduction (S. 56)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Allocation of emissions certificates (S. 60)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Greenhouse gas balance (S. 60)</td>
</tr>
</tbody>
</table>
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Foreword

Dear Readers

There was relief when the international community of nations finally, after a lot of horse-trading, agreed on the target of 2 degrees. But 2015 is now a long way back in the past, and 2017 was a sobering time. It brought new politics in the USA, a tough climate conference in Bonn, rising CO₂ emissions and delay in the attainment of climate targets, not only in Germany. Moreover, last year was also the second hottest year since weather records began, with a troubling record of weather extremes. These circumstances brought few grounds for exuberance because there remains a great deal to do.

Innogy intends to make a contribution to a sustainable and innovative energy world. We want to accelerate the expansion of renewable energies, reduce our own emissions, transmit green energy using increasingly efficient grids, make mobility clean, and have a fresh mindset with new thinking. We are carrying this out on a grand scale with projects like the offshore wind farm Nordsee One, which started up operation in 2017. And we are doing it on a small scale – with fish ladders at our power plants, protective hoods at our electricity masts, or by converting our fleet of company cars entirely to electric and hybrid automobiles.

Our corporate strategy was revised in 2017 and it aligns us even more consistently with the megatrends of decarbonisation, decentralisation and digitalisation. As a company listed on the stock exchange, innogy needs to grow with environmentally friendly and innovative technologies, and create added value for shareholders and stakeholders. We are committed not only to driving forward broadband expansion even more intensively but also to focusing increasingly on electromobility and solar energy.
Corporate success and responsibility belong together. In this context, we at innogy also regard ourselves as a spearhead for change based on practical experience. The fact is that without technical and digital expansion of distribution grids, there will be no decentralised, sustainable energy supply. And without an energy transition for heat and transport – away from fossil energy sources towards green electricity and alternative fuels – neither Germany nor Europe will be able to achieve their climate goals.

However, good corporate citizenship goes further than that. In a globalised world, we cannot close our eyes to what is going on around us and we certainly have no desire to do so. As the initiator of the We4Europe initiative of companies operating on the international stage, we have therefore raised our voice and entered into dialogue with our more than 45,000 employees – to advocate a strong and joined-up Europe. And along the way, we also found a job or an internship at innogy for 123 refugees from crisis areas in 2017.

In a nutshell, a sense of responsibility is part of the brand core at innogy. We want to live up to your expectations as customers, investors and stakeholders of being a sustainable company, for a sustainable energy world.

See for yourself how we approach our responsibility towards people and the environment at innogy. Find out about the topics that are important for us and our partners. And read about our innovative projects. We are providing you with a transparent and honest account of our measures in this Sustainability Report. And I believe that our actions are rather impressive.

The expectations you have for innogy as a sustainable company provide the motivation to continue working on these issues.

Uwe Tigges
GENERAL DISCLOSURES
innogy SE is a European energy company with registered office in Essen, Germany. We address the requirements of a modern, decarbonised, decentralised and digital energy world with the three divisions Renewables, Grid & Infrastructure and Retail. innogy offers and develops innovative and sustainable products and services. These enable energy to be used more efficiently and enhance quality of life. Specific products and services offered are as follows:

· Electricity generation from renewable energies
· Supply of electricity and gas to retail and commercial customers
· Planning, construction, maintenance and operation in the electricity and gas distribution grids
· Solutions for grid use and feed-in for the electricity and gas sectors
· Individual energy services for retail and commercial customers
· Solutions for energy storage
· eMobility offers for residential and corporate customers
· Expansion of fibre-optic networks

Additional information on our business model can be found in our Annual Report 2017, p. 18.
innogy SE is a joint-stock company incorporated as a “European Company” (Societas Europaea SE). At the end of 2017, RWE AG held 76.8% of the innogy shares via its subsidiary RWE Downstream Beteiligungs GmbH, and is thus the largest single shareholder, followed by the asset management firm BlackRock with an interest of just under 5%. The remainder of the free float, approximately 18%, is held by institutional investors in Germany and abroad, with private shareholders holding less than 1% in the company. For further information about the ownership structure and shareholder base, see Annual Report 2017, p.14.

Our key markets are Germany, the United Kingdom, the Netherlands, Belgium, and the Czech Republic, Hungary and Poland. We also operate outside these regions in the sectors of electricity generation from renewable energies, for example in Spain and Italy. We sell our electricity and gas to retail and commercial customers, industrial and corporate customers and distributors. Alongside the sale of electricity, gas and heat, we are also active in the areas of energy services and electromobility, as well as the development and operation of smart solutions to measure and control energy consumption. The German regional utilities enviaM, LEW, Süwag and VSE are part of innogy. We also hold shares in numerous regional and local-authority energy utilities.
### GRI 102-7 Scale of the organisation

<table>
<thead>
<tr>
<th>Company size¹</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees</td>
<td>42,393 FTE²</td>
</tr>
<tr>
<td>Headcount: 45,566</td>
<td></td>
</tr>
<tr>
<td>Total number of business locations</td>
<td>16 countries</td>
</tr>
<tr>
<td>Revenue (without natural-gas/electricity tax)</td>
<td>€ 41.119 billion</td>
</tr>
<tr>
<td>Market capitalisation</td>
<td>€ 18.2 billion</td>
</tr>
<tr>
<td>Equity capital</td>
<td>€ 11.252 billion</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>€ 22.913 billion</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>€ 12.649 billion</td>
</tr>
<tr>
<td>External electricity sales volume</td>
<td>262.4 billion kWh</td>
</tr>
<tr>
<td>External gas sales volume</td>
<td>227.5 billion kWh</td>
</tr>
</tbody>
</table>

¹ as at 31 December 2017.
² FTE = Full-time equivalents: converted to full-time positions.
## Electricity generation capacity in the divisions

<table>
<thead>
<tr>
<th>Generation Capacity of the divisions</th>
<th>Total renewable energies</th>
<th>Wind Onshore</th>
<th>Wind Offshore</th>
<th>Water</th>
<th>Other renewable energies</th>
<th>Non-renewable energies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewables</td>
<td>3,487</td>
<td>3,378</td>
<td>2,013</td>
<td>1,907</td>
<td>925</td>
<td>925</td>
<td>542</td>
</tr>
<tr>
<td>Germany</td>
<td>1,306</td>
<td>1,249</td>
<td>624</td>
<td>567</td>
<td>295</td>
<td>295</td>
<td>380</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,053</td>
<td>1,015</td>
<td>339</td>
<td>304</td>
<td>630</td>
<td>630</td>
<td>84</td>
</tr>
<tr>
<td>Spain</td>
<td>459</td>
<td>459</td>
<td>447</td>
<td>447</td>
<td>-</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td>Netherlands</td>
<td>295</td>
<td>280</td>
<td>295</td>
<td>280</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Poland</td>
<td>242</td>
<td>242</td>
<td>242</td>
<td>242</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Italy</td>
<td>67</td>
<td>67</td>
<td>67</td>
<td>67</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>France</td>
<td>50</td>
<td>50</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>50</td>
</tr>
<tr>
<td>Portugal</td>
<td>16</td>
<td>16</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16</td>
</tr>
<tr>
<td>Grid &amp; Infrastructure</td>
<td>313</td>
<td>294</td>
<td>95</td>
<td>80</td>
<td>-</td>
<td>-</td>
<td>184</td>
</tr>
<tr>
<td>Retail</td>
<td>64</td>
<td>63</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>innogy Group</td>
<td>3,864</td>
<td>3,735</td>
<td>2,108</td>
<td>1,987</td>
<td>925</td>
<td>925</td>
<td>727</td>
</tr>
</tbody>
</table>

1. Values in each case to the year-end. Only includes capacities from fully consolidated companies.
2. Includes capacities from biomass and photovoltaic systems.
**Electricity generation in the divisions**

<table>
<thead>
<tr>
<th>Electricity generation in the divisions</th>
<th>Total renewable energies</th>
<th>Wind Onshore</th>
<th>Wind Offshore</th>
<th>Water</th>
<th>Other renewable energies¹</th>
<th>Non-renewable energies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewables</td>
<td>92</td>
<td>91</td>
<td>42</td>
<td>42</td>
<td>32</td>
<td>28</td>
<td>18</td>
</tr>
<tr>
<td>Germany</td>
<td>34</td>
<td>35</td>
<td>10</td>
<td>09</td>
<td>09</td>
<td>09</td>
<td>15</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>32</td>
<td>33</td>
<td>08</td>
<td>12</td>
<td>22</td>
<td>19</td>
<td>02</td>
</tr>
<tr>
<td>Spain</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Netherlands</td>
<td>07</td>
<td>05</td>
<td>07</td>
<td>05</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Poland</td>
<td>06</td>
<td>05</td>
<td>06</td>
<td>05</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Italy</td>
<td>01</td>
<td>01</td>
<td>01</td>
<td>01</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>France</td>
<td>01</td>
<td>01</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>01</td>
</tr>
<tr>
<td>Portugal</td>
<td>00</td>
<td>01</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>00</td>
</tr>
<tr>
<td>Grid &amp; Infrastructure²</td>
<td>09</td>
<td>09</td>
<td>01</td>
<td>n/a</td>
<td>-</td>
<td>-</td>
<td>06</td>
</tr>
<tr>
<td>Retail²</td>
<td>01</td>
<td>-</td>
<td>-</td>
<td>n/a</td>
<td>-</td>
<td>-</td>
<td>01</td>
</tr>
<tr>
<td>innogy Group</td>
<td>10.2</td>
<td>10.0</td>
<td>4.3</td>
<td>4.2</td>
<td>3.2</td>
<td>2.8</td>
<td>2.5</td>
</tr>
</tbody>
</table>

1. Includes capacities from biomass and photovoltaic systems.
2. Due to the reassignment of Group companies within the scope of the IPO of innogy SE, the individual figures from different technologies for electricity generation in this division can only be presented from the business year 2017 onwards. In respect of 2016, we therefore only refer in part to total electricity generation from renewable energies.

n/a = not available.
### Number of residential, industrial, and commercial customers

<table>
<thead>
<tr>
<th>Electricity customers by countries</th>
<th>Total</th>
<th>Of which residential and commercial customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>in thousands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>6,637</td>
<td>6,806</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2,817</td>
<td>2,917</td>
</tr>
<tr>
<td>Netherlands/Belgium</td>
<td>2,340</td>
<td>2,407</td>
</tr>
<tr>
<td>Hungary</td>
<td>2,159</td>
<td>2,141</td>
</tr>
<tr>
<td>Poland</td>
<td>945</td>
<td>941</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>377</td>
<td>343</td>
</tr>
<tr>
<td>Other¹</td>
<td>626</td>
<td>581</td>
</tr>
<tr>
<td><strong>innogy Group</strong></td>
<td><strong>15,902</strong></td>
<td><strong>16,136</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gas customers by countries</th>
<th>Total</th>
<th>Of which residential and commercial customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>in thousands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>2,016</td>
<td>2,073</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,933</td>
<td>2,004</td>
</tr>
<tr>
<td>Netherlands/Belgium</td>
<td>1,268</td>
<td>1,313</td>
</tr>
<tr>
<td>Hungary</td>
<td>1,255</td>
<td>1,310</td>
</tr>
<tr>
<td>Poland</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other¹</td>
<td>162</td>
<td>129</td>
</tr>
<tr>
<td><strong>innogy Group</strong></td>
<td><strong>6,638</strong></td>
<td><strong>6,833</strong></td>
</tr>
</tbody>
</table>

1. Customers in Croatia, Romania, Slovakia and Slovenia.
Length of above and underground transmission and distribution lines

In 2016, innogy operated electricity and gas distribution grids with a total length of around 565,000 km in Germany, the Czech Republic, Hungary, Poland and Slovakia. A total of 74% of our distribution grid in Germany is laid as underground cables.

The values for 2017 were not available by the editorial deadline.

Supply grid

in Tkm, not including minority interests.

<table>
<thead>
<tr>
<th>Grid Type</th>
<th>Germany</th>
<th>Hungary</th>
<th>Poland</th>
<th>Slovakia</th>
<th>Czech Republic</th>
</tr>
</thead>
<tbody>
<tr>
<td>electricity distribution grid</td>
<td>344</td>
<td>67</td>
<td>17</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>gas distribution grid</td>
<td>50</td>
<td>65</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

GRI 102-8 Information on employees and other workers

The number of employees in full-time equivalents on 31 December 2017 amounted to 42,393 FTE. innogy only uses a small proportion of employees from subcontractors to carry out operational functions on a permanent basis. They are used for maintenance and services, and for construction and assembly operations.
GRI 102-9 Supply chain

Innoxy’s value chain encompasses the operational business relating to plants and all the upstream processes including the procurement of goods, services and plant components.

The following figures essentially relate to the share of procurement under the responsibility of Corporate Procurement based on the uniform Group rules and the share of the regional utilities.¹ Around 22,501 suppliers were registered in our suppliers’ portfolio on 31 December 2017, of which some 312 are particularly relevant in strategic terms. The purchasing volume for goods, services and plant components was €4.4 billion in the year 2017. Of this, €2.4 billion were processed centrally by the operational and strategic management of our Corporate Procurement. €0.8 billion were handled by the German regional utilities. An additional €1.2 billion were dealt with by the independently organised project purchasing of innogy SE.

GRI 102-10 Significant changes to the organisation and its supply chain in the reporting period

Significant events for our company are listed in the Annual Report 2017, p. 41.

GRI 102-11 Precautionary principle or approach

Risks at innogy are managed comprehensively and company-wide. Additional information on risk management can be found in the Annual Report 2017, p. 98. The Internal Audit Department ensures compliance with the innogy Code of Conduct in the course of its audits carried out in accordance with its standard processes. The Chief Compliance Officer reports on relevant topics about compliance to the Executive Management of innogy SE and the Audit Committee of the Supervisory Board on a regular basis.

A review of the topics of non-financial reporting was carried out to establish whether our business activity exerted seriously negative impacts on these topics. We are not aware of any material risks taking the risk limitation measures into account.

GRI 102-12 External initiatives

Innoxy is committed to the principles of the UN Global Compact. We support the Global Reporting Initiative (GRI) and we have structured this report based on these standards. Furthermore, we are an active member of the initiative “Wir zusammen” (“We Together”), which is a platform for the engagement of German business and industry in helping refugees.

¹ The company Belectric has been part of the innogy Group since spring 2017. Since then, the compliance requirements have been gradually implemented in the supply chain. We are therefore unable to report any data for it. Corporate Procurement purchases goods, services and plant components also as a service provider for the RWE Group. These services are regulated under a contract between innogy SE and RWE AG. The procurement volume relevant to the RWE Group has not been reported.
GRI 102-13 Membership of associations and stakeholder groups

Partnerships with or memberships in national and international organisations are of great strategic importance for our work. The associated exchange of experience makes a significant contribution to the success of our corporate responsibility.

innogy is primarily e.g. member in the following international organisations:

- World Business Council for Sustainable Development (WBCSD)
- World Economic Forum (WEF)
- EURELECTRIC (through Bundesverband der deutschen Energiewirtschaft)
- WindEurope

Independently of this, our subsidiary companies are also engaged in other organisations and stakeholder groups.
innogy Sustainability Report 2017

Strategy

**GRI 102-14 Statement from senior decision-maker**

See [foreword, p. 7.](#)

**GRI 102-15 Key sustainability impacts, risks and opportunities**

innogy is our response to the big trends that are changing the energy sector across the world: decarbonisation, decentralisation and digitalisation. These trends result from technological developments, social movements, and corresponding political goals and regulations. After the Paris Climate Agreement and the adoption of the UN Agenda 2030 for Sustainable Development, we once again witnessed efforts in 2017 to reduce global CO₂ emissions and thereby keep global warming below 2°C. The energy sector is particularly important here. However, we are equally seeing a rethink in other sectors as they pursue an agenda of sustainable action and business.

innogy reflects the energy world of tomorrow with the three divisions of Renewables, Grid & Infrastructure and Retail. innogy intends to integrate corporate responsibility into all its business processes. This will generate genuine value added for the company and for all its stakeholders.

Our stated goal is to be successful in the energy markets and thereby contribute to sustainable development.

By expanding and modernising our grids and renewable energies, we are making a substantial contribution to achieving the climate targets and securing sustainable development in line with the UN Agenda 2030 and the UN SDGs. We and our stakeholders believe that the most important positive impact is in the reduction in CO₂ emissions. This is not only welcomed by political circles and non-governmental organisations (NGOs), it is increasingly becoming a high-profile issue and a key demand. Our economic success is dependent on supplying energy in such a way as to meet society’s requirements and aspirations: with maximally low emissions, dependably and affordably. innogy was created to simplify customers’ lives and enhance their quality of life. New digital solutions open up enormous opportunities for saving energy and for local energy generation which transforms consumers into producers.

Nevertheless, the construction and operation of our plants can also exert negative impacts, for example in the natural environment, the landscape and the animal world. The objective is to minimise this as far as possible in individual settings. The general public needs to be involved here with comprehensive opportunities for participation so that concerns and reservations can be taken into account as far as possible.
GRI 102-16 Values, principles, standards and norms of behaviour

“Our planet will be a better place when we create a sustainable world in which innogy inspires how people live and work.” We want our actions to create a sustainable energy system that makes the world a worthwhile place to live in for us and future generations. We think and act quickly so that we can take up a leading position in a dynamic market environment on the back of innovation. Our intention is to inspire people – with solutions that surpass their expectations and needs, and make their lives easier.

Whatever activities we are carrying out, innogy always operates within the framework of statutory legislation and observes ethical principles. Rules for the ethical conduct of all employees and managers are laid down and defined with binding effect in the innogy Code of Conduct. The ten principles for conduct defined in the code also serve as a platform for establishing common standards and are therefore included in the regulations governing cooperation with business partners and suppliers.

GRI 102-17 Mechanisms for advice and concerns relating to integrity and crisis management

All employees should be proactive in bringing any indications for violations of the Code of Conduct to the attention of their supervisors or the responsible compliance officers. Compliance officers are appointed for all divisions and Group companies of innogy SE and they are always available as points of contact for such matters, particularly on issues relating to prevention of corruption.

For further information about the compliance management system see GRI 205, p. 38.
Corporate Governance

**GRI 102-18 Governance structure including committee of the highest governance structure**

innogy SE is subject to the "dual governance system", which is characterised by strict separation between the Executive Board as the management body and the Supervisory Board as a monitoring body.

The principles for the work carried out by the Supervisory Board are defined in the Rules of Procedure for the Supervisory Board. These rules provide for the formation of committees. Details on the work carried out by the Supervisory Board and its committees are presented in the latest Supervisory Board Report in the [Annual Report 2017, p.6](#). Additional information on corporate governance can be found in the Combined Corporate Governance Declaration.

The Articles of Incorporation of innogy SE and the Rules of Procedure of the Supervisory Board include a list of transactions and measures for which the Executive Board requires the consent of the Supervisory Board.

**GRI 102-20 Executive-level responsibility for economic, environmental and social topics**

Matters relating to sustainability are the responsibility of the Chief Executive Officer. The full Board of Management reports to the Supervisory Board as the highest governance body of the company.

The implementation and ongoing development of corporate responsibility is coordinated by the Corporate Responsibility Department based in the Public Affairs & Communications Department.

In 2017, the Health, Safety & Environment (HSE) Department underwent additional expansion and the allocation of responsibilities was clarified with the Corporate Responsibility Department. It is in close communication with the environmental officers in the key operational companies, see [GRI 305 p. 56](#) and [GRI 403, p. 70](#).

**GRI 102-21 Consulting between stakeholders and Executive Board or Supervisory Board on economic, environmental and social topics**

The Executive Board is advised by the innogy Corporate Responsibility Stakeholder Council on issues relating to sustainability and corporate responsibility. Furthermore, the Annual General Meeting provides a platform for each shareholder to submit topics and put questions to the Executive Board and the Supervisory Board. The publication of the business results is accompanied by a teleconference for investors and analysts. In addition, roadshows and conferences are also held for investors.
GRI 102-22 Composition of the Executive Board and the Supervisory Board and its committees

Until Peter Terium stepped down as Chief Executive Officer on 19 December 2017, the Executive Board of innogy SE was made up of six members. After 19 December 2017 and therefore until 31 December 2017, the Executive Board was composed of five members. One woman, Hildegard Müller, is present on the Executive Board. This corresponds to a ratio of 16% (up to and including 19 December 2017) or 20% (after 19 December 2017).

In accordance with the Articles of Incorporation, the Supervisory Board consists of 20 members elected at the Annual General Meeting. Ten of these members are put forward by the employees. The term for the current members ends with the Annual General Meeting in 2021. An exception is provided by three members who were appointed by the responsible court until the end of the ordinary Annual General Meeting in 2018 as a result of members tendering their resignation during the course of the year. The Supervisory Board of innogy SE includes seven women as at 31 December 2017, of whom four members were elected by the employees and three by the shareholders. This corresponds to a ratio of 35%.

An overview of the actual composition of the Executive Board, the Supervisory Board and the committees of the Supervisory Board including information about the number of other important positions or commitments of the individual persons and the type of the commitments is provided in the presentation of the boards (part of the notes) in the Annual Report 2017, p. 211.

GRI 102-23 Independence of the Supervisory Board Chairman

Dr Werner Brandt was the Chairman of the Supervisory Board for the entire reporting period. He is neither an active member nor a former member of the Executive Board of innogy SE. He stepped down from his office as a Member and Chairman of the Supervisory Board with effect from 31 December 2017. His successor, Dr Erhard Schipporeit, was appointed from 1 January 2018 and he is also a Member of the Supervisory Board of RWE AG.

GRI 102-24 Nominating and selecting the Supervisory Board and Executive Board

In accordance with the Rules of Procedure for the Supervisory Board, when a new appointment has to be made or a member of the Supervisory Board has to be replaced, the Nomination Committee proposes suitable candidates from the shareholder side to the Supervisory Board. The board then nominates them as its nominees for election by the Annual General Meeting. The proposals take into account the company’s international operations, potential conflicts of interest and diversity. A requirement profile for Supervisory Board members also exists which is intended to guarantee a heterogeneous composition. The employee representatives on the Supervisory Board of innogy SE are appointed by the Annual General Meeting at the proposal of the SE Works Council, and the Annual General Meeting is bound by the proposals put forward by the SE Works Council. Employees from innogy SE or one of its subsidiary companies or the representatives of a union represented in the innogy Group may be proposed as an employee representative.
Furthermore, the Rules of Procedure for the Supervisory Board state that the Human Resources Committee is responsible for laying the groundwork for decisions on employees by the Supervisory Board. This committee makes decisions on behalf of the Supervisory Board in a number of areas. These decisions include the conclusion, amendment and termination of employment contracts with members of the Executive Board – with the exception of decisions reserved for the Supervisory Board pursuant to Article 87 Section 1 and Section 2 Sentence 1 and Sentence 2 Stock Corporation Act (AktG) – although the Human Resources Committee prepares the groundwork for these decisions. The committee regularly gives advice on long-term succession planning for the Executive Board. During the course of its deliberations, the committee takes into account the requirement profile for Members of the Executive Board, plans regarding the management of the company and diversity.

**GRI 102-25 Mechanisms for avoiding conflicts of interest**

Pursuant to the regulations defined in the German Corporate Governance Code (GCGC) and the Rules of Procedure for the Supervisory Board, the Members of the Supervisory Board are required to inform the Supervisory Board without delay of any potential conflicts of interest. The German Corporate Governance Code also includes a similar requirement for disclosure by the Members of the Executive Board if they find themselves subject to conflicts of interest. Memberships of Executive Board and the Supervisory Board members in other governance bodies are disclosed in the Annual Report 2017, p. 211. Transactions with related parties are included in financial reporting.

**GRI 102-26 Role of the Executive Board and Supervisory Board in setting purpose, values and strategies**

The Executive Board informs the Supervisory Board regularly, promptly and comprehensively about all the key aspects of business development, important business transactions and the current income situation including the risk situation and risk management that are relevant for the innogy Group. Extensive explanations are provided for any deviations in business performance from existing budget plans and targets, and justifications are provided for such discrepancies. Furthermore, the Executive Board provides a regular report on compliance, i.e. the measures that are taken to comply with the statutory regulations and internal company guidelines which also come under the responsibility of the Executive Board.

innogy has long-term incentives for sustainable corporate governance in which part of the variable compensation for the Executive Board has been linked to sustainability indicators. Strategies, guidelines and targets of innogy SE in respect of economic, environmental and social impacts are defined by the Executive Board and, where necessary, are discussed with the Supervisory Board. The Supervisory Board’s Strategy Committee provides advice on the strategic perspective, alignment and further development of the company.
GRI 102-30 Role of the Executive Board and Supervisory Board in revising the effectiveness of risk management processes

The overall responsibility for the company-wide risk management system, and monitoring and controlling the overall risk lies with the Executive Board of innogy SE. The Board defines rules and minimum standards and decides on the risk appetite of the company. The responsibility for implementing, developing and coordinating the risk management system is at the level below the Executive Board with the Controlling & Risk Department. The Controlling & Risk Department regularly reports on the risk position of the innogy Group to the Executive Board and Supervisory Board of innogy SE. Our Internal Audit Department is responsible for reviewing the quality and the functional capability of the risk management system at regular intervals. The functional side of this department is accountable to the full Executive Board, and disciplinary responsibility lies with the Chief Financial Officer. Within the Supervisory Board, the Audit Committee is responsible for monitoring the effectiveness of the risk management system. The Chairman of the Audit Committee reports regularly to the Supervisory Board about the work of the committee.

Additional information on this can be found in our Annual Report 2017, p. 98.

GRI 102-31 Frequency of review of economic, environmental and social topics by the Executive Board and the Supervisory Board

The Chief Compliance Officer regularly reports on compliance issues to the Executive Board of innogy SE and the Audit Committee of the Supervisory Board. Each manager with responsibility for employees has to provide an annual report on implementation of the innogy Code of Conduct and compliance with the Social Charter in their area of responsibility.

GRI 102-32 Review and approval of the company’s sustainability reporting

This report was reviewed and released by the Executive Board of innogy SE. The summarised separate non-financial report included in the Sustainability Report was audited by the Supervisory Board.
GRI 102-35 Remuneration policy and criteria for the Executive Board and Supervisory Board

Details on the compensation policy and compensation criteria for the Executive Board and Supervisory Board are provided in the Compensation Report within the Annual Report 2017, p. 81. The report includes disclosures on non-performance and performance-based components of the compensation package, termination benefits, retirement provision, change in control of the company, and the upper limit for redundancy payments. It takes into account all statutory regulations and fully complies with the recommendations of the German Corporate Governance Code.

GRI 102-36 Process for determining remuneration

The Supervisory Board regularly monitors the structure and level of the compensation package for the Executive Board. This review ensures that it is appropriate, and in accordance with standards in the market, as well as internal proportionality (“vertical comparison”), see GRI 102-38, p. 25. Furthermore, when defining compensation for the Executive Board, the Supervisory Board takes into account the economic situation of the company alongside the functions and personal performance of the Members of the Executive Board, and directs their compensation towards achieving strategic targets and sustainable corporate development. Additional information on this can be found in the Compensation Report in the Annual Report 2017, p. 81.

GRI 102-37 Stakeholders’ involvement in remuneration

Comparisons are made with similar types of company at regular intervals with the assistance of an external consultant and independent compensation studies. Furthermore, innogy presented the new compensation system for the Members of the Executive Board to its shareholders at the Annual General Meeting in 2017 and the shareholders voted on the system. Under its statutory obligations, the Annual General Meeting will also be involved in future new initiatives or changes to the compensation system.

GRI 102-38 Annual total compensation ratio

The Supervisory Board reviews at regular intervals the relationship between the compensation of the Executive Board to the upper management level and the innogy workforce (“vertical comparison”) in accordance with the recommendations of the German Corporate Governance Code. The results of the internal vertical comparison remain as confidential information with the Supervisory Board and are not published by innogy.

GRI 102-39 Percentage increase in annual total compensation ratio

As required by the German Corporate Governance Code, the vertical comparison also takes account of development of compensation over a period of several years. The results of the internal vertical comparison remain as confidential information with the Supervisory Board and are not published by innogy.
Stakeholder Engagement

GRI 102-40 List of stakeholder groups

Regular communication is our route to maintaining contact with the stakeholders who are concerned with topics relevant to the energy industry. It addresses the corporate activities of innogy and their impacts on society. In different forums and formats, we engage in conversation with customers, investors, academics, politicians, Federal and State governments, business organisations, representatives of environmental and consumer associations, works councils, neighbouring residents at our locations and other citizens.

GRI 102-41 Percentage of employees covered by collective bargaining agreements

The majority of our employees work in Europe. They are represented by the company's European Works Council. The Social Charter applies to all our employees irrespective of the location of their workplace. We also require our business partners to acknowledge our Code of Conduct – and consequently recognise the principle established in the United Nations Global Compact (UNGC), which confers the right to collective bargaining agreements.

GRI 102-42 Identifying and selecting stakeholders

We consider as stakeholders all persons and organisations, who seek communication with us, or who demonstrate an interest in our company. This means that expectations are correspondingly diverse. In order to understand their multifaceted aspirations and integrate them in our corporate policy we are in continuous communication. We are open-minded to the wide range of concerns encountered. There is no pre-selection of stakeholders in this regard.

GRI 102-43 Approach to stakeholder engagement

As a result of the energy transition, the entire energy sector is a focus of attention in public life and among opinion leaders and political players. At the same time, digitalisation, globalisation, new ways of working and evolving lifestyles entail rapid changes which present challenges for us as a company. We believe that it is important to discuss these challenges and the associated appraisals, ideas and expectations with our stakeholders. At the same time, the dialogue also gives us the opportunity to communicate a more nuanced view of our entrepreneurial decisions and the underlying motives.

Proportion of employees subject to collective agreements in %

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>99.6</td>
</tr>
<tr>
<td>2016</td>
<td>99.6</td>
</tr>
</tbody>
</table>
Stakeholder Council and International Business Councils

Our innogy Corporate Responsibility Stakeholder Council convened regularly and provided advice to the Executive Board as an external body as part of the Board’s endeavours to create a more sustainable enterprise. During the reporting period, the Stakeholder Council was integrated in analysis of key topics, see GRI 102-46, p. 29. On 31 December 2017, our Stakeholder Council was made up as follows: Justus Haucap (Chairman, Germany), Richard Adams (United Kingdom), Christoph Bals (Germany), Stephanie Draper (United Kingdom), Manfred Fischedick (Germany) and Diana Ürge-Vorsatz (Hungary).

Furthermore, each division has set up an advisory council as a forum for issues relating to the energy industry, the International Business Council (IBC). This council meets several times a year and discusses the challenges confronting the division from the perspective of the market, local government developments, regulation and technologies. The advisory councils are made up of stakeholders from academia, business and local government. During the reporting period, the three IBCs engaged intensively with future fields and the strategic direction of the company.

In dialogue with politicians, government authorities and NGOs

We are in continuous dialogue with politicians, government authorities and non-governmental organisations at local, regional, national and European level. As well as putting forward arguments relating to our own interests as a business enterprise, our expertise is also valued in other areas of the energy industry and on issues relating to its future development. We work together with our liaison offices in Berlin and Brussels to maintain regular communication with politicians and other stakeholders by organising a range of different discussion formats. These include moderated discussion evenings (“innogy talks”) on current topics relating to energy policy and an annual summer meeting in Berlin and Brussels, see GRI 415, S. 81. Our subsidiary companies also take part in stakeholder activities. For example, our company in Hungary organises workshops for local communities with the aim of establishing trusting relationships and opportunities for communication. Energy topics such as grid connections, subsidies and concepts for public street lighting are discussed in these and other formats. In Slovakia, we carried out two workshops for our local-authority partners in 2017 in order to understand the needs of these stakeholders even better. We also concluded additional letters of intent with municipalities incorporating various objectives including the improvement of cooperation when expanding infrastructure and establishment of industrial companies.

In conversation with citizens

Dialogue formats can be very diverse and take place at different levels depending on the topic and the regional impact. At local level, we may hold discussions with neighbours and resident groups. Such conversations might be about building projects, planning approval procedures or customer relations. We are extremely interested in an open debate, and we bring constructive proposals to the discussion. We aim to communicate directly and openly with local-government representatives and the general public in the event format called “Energy innogy Round Table”
Our customers as stakeholders – Dialogue and satisfaction
At innogy, we act in the interests of our customers. We value the regular contact and provide information about our offers and services. Our online customer forum called “Your Voice” enables us to engage in regular communication with our customers.

The satisfaction of our customers is an important parameter for managing our activities. In order to continuously enhance this, we have implemented a Group-wide customer feedback programme. This programme is used to survey and analyse customer satisfaction across all customer journeys and all markets. Our loyalty index measures whether customers want to remain with the individual company in the future. This index is surveyed for all supply companies in Germany and is used in a similar format for other countries.

For the results of our customer satisfaction analyses, see GRI 102-44, p. 29.

In 2017, the following topics were particularly important for the innogy Group in communication with our stakeholders:

- **Energy transition and energy system of the future**
  Climate protection and therefore the challenges of the energy transition continued to be at the centre of our activities in 2017. During the reporting period, discussions took place at national and European level where the participants including members of the Executive Board, Managing Directors and managers talked about current developments in the energy industry with politicians, representatives of other companies, non-governmental organisations (NGOs), associations, journalists, trade unionists, and other stakeholder groups. The topics included the expansion of renewable energies, sector linking (e.g. use of electricity in the heating and transport sector) and the role of distribution grids in the energy transition.

- **Environment, nature and climate protection**
  Ensuring local acceptance is also an important issue for onshore wind farms. Such discussions focus on the potential impacts on people, nature and the landscape. Here, we also bring together those local residents, people affected and other interest groups, and incorporate them in the planning process. In this way, we are able to inform them about our projects and ensure that all their expectations are taken into account.

- **Customer satisfaction**
  At innogy and our subsidiary companies, we have a large number of indicators which given information about the satisfaction of our customers. They are regularly measured and analysed for our activities.

GRI 102-44 Key topics and concerns raised by stakeholders
Stakeholders’ concerns and our response to them are often very diverse, depending on the topic and regional focus. We surveyed and prioritised many concerns of our stakeholders in our materiality analysis in 2017. The results of this analysis form the foundation for the content of this report, see GRI 102-46, p. 29.
Customer satisfaction

<table>
<thead>
<tr>
<th>Country</th>
<th>2017</th>
<th>2016 (annual average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>80/100</td>
<td>78/100</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>63/100</td>
<td>60/100</td>
</tr>
<tr>
<td>Croatia</td>
<td>68/100</td>
<td>66/100</td>
</tr>
<tr>
<td>Netherlands</td>
<td>72/100</td>
<td>72/100</td>
</tr>
<tr>
<td>(Essent)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>80/100</td>
<td>76/100</td>
</tr>
<tr>
<td>Slovakia</td>
<td>78/100</td>
<td>78/100</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>85/100</td>
<td>85/100</td>
</tr>
<tr>
<td>Hungary</td>
<td>75/100</td>
<td>72/100</td>
</tr>
</tbody>
</table>

Loyalty index

<table>
<thead>
<tr>
<th>Country</th>
<th>2017</th>
<th>2016 (annual average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>76/100</td>
<td>73/100</td>
</tr>
</tbody>
</table>

Approach to Reporting

**GRI 102-45** Entities included in the consolidated financial statements


**GRI 102-46** Defining report content and topic boundaries (also includes information on GRI 102-44 and on GRI 102-47)

The content of this report is based on an analysis of material topics which we also use for implementing and managing our corporate responsibility.

**Definition of materiality**

innogy defines topics to be material if they are either relevant due to the impacts of innogy’s business activity on the topics or if they are relevant for understanding the financial development, performance and the position of innogy. This also includes topics that are taken account of in the compensation paid to the Executive Board.

The relevance of the topics was rated on a scale of 1 (very low) to 7 (very high). The threshold of materiality was set to 5.0 (medium-high). We also included in this report topics which were only assessed as material by our stakeholders in accordance with the requirements of the Global Reporting Initiative, see GRI 102-47, p. 32.
The topics were also assessed by looking at which stages of the value chain they are material – upstream, in the processes of innogy itself, or downstream.

**Definition of material topics**

The basis for the materiality analysis was provided by the requirements of the GRI standards and the regulations defined in the German Commercial Code (HGB) on non-financial reporting. Our targets were accordingly as follows,

- recording the impacts and the business relevance of the topics for innogy,
- assessing the relevance of the topics for our stakeholders and
- presenting the impacts of activities on the relevant aspects.

We used a wide range of relevant sources such as important sustainability ratings and reporting standards to make a preselection of topics. The resulting 48 topics were divided into categories and these were discussed with the members of the innogy Corporate Responsibility Stakeholder Council and verified by them. At this point, the stages in the value chain were defined at which the topics exerted a particular impact, and the stakeholder groups relevant for innogy were identified. The 16 stakeholder groups selected were incorporated in the materiality analysis.

The next stage involved a survey of internal experts drawn from different divisions and regions in order to determine the business relevance of the topics. They also provided information on the impacts of innogy on the topics and anticipated their relevance for stakeholders.

A survey was then carried out in a third stage in which we interviewed 142 selected external stakeholders taken from the 16 stakeholder categories identified. In some cases, we also made use of information available in the public domain. The results were then weighted on the basis of the expected impacts of innogy on stakeholders and the impacts of the relevant stakeholder group on innogy.

Finally, the results were discussed and validated at innogy with internal experts.
Results of the materiality analysis
Among the 30 identified topics, the process outlined above assessed eleven of them as particularly material (5.0 or higher). This selection forms the basis for the topics which are dealt with in this innogy SE Sustainability Report.

<table>
<thead>
<tr>
<th>Material topics</th>
<th>GRI Standards</th>
<th>Material impacts along the value chain</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>upstream</td>
</tr>
<tr>
<td>Renewable energy development</td>
<td>302 Energy, 305 Emissions</td>
<td></td>
</tr>
<tr>
<td>Greenhouse gases</td>
<td>305 Emissions</td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>102 General Standard Disclosures</td>
<td></td>
</tr>
<tr>
<td>Reliability and availability</td>
<td>Reliability and Availability</td>
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<tr>
<td>Data security</td>
<td>418 Customer Privacy</td>
<td></td>
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<tr>
<td>Innovation management</td>
<td>Research and Development</td>
<td></td>
</tr>
<tr>
<td>Digitalisation</td>
<td>Research and Development</td>
<td></td>
</tr>
<tr>
<td>Sustainable infrastructure development</td>
<td>203 Indirect Economic Impacts</td>
<td></td>
</tr>
<tr>
<td>Resource efficiency</td>
<td>302 Energy, 304 Biodiversity, 306 Effluents and Waste</td>
<td></td>
</tr>
<tr>
<td>Corporate governance</td>
<td>415 Public Policy</td>
<td></td>
</tr>
<tr>
<td>Compliance</td>
<td>205 Anti-corruption, 307 Compliance (Environment), 419 Compliance</td>
<td></td>
</tr>
</tbody>
</table>
Definition of the content of the non-financial report

With this report, innogy is publishing the non-financial declaration required by legislation for the first time in the form of a summarised separate non-financial report (NfR) for the company innogy SE and the innogy Group. This NfR is integrated in the sustainability report. The content of the non-financial report was approved by the Supervisory Board at the meeting held on 21 September 2017. We used the results of the materiality analysis, the regulations of the German Commercial Code (HGB) and the relevance for our business performance to guide the allocation and selection of the topics that are material for us in relation to the content required by the legislation. The relevance of the content selected here is emphasised not least by the fact that it is used as the basis for defining part of the variable compensation of the innogy Executive Board. The topics selected for the non-financial report are listed in the table below:

<table>
<thead>
<tr>
<th>Matters</th>
<th>Material topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental matters</td>
<td>Emissions</td>
</tr>
<tr>
<td>Employee matters</td>
<td>Occupational health and safety</td>
</tr>
<tr>
<td>Social matters</td>
<td>Availability and reliability</td>
</tr>
<tr>
<td>Anti-corruption and bribery matters</td>
<td>Anti-corruption</td>
</tr>
<tr>
<td>Respect for human rights</td>
<td>This year, we are making use of the possibility of an omission in relation to the topic of human rights because this complex area does not appear to be highly relevant after an initial assessment. In addition, the complex area is not considered material for compensation of the Executive Board.</td>
</tr>
</tbody>
</table>

A review of the topics of non-financial reporting was carried out to ascertain whether there are any links with the annual financial statements of the Group. This is not the case.

**GRI 102-47 List of material topics**

Apart from the GRI standards assigned to the material topics under GRI 102-46, we report on further topics that are highly relevant for our stakeholders. These topics are as follows:

- 401 Employment
- 402 Labour Management Relations
- 404 Training and Education
- 405 Diversity and Equal Opportunity

**GRI 102-48 Changes in reporting of information by comparison with previous reports**

In 2017, we were able to improve the data situation for some of the indicators in this report and this is reflected in the more informative nature of the figures. In a number of cases, this means that values for the previous year have been adjusted by comparison with the last report. We refer to this at the appropriate place.
GRI 102-49 Important changes in reporting relating to topics and their reporting boundaries

The Sustainability Report 2017 has a new structure compared with the first report with the GRI Standards (2016). The selection of the aspects to report on is based on the results of the materiality analysis carried out in 2017, see GRI 102-46, p. 29.

GRI 102-50 Reporting period

1 January – 31 December 2017

GRI 102-51 Date of most recent report

March 2017 first report by innogy SE

GRI 102-52 Reporting cycle

Annually

GRI 102-53 Contact point for questions regarding the report

innogy SE
Corporate Responsibility
Prof. Dr Henning Rentz
Opernplatz 1
45128 Essen
Germany
Phone: +49 201 12-15818
Email: sustainability@innogy.com
Internet: www.innogy.com/responsibility

GRI 102-54 Claims of reporting in accordance with the GRI Standards

This report has been prepared in accordance with the GRI Standards: “Core option.”

GRI 102-55 GRI Content index

This document presents a balance sheet in accordance with the GRI Standards (2016) of the Global Reporting Initiative (GRI) and the GRI Content Index required by the GRI Standards. It was prepared on the basis of the results of the analysis of our key topics. The report has the precise structure defined in the GRI Standards in the interests of comparability with other companies.
GRI 102-56 External assurance for the report

The disclosures marked with ☑ were subject to a limited assurance engagement performed by professional services firm Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft, see ☒ p. 89. The audit was implemented taking into account the International Standard on Assurance Engagement (ISAE) 3000 (Revised).
GRI 203 Indirect Economic Impacts

GRI 103 Management Approach (including 103-1, 103-2, 103-3)

Challenges

The supply of energy is fundamental for the lifestyle of our customers. Their everyday lives would be negatively impacted without electricity. Our Retail Division and its affiliates and subsidiaries are active across large swathes of Europe. In terms of energy supply, we deliver essential benefits with our capital expenditure there on grid infrastructure and generation, and our products and services. Access to fast internet has meanwhile become equally important as a reliable supply of energy. One of our future fields is to carry out necessary expansion of this for private individuals and companies. If there were not a powerful connection, many companies would be unable to operate, particularly at a time when industrial production processes are undergoing digitalisation. Large-scale broadband access has become an important location factor.

Our business activities benefit countries, regions, and local communities through capital expenditure on infrastructure, taxes and duties. We would only be able to successfully carry out the large number of activities at the locations with difficulty, if we did not enjoy trust and acceptance at international, national and regional level. This is particularly important in the districts around our sites.

Given the diverse challenges, we want to be one of the partners in this process and strengthen community trust in our company. That is why we are promoting initiatives in the social, environmental and cultural arena through voluntary engagement of innogy employees or financial support. We are also proactive in all our markets with various initiatives and sponsorship projects. This engagement empowers innogy to generate important impulses for development and progress in the regions where we are operating. Our workforce numbers more than 45,000 employees and as an employer we help to stimulate the job market and provide employment. Moreover, we exert indirect economic impacts on the various regions through our upstream suppliers.

Organisation, management and performance measurement

The perception of responsibility towards society and the environment is a key factor for sustainable corporate success. innogy fulfils an essential function in structural and macroeconomic terms through products and services, capital expenditure and as an employer. innogy is aware of its responsibility and acts accordingly at international, national, regional and local level, forming a vibrant part of individual communities and business locations. innogy seeks to promote this aim through dialogue with groups affected by the business activities or whose activities exert an influence on the business activity of innogy, see GRI 102-43, p. 26.
Allocation of resources in compliance with rules
As a result of the large number of activities and sponsorship projects, we make effective use of resources a top priority in line with our compliance objectives.

Supplying energy affordably
We want to guarantee our customers a reliable and affordable supply of electricity and gas at all times. Ensuring the affordability of energy and supplying vulnerable households with energy lie within the responsibility of the state in Germany. We give support through innovative products that help reduce energy consumption and give customers more control over their electricity bill. We provide telephone advice on saving electricity and consultation services about all aspects of energy consumption.

In the regions where we are confronted with fuel poverty, we offer our customers opportunities to meet their energy needs in spite of difficult personal and financial situations. There are various differences between the needs and offerings in the individual countries, see GRI 203-1, p. 37.

Companius – Promoting corporate volunteering
Under the umbrella of the Group-wide corporate volunteering programme Companius (including “Aktiv vor Ort”), we promote volunteer work by our employees and fulfil our social responsibility. Targeted formats help us to integrate employees in the right volunteering role for them, see GRI 203-1, p. 37.

innogy Foundation for Energy and Community as a corporate citizen
We support changes spearheading the energy system of the future with the innogy Stiftung für Energie und Gesellschaft gGmbH. The innogy Foundation focuses on three areas of action: energy and education, energy and culture, and energy and social innovation, see GRI 203-1, p. 37.

GRI 203-1 Development and impact of infrastructure investments and services supported
In 2017, over 1,400 innogy employees provided assistance for more than 900 Companius projects (including “Aktiv-vor-Ort” projects). Sponsorship amounted to around € 1.4 million during the reporting period. These figures relate to the RWE Group with innogy.

innogy Foundation establishes think tank
In 2017, the innogy Foundation broke new ground with the dynamis Think Do Rethink Tank. It was established together with the 100 Percent Renewable Foundation and the Institute for Advanced Sustainability Studies in Potsdam. The aim of dynamis is to implement the energy transition as a participative joint effort such that people from all social groups, classes and milieus can play a role in the project. We also have our own foundation in Poland which supported education and other projects in 2017.
Active in the integration of refugees
In 2017, assistance for refugees continued to be a major political and social topic in Germany and Europe. The Corporate Responsibility Department, Companius, the innogy Foundation and other areas of the company were actively involved in providing help for refugees in 2017. innogy coordinates the work within the network “Wir zusammen” (“We Together”) run by German business and industry. Companius works together with long-standing partners to develop programmes such as integration of refugees including language courses and training in making job applications.

Ensuring the affordability of energy
Energy prices continued to be a major topic in many of our markets over the course of 2017. In the Netherlands, a great deal of attention was focused on the affordability of the energy transition because forecasts are projecting rises in electricity prices as a result of higher taxes and the further expansion of renewable energies. Our subsidiary company Essent participated in this debate and advocated a transition that everybody can afford. Today, Essent is already supporting customers who are experiencing payment difficulties in cooperation with local authorities, e.g. in Leeuwarden and Den Bosch in the Netherlands. In Hungary, we safeguard the electricity supply for vulnerable people by installing prepaid meters and working closely with local communities. In the United Kingdom, npower’s Macmillan Fund provides support for households experiencing payment difficulties. In 2017 alone, approximately € 1.80 million (1.58 million pounds sterling) were paid out. Meanwhile, the “Health Through Warmth” programme operated by npower provides assistance and support for vulnerable customers.

Decisions about capital expenditure on projects like constructing renewable energy plants establishes lasting ties between innogy and the individual regions. In the United Kingdom, we have set up a Community Fund for each of our renewable energy projects. This is used to provide financial support in the form of annual payments to the immediate neighbourhood. In 2017, a total of more than € 1.7 million (1.5 million pounds sterling) were paid out from these funds to the regions.

GRI 205 Anti-corruption

GRI 103 Management Approach (including 103-1, 103-2, 103-3)

Challenges
The energy sector is defined by regulatory decisions, continual change and projects with high order volumes. These conditions are associated with risks of potential corruption. In a variety of ways, this exerts an impact on all the various stages of innogy’s value chain. Incidents of corruption would severely disrupt the processes of business and would also result in damage to society. The reputation as a reliable partner would equally suffer serious negative impact and the Group could be excluded from tender processes as a result. For this reason, we have implemented a comprehensive compliance management system to prevent corruption. Corruption and other similar breaches are not tolerated. Compliance requirements are also taken into account when deciding whether to enter into business relationships with business partners and suppliers.
**Organisation and management**

**Avoidance of corruption risks**
We want to base all our activities and business decisions on strict compliance standards in order to prevent damage to the company and its employees.

Raising the awareness of employees forms the platform for avoiding corruption. The innogy Code of Conduct is binding for all employees and prohibits any form of corruption. The Code is given concrete form by additional innogy Group guidelines. In daily work, organisational regulations such as the double-checking principle, rules for approval, authorisation concepts and separation of functions support compliance with these guidelines.

In all the operating companies, Compliance Officers are responsible for implementing the innogy Group-wide principles for preventing corruption. In some regions in which innogy is operating through several subsidiaries, compliance functions are bundled and dealt with by a national compliance officer. An independent, external contact person is also available to receive information about any breaches of the Code of Conduct by employees or third parties. Reports can be submitted in the national languages of the companies in the innogy Group and must remain confidential and anonymous if this is requested.

The Chief Compliance Officer submits regular reports about compliance issues to the Executive Board and the Audit Committee of the Supervisory Board of innogy SE. Internal media within the Group inform our employees about conduct that conforms to our compliance guidelines. They also highlight potential risks if compliance is breached.

**Measures and performance measurement**

Members of our workforce receive training courses on the avoidance and prevention of corruption in a web-based training programme and at face-to-face training courses. The Executive Board is also integrated in this training concept.

The Group Audit Department regularly carries out preventive compliance audits in our Group companies. This enables us to review the implementation and effectiveness of our compliance management across the innogy Group. We follow up any information relating to potential breaches of compliance and we take any necessary measures required. The reviews carried out so far by the Group Audit Department for 2017 have revealed no material or systematic breaches of the compliance guidelines.

For performance measurement, see GRI 205-2, p. 40.

**GRI 205-1 Operations assessed for risks related to corruption**

Since the identified risks concern information relevant to business operations, they are subject to special confidentiality regulations. We are unable to provide any information about these risks. A two-stage process completed in 2016 helped us to identify and evaluate compliance risks.
**GRI 205-2 Information and training about anti-corruption policies and procedures**

In order to work out a targeted training concept for combatting corruption we have included risk topics in the development. In 2017, we delivered training to around 3,040 employees in Germany and to some 1,290 employees in other business regions through face-to-face events developed as part of the concept.

The breakdown by employee category includes information relevant to business operation. It is subject to special confidentiality regulations and the information can therefore not be reported.

**Availability and Reliability**

**GRI 103 Management Approach (including 103-1, 103-2, 103-3)**

**Challenges**

Distribution grids are the backbone of the energy transition. They play a key role in the integration of electricity feed-ins from renewable sources and decentralised power generation systems dependent on weather and time of day. They are also necessary in order to balance out generation and consumption centres which might be located in different regions. If this were not achieved successfully, it could lead to electricity outages over large areas and lasting a long time, which would exert detrimental, negative impacts on the economy and society. Our reputation as a reliable partner would also be damaged.

In the era of the energy transition, the distribution grid is subject to new requirements. While electricity only flowed in one direction in the past, the future scenario will require grids that can handle multidirectional, fluctuating power flows. The distribution grids have to deal safely with the resulting load flow and voltage level changes so that the limit values defined in the standards are met at all times.
Uncertainties exist about the future construction of decentralised power generation systems and changes in load requirements due to electromobility, heat pumps and storage. These developments provide the planners of distribution grids with additional challenges. We are constantly increasing the efficiency of our distribution grids in order to comply with current and foreseeable future regulatory, business and environmental requirements.

Organisation and management

innogy is responsible for the operation of powerful and modern distribution grids in Europe. Our Grid & Infrastructure Division is at the forefront of this operation and the management is represented on the innogy Executive Board. Our system operator companies such as Westnetz GmbH and Mitnetz Strom GmbH rank among the distribution system operators in Germany who have integrated the largest output from decentralised power generation in their grids. In 2017, we connected approximately 4,700 new renewable energy systems to our distribution grid in Germany. At the end of 2017, around 334,000 systems were feeding electricity into our grids.

As we continue to expand renewable energies, we intend to guarantee supply certainty for electricity generation and in the distribution of energy. In order to achieve this, we are setting ourselves the goal of limiting the System Average Interruption Duration Index (SAIDI) in the grids under our responsibility in Germany, excluding natural events, to a maximum of 15 minutes per year and customer.

There are different regulatory requirements for gas in the countries. We will comply with the existing regulations in each area.

Measures and performance measurement

Ensuring security of supply

We are able to guarantee our customers a largely interruption-free supply of electricity and gas. In 2016, the System Average Interruption Duration Index (SAIDI), excluding natural events in our electricity distribution grid in Germany was 14.2 minutes per customer. In our electricity distribution grid in Eastern Europe, this indicator was an average of 65 minutes. No values could be recorded in relation to SAIDI for innogy SE as a parent company.

In 2016, the average outage due to interruption of the gas supply in Germany was 1 minute per customer. Not including faults caused by third parties, this indicator would be 0.2 minutes. The values for 2017 were not available by the editorial deadline.

The System Average Interruption Frequency Index (SAIFI) excluding natural events was 0.3 for 2016 in the innogy distribution grid in Germany and 1 in the innogy distribution grid in Eastern Europe. This value indicates how frequently a consumer is affected by an electricity outage on average over the course of a year. The energy losses incurred in distribution across all voltage levels with the German distribution system operators are between around 2.0% and 4.5%.
Increasing the efficiency of grids
Work continues to proceed on developing our existing infrastructure. We are digitalising and automating a large number of operational and customer processes in order to improve the efficiency of the electricity grids and associated processes. This process involves evaluating potentials for improvement and developing new technologies. We will invest around € 5.1 billion in our grids and infrastructure between 2018 and 2020. Among other things, this will facilitate the integration of additional decentralised power generation capacities and make our grids more intelligent. We are working with various partners on a broad range of research projects in the Grid & infrastructure division that deal with the future capability of our distribution grids. We are also investigating innovative resources for electricity and gas distribution grids.

Integration of renewable energies in the supply system
The “Designetz” project sponsored by the German Federal Ministry for Economic Affairs and Energy (BMWi) is a research consortium under the management of innogy. The aim of the project is to jointly develop a robust overall concept for integrating renewable energies into the supply system. Designetz intends to develop solutions for a safe, economic and environmentally compatible energy supply having a high proportion of fluctuating electricity generation from wind and solar energy. The solutions will then be tested over large areas. Ideally, local solutions should be switched together in order to meet regional and supraregional energy demands. The project is being implemented in North Rhine-Westphalia, Rhineland-Palatinate and the Saarland. The project volume of Designetz totals approximately € 66 million and the subsidy requested amounts to some € 30 million.

Usage of flexibilities
A consortium of seven partners led by innogy has set out to demonstrate how flexibilities in generation and consumption for distribution grids can be utilised by means of a “Flexibility Traffic Light” (“Flexibilitätssampel”) in the project “The Proactive Distribution Grid” (“Das Proaktive Verteilnetz”) funded by the German Federal Ministry of Economic Affairs (BMWi). Generators are currently taken out of the grid by the distribution system operator when load peaks occur and are therefore removed from the market. The aim in future is to call off flexibilities existing at that point when foreseeable load peaks occur and avoid the load peak on the consumer side. One demonstrable effect of such usage is a reduction in capital-intensive grid expansion while at the same time increasing the proportion of renewable generation in the affected grid segment. The distribution system operator has been running a field test for this validated concept in Emsland in order to investigate and develop a maximally market and customer friendly structure for flexibility usage.

Environmentally friendly natural gas processing
Natural gas needs to undergo a number of processes including drying so that it can be transported across the distribution grid to the household connection. Today, this is generally carried out using the substance triethylene glycol (TEG). However, this procedure requires high energy input, particularly for TEG regeneration. innogy is testing a procedure that saves significantly more energy and is emission free in the MemTEG project. This process is based on a completely new membrane technology. Meanwhile, the MemTEG technology has been confirmed not only in a laboratory but also in operation at a pilot plant. The next stage will involve innogy in carrying out research into the long-term impact and the feasibility of transferring the system to bigger plants. The pilot plant at the natural gas storage facility in Staßfurt has been operating on a test basis since January 2017.
Data-controlled maintenance
Using relevant data for technical processes and assets is playing an increasingly important role in many sectors and divisions. In the area “New Technologies / Projects”, we have demonstrated the usability of the existing data for maintenance and its financial benefits in a variety of projects. The analysis of master and transaction data for large and expensive installations such as 110 kV transformers has made it easier to assess which installations have reached the end of their service life and which can continue to be operated.

Security
GRI 103 Management Approach (including 103-1, 103-2, 103-3)

Challenges
As an energy group, our key function is to take the necessary measures in order to ensure a secure energy supply for the population. Security Management is a central management function at innogy in order to ensure that we are able to reliably fulfil this community duty. We ensure security at our plants, carry out predictive planning and make preparations for emergencies. Although certain events are very unlikely to occur at our plants, they could exert a serious environmental impact if they actually happened. Such accidents can also put the energy supply of entire regions at risk and could pose an existential risk for the future of the company as a going concern. Foresightful planning, scenarios for events of this kind and reinstatements, and appropriate training programmes for our managers and employees are therefore an integral part of our Security Management.

Organisation and management
Predictive planning and crisis scenarios
The innogy Corporate Security regulations are defined by the Corporate Security Department, which reports directly to the Executive Board of innogy SE. The responsibilities for central Business Continuity Management (BCM) and central Crisis Management are situated in Corporate Security. In 2017, the Executive Management commissioned a comprehensive review of the crisis organisation. As a result of this review, the
central innogy Crisis Management Team (cCMT) was established from the ground up. In tandem, the interplay with the Local Crisis Management Teams was also reviewed and refined. We now have a well-prepared organisation to deal with all crisis scenarios on the platform of a broadly-based and integrated crisis organisation in the segments and with our portfolio companies. A key factor here is the preparation and experience of the members forming the crisis staffs. We hold regular crisis exercises to practice the interface with the security authorities and we regularly invite them as guests. This means that our managers and employees are trained and planned measures are reviewed for their effectiveness and adjusted as necessary.

Measures and performance measurement

Cyber-security in focus

Effective Business Continuity Management needs to be put in place significantly before plans for managing a crisis. Our security approach is therefore based on risk analyses and risk transparency in conjunction with preventive measures. In 2017, the business-process risks for impairment of integrity, availability and confidentiality of sensitive data were therefore uniformly surveyed and assessed throughout the Group. Comprehensive improvement measures were derived from the perspective of the current Information Security Management and these measures were then implemented.

Raising the awareness of employees

At the same time, our Group-wide cyber-security awareness campaign “Human Firewall” was expanded further in 2017. Since November 2016, this campaign has raised the awareness of all our employees through different formats in their respective individual national languages.

Cyber security certifications in the grid area

The grids are subject to increasing statutory regulation in line with their importance as a critical infrastructure. In Germany, we are therefore implementing the rules of the IT Security Act (IT-Sicherheitsgesetz) in connection with the Energy Industry Act (Energiewirtschaftsgesetz). External experts will be carrying out certifications for the information security management systems of our local distribution system operators by 2018 at the latest. Our business units that form part of critical European infrastructures are making preparations across Europe for implementing the EU Directive on Network and Information Security.

Constructive cooperation with government authorities

Large areas of the reporting pathways to government agencies and organisations with security functions are defined in law. innogy works openly with the authorities and its engagement often exceeds the statutory requirements. We are a member of the Alliance for Cyber Security (Allianz für Cybersicherheit) of the Federal Office for Information Security (BSI) and of the Cyber Security Council Germany (Cyber-Sicherheitsrat Deutschland e. V.) and the National Cyber-Forensics & Training Alliance (NCFTA) in the USA. The spokesperson for the energy sector in UP KRITIS – a national collaboration initiative between business and industry, and the state for the protection of critical infrastructure in Germany – of the Federal Office for Information Security (BSI) is working in the Corporate Security Department of innogy. In emergency exercises at local level, local authorities such as the police and fire service are generally involved.
Research and Development

GRI 103 Management Approach (including 103-1, 103-2, 103-3)

Challenges

Decarbonisation, decentralisation and digitalisation shape the business and political agenda not only in our core markets. We view this development in a positive light and set up innogy to match these trends when the company was founded. Our perception of the transition is that it represents an opportunity to successfully establish and market innovative products, business models and technologies. Our prime movers here are the aspiration to impress our customers with needs-based offers relating to energy and other areas. We create promising options for the future within our diverse innovation ecosystem and track far-reaching changes, new technologies and trends.

Organisation and management

The innogy Innovation Hub drives forward pioneering ideas which have the potential to revolutionise business models and industrial sectors. We are working to achieve this by building up an innovation portfolio that will enable us to invest in start-ups and establish new companies. We identify solutions in related industrial areas beyond the topic of energy which make the daily lives of people simpler and more attractive. At the innovation locations of Tel Aviv, Silicon Valley, London, Berlin and Essen, we are working within network structures and cooperating with our partners to conceptualise business models for which we can deploy the latest technologies. Our approach focuses on the thematic areas of “Machine Economy”, “Smart & Connected”, “Disruptive Digital” and “Cyber Ventures”.

The innogy Innovation Hub invests in early-phase start-ups that have already successfully launched a business model in the marketplace. We also work together with “innogy Ventures” to make investments and divestments. Our portfolio start-ups benefit from complementary products, services and technologies within our portfolio. These natural synergies enable us to give the start-ups access to our global networks, decision-makers and the divisions within the innogy Group. We thereby support the development of their enterprise, strengthen their competitiveness and accelerate their exponential growth.

Another focus of our activities in the area of innovation relates to new technologies. Our research and development (R&D) identifies, assesses, develops and tests new technologies and this ensures that we continue to remain competitive in an era of evolving conditions. Five centres of competence at innogy work with a clear focus on the topics of decentralised energy solutions, electricity grids, gas grids, storage solutions and renewable energies. We have established a uniform process for all relevant R&D areas – from planning to internal reporting. Our R&D projects are generally designed for the medium to long term and they run for several years including the relevant pilot tests.
We also carry out research on innovations in each division with the aim of opening up new opportunities for growth and continuing to improve our products and services for customers. For example, the new Urban Solutions Unit in Grid & Infrastructure is developing and promoting holistic solutions for local authorities, companies and citizens in megacities. Dedicated activities are being driven forward in the regional and national companies. In 2017, innogy Poland became a partner for hub:raum and WAW:ac – two start-up incubators in which young companies were given the opportunity to establish innovative products in the market.

Measures and performance measurement

Capital expenditure on start-ups

Our Innovation Hub expanded its portfolio in 2017, established new companies and invested in external start-ups already operating in the marketplace.

In 2017, the innovation portfolio included participations in 48 start-ups. We scouted more than 1200 start-ups worldwide in order to achieve this number. 94 of them were taken to pitch status. Furthermore, the technologies of individual start-ups are also being integrated within the existing innogy business. In addition, the innogy Innovation Hub is also investing through “innogy Ventures” in companies which are developing promising future technologies and applications. These ventures are being supported with financial stakes.

Discovering and developing new technologies with a network of experts.

In 2017, some 360 full-time and part-time employees at innogy collaborated with more than 250 external partners in about 200 research and development (R&D) projects and we registered patents on 68 inventions. One of the proven instruments in our R&D activities is Technology Foresight. This tool gives innogy access to an innogy Group-wide network of experts who continuously analyse existing fields of technology and identify and evaluate new ones. The findings are supplemented by an analysis of community trends in order to place technological developments in the context of the market, the community and the government. The results of this process are an important source of information, with regard to our strategy, the development of new business fields and the development of the R&D portfolio.
Innovations in the subsidiary companies

In Hungary, ELMŰ-ÉMÁSZ is cooperating with local administrative authorities and other energy utilities to develop innovative solutions such as intelligent street lamps or smart metering solutions for local authorities. In the Netherlands, we are developing a peer-to-peer platform for corporate customers. An initial pilot enables our customers to choose the solar power plants or wind turbines they get their electricity from. Other innovative solutions are being tested for owners of electric cars. ChargeSmart is our first trial allowing 80 customers to charge their vehicle intelligently. Factors such as the current electricity consumption and the available grid capacity are taken into account here. This enables us to facilitate maximum charging speed without expensive connection. Another pilot involving 50 households is being conducted to test a SmartHeater. This device heats water when the electricity price is low and records how much hot water a household needs at particular times of the day.

Environmentally friendly ship (“Öko-Schiff”) on Lake Baldeney

Our Research and Development Department made a very special contribution to the “European Green Capital – Essen 2017”. The MS innogy was launched on Lake Baldeney in the summer of 2017. This is the first ship in Germany to be powered by methanol. It is equipped with an electric motor and a fuel cell, and the ship uses the climate-friendly fuel methanol to generate electricity. The fuel is generated using CO₂-free electricity and only releases the same amount of CO₂ in the conversion as was previously taken from the air for its production. The MS innogy is part of a demonstration presenting the entire value chain of green methanol which has been made a reality in Essen’s urban landscape.

For further information about the topic of Innovation, see Annual Report 2017, p. 26.
ENVIRONMENTAL TOPICS
GRI 302 Energy

GRI 103 Management Approach (including 103-1, 103-2, 103-3)

Challenges

Higher energy consumption is a burden on the environment and increases costs. There is also a risk of a breach of licensing regulations. In order to avoid this, we are implementing numerous measures to improve energy efficiency and environmental protection in plants generating electricity, in the grid infrastructure, in the gas and water supply, in administrative buildings and in the vehicle fleet. Compliance with statutory targets and licensing regulations forms the basis for a continuous improvement process. Less efficient energy use would also be associated with negative impacts on the environment in the case of our residential and corporate customers. This is why we offer comprehensive support and multifaceted services for making energy savings with innovative technologies.

The further expansion of renewable energies will lead to increasing volatility as a result of fluctuating availability of supply, particularly with regard to wind and solar energy. Flexibility in supply and demand (demand response) ensures a response to this challenge. One tool for making use of these flexibilities is the intelligent networking and control of supply and demand (demand response). Demand response therefore helps to optimise electricity costs and the customers’ power requirements. It also contributes to grid stability and reduction of the energy costs for these customers.

Organisation, management and performance measurement

Environmental protection established in business processes

Environmental protection and the associated management systems form the platform supporting all our entrepreneurial activities. This includes the use of energy. Our environmental management system covers the entire Group, see GRI 305, p. 56. Adopting a responsible approach to natural resources and promoting the use of environmental technologies is also one of the principles in our Code of Conduct, see innogy Code of Conduct.

As a company with a sustainable portfolio, we are engaged in protecting the environment in a wide variety of ways. The approach also enables us to create transparency for the expenditure and capital expenditure incurred to this end.

<table>
<thead>
<tr>
<th>Expenditure and capital expenditure on environmental protection</th>
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<tbody>
<tr>
<td><strong>in € million</strong></td>
</tr>
<tr>
<td>Waste disposal</td>
</tr>
<tr>
<td>Site remediation/soil contamination</td>
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<tr>
<td>Water protection/wastewater</td>
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<tr>
<td>Climate protection</td>
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<tr>
<td>Noise abatement</td>
</tr>
<tr>
<td>Air pollution control</td>
</tr>
<tr>
<td>Nature and landscape protection</td>
</tr>
<tr>
<td><strong>Overall result</strong></td>
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</table>
innogy Group-wide coverage for energy efficiency audits and management systems

All relevant innogy companies either introduced an energy management system, carried out an energy audit or have been validated in accordance with the Eco-Management and Audit Scheme (EMAS) within the required deadline. This means we have met all the requirements of the Energy Efficiency Directive of the European Union implemented to national law.

Energy savings for our customers

Our residential customers are offered energy consultation sessions which include an inspection of their house or apartment by certified experts who highlight the scope for potential energy improvements. Moreover, innogy offers them support when purchasing a home or carrying out renovation work. Although insulating the roof or the facade saves energy and cuts CO₂ emissions, climate-friendly renovations are expensive and require a high level of expertise. innogy therefore provides residential customers with an independent expert to advise them when they are implementing climate-friendly measures. We also offer efficiency products such as LED lights, advice on saving electricity, building thermography, energy certificates, innogy SmartHome intelligent house management system, solar packages and home storage products (see GRI 302-5, p. 51). innogy also supplies efficient heating systems. Replacing old systems enables customers to make cost savings and reduce the amount of CO₂ emitted.

A responsible and efficient approach to energy is no longer simply a question of image for a company but a critical competitive factor. We support the efficient use of electricity and natural gas with individual consultation and appropriate solutions. Our bit.B product is a process and energy monitoring system for industrial enterprises. Sensors are used to collect a range of different data including production, environmental and energy data at machinery level or in the main/sub distribution units. The data are linked up together and evaluated. The objective is to provide the companies with new findings that will establish the platform for optimising their operations. The data recording systems can be easily installed and give transparency that has so far only been offered by extremely costly systems. bit.B combines sensor or meter data with an innovative software solution to offer a large number of evaluations and analyses. This gives customers a rapid overview and opens up possibilities for saving energy and optimising production.

Our subsidiary companies also provide comprehensive offerings for corporate customers. ELMŰ-ÉMÁSZ in Hungary offers energy audits specifically for large and mid-sized enterprises. Furthermore, innogy supports cities, towns and local communities with innovative concepts and technologies ranging from building thermography, through the innovative "GreenCityPower" lithium-ion rechargeable battery packs used in many different applications, and from maintaining landscaped areas to electromobility.

Monthly reports on the number of energy efficiency products sold by the German retail companies measure success in this area in terms of sales to corporate customers. A quarterly report is also produced dealing with the area of consulting and services. Energy utility companies have an obligation to provide a year-on-year comparison of electricity consumption in an annual statement for the consumer sector so as to make customers more energy conscious.
Demand response solutions for customers

One tool for promoting flexibility is intelligent networking and control of supply and demand. This involves identifying those consumers who are already willing to control their electricity consumption flexibly in response to a price signal. It might be, for example, an industrial company that switches off, scales back or switches on its production plants in order to adjust its energy consumption to the momentary energy supply. Ideally, production would be reduced during periods in which electricity is expensive to produce and shifted to periods in which electricity is plentiful and cheap. If the price difference is big enough and customers are able to respond flexibly, they can profit from marketing their flexibility. We are already offering wide-ranging activities for flexibility marketing to users in Germany, the United Kingdom and the Netherlands. Essent subsidiary Powerhouse provides its biggest customers in the Netherlands and Belgium, including customers generating their own energy, with real-time price information and access to the energy market so that they can respond flexibly to price changes. The focus there is currently on combined heat and power energy plants, refrigerated warehouses and computer centres. We expanded our energy management tool, Energy HQ, for B2B customers in the United Kingdom. This encompasses offers in the area of demand response, which also present our customers there with intelligent solutions for flexibility marketing, and for precise and consistent data recording.

GRI 302-1 Energy consumption within the organisation

<table>
<thead>
<tr>
<th>Energy consumption within the company</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary energy consumption(^1)</td>
<td>17.3</td>
<td>16.6</td>
</tr>
</tbody>
</table>

\(^1\) Used fossil energy sources, not including biomass and other (substitute combustion fuels, waste with high caloric content, etc.).

GRI 302-5 Reductions in energy requirements of products and services

Innovative technologies and applications are used to make life easier for our customers, help to save energy and play a role in structuring the energy market. Our customers trust us to supply them with electricity, gas and heat at all times. In turn, we support them with environmentally friendly products and services.

Supplying green electricity and gas products

innogy and all its companies offer their customers environmental and climate-friendly electricity and gas products. For example, the product “Strom Natur” is generated entirely from renewable energies and is therefore CO\(_2\) neutral. Since 2017, Essent has been marketing a “Double Green” product in the Netherlands. The energy here is generated from Dutch wind turbines and green gas from natural gas and biogas.
Supporting residential customers in saving energy
Our innogy SmartHome intelligent home control system helps residential customers to significantly reduce the costs of heating and tailor their electricity consumption to meet their needs. At the same time, they increase their level of comfort. For example, the heating regulates itself if windows or doors are opened. The readout unit innogy SmartHome Energy Control provides German customers in their SmartHome system with a reliable overview of energy consumption – displayed graphically and easy to understand. In Hungary at ELMŰ-ÉMÁSZ we established an Energy Services Department to integrate the technical expertise as distribution system operators (DSOs) with the experience and customer knowledge of sales and marketing.

Supporting customers in energy generation
We market electricity from renewable energies and help customers to generate their own electricity and heat. Commercial customers are offered small cogeneration power plants based on environmentally friendly combined heat and power technology. Moreover, innogy supplies solar collectors to be installed on customers’ roofs (solar thermal energy) in Germany and the Netherlands. We are a strong partner supporting our customers for photovoltaic systems in many countries across Europe.

Alongside offerings for residential and commercial customers, we carry out bigger projects in the area of renewable energies. For example, innogy is being contracted by customers to develop and construct wind farms.

Operators of plants generating electricity from renewable sources are prosumers. In other words, they are producers and consumers of electricity at the same time. innogy supports them with plant management specially tailored to consumption. It optimises marketing of electricity so as to generate the best possible return for the customer. innogy is also active in various markets here.

Spearheading electromobility
As a technology provider operating on the international stage, we are therefore strategically driving forward clean, climate-friendly mobility. We offer appropriate IT-based charging solutions for fleets in companies, for private households and on the move. Innovations provide seamless charging everywhere. The IT backend of the innogy charging infrastructure guarantees our customers maximally high availability and transparent services such as charging in conformity with calibration regulations in Germany. innogy is one of the leading operators of charging infrastructure with more than 7,000 charging points in an intelligent network and a total of 17,000 installed charging points in more than 20 countries. We furthermore started building up a high-power charging network along German motorways with our customer Tank und Rast.

Our eCharge app for drivers of electric vehicles enables customers to find charging stations near to them and see all charging points. We are also committed to electromobility in our other markets. Since 2017, we have also been operating with our own subsidiary company in the USA.
GRI 304 Biodiversity

GRI 103 Management Approach (including 103-1, 103-2, 103-3)

Challenges

Climate change poses a big threat to species diversity and our ecosystems. By expanding renewable energies, we are making a proactive contribution to the preservation of biodiversity. At the same time, we are aware that we exert an influence at the individual sites through the construction and operation of our plants. The key challenges often associated with the construction and operation of wind farms are in connection with breeding birds, bird flight routes, bats, prevention of indirect influences on local watercourses, translocation of rare plants, and restoration of habitats to ensure previous habitats are reinstated or new more diverse habitats are introduced. Hydropower involves the damming and build-up of water bodies to generate electricity. As a result, changes occur in habitats and flow patterns and this can in turn lead to changes in the animal and plant populations. Furthermore, the use of hydropower can lead to a direct risk to the fish stock owing to the operation of power-plant turbines. These influences therefore meant that it is important to contribute to preserving the habitat of animals and plants. If there are any violations of the laws and regulations in this area, there would be a risk of reputational damage and having to pay fines. Quite the contrary, innogy wants to continue to have a profile as a reliable partner, and contribute to preserving the diversity of species.

Organisation, management and performance measurement

Compliance with regulations is a prerequisite for continuing our business operations. If direct and indirect interventions in ecosystems and the associated negative impacts cannot be avoided, these are minimised or compensated by appropriate measures. innogy meets all the legal requirements relating to environmental measures, for a description of environmental management, see GRI 305, p. 56. In the course of project, development and approval of new plants, the impact on animal and plant species and their habitats is being investigated in detailed environmental compatibility studies. We are building on this work and defining measures for optimum minimisation or mitigation and for monitoring impacts. We are also carrying out strategic research and development activities.

Protection at onshore and offshore plants

Our research at wind farms includes in particular surveys of animal populations in the affected area. This work is carried out during project development and operations. The focus of animal monitoring at onshore wind farms is on bat populations. In some cases, when turbines are in operation, switching off wind turbines in dense fog prevents birds and bats from flying into moving blades when visibility is poor. Some of our onshore wind farms in Poland stop operating at night during the bat season in August and September. Furthermore, we set up nesting boxes and establish breeding sanctuaries close to our plants on land in order to preserve the diversity of species.
Environmental monitoring at offshore wind farms continuously records data on animal populations. Furthermore, radar systems are used to analyse bird behaviour. In the United Kingdom, this is carried out in the Offshore Renewable Joint Industry Project, a cross-industry group including the regulatory authorities looking at a range of key biodiversity topics using the latest technologies. Apart from bird migration, particularly during the construction phase we are primarily looking at potential adverse effects at offshore wind farms on marine mammal species such as porpoises. It is increasingly becoming standard practice for studies to be carried out as a cluster with neighbouring wind farms to gain a wider understanding of environmental impacts.

Protection at hydropower plants

The impact on water ecology and in particular fish populations is the focus at our hydropower plants. In Germany, fish ladders are installed at 88% of the dams and weirs where the run-of-river plants in our Renewables Division are located. However, depending on the location, other action can also be taken to benefit the local ecology, for example when natural barriers occur in the river. Alternative measures such as minimum channel flow are then used at these locations. Innogy undertakes fisheries management and research work in Germany and the United Kingdom in order to better understand the interactions between our hydropower schemes and fish behaviour. One example is the EU AMBER promotion project which looks into how the European river landscape can be further developed into a virtually intact ecosystem. The findings are applied in the planning of future plants and mitigation at our current operational sites. We are working together with the state of North Rhine-Westphalia (NRW) to test new installations and provide better protection for the fish population in a pilot project at the Unkelmühle power plant. Our new hydropower projects in the United Kingdom are being built so that they comply with the national “flow mitigations” standards and are in conformity with the Water Framework Directive.

Activities for protecting biodiversity

A landscape management plan is required to obtain planning permission pursuant to Article § 17 Federal Immission Control Act (Bundesimmissionsschutzgesetz) for all construction projects that cause disruption in nature or the landscape. In these management plans, we outline detailed measures for minimising interventions and for mitigation or replacement, and document the impact on biodiversity. In the course of the planning and licensing procedure, appropriate mitigation or replacement measures are agreed and defined together with the responsible government agencies or relevant environmental organisations. The eco-points method is used in Germany to monitor the environmental equilibrium of these measures as compared with the original status. Biotop management planning makes use of special local features to create the best possible habitats for rare animal and plant species.

At Westnetz, approximately 98% of all forestry area traversed by power lines is managed in accordance with biotope management guidelines. The protection of large birds in the medium-voltage grid is taken particularly seriously. Large birds are protected against dangerous electric currents by suitable technical measures (e.g. protective hoods).
of almost 170,000 masts throughout Germany have been modified with bird protection measures in the innogy grid area. innogy has completed the upgrade to meet the requirements of the agreement with the government authorities as a result of capital expenditure running into hundreds of millions. Another example of our efforts in species protection is a change in the trimming practice at the site of the underground storage site at Dolní Dunajovice operated by innogy Gas Storage in the Czech Republic. There is evidence that new plant and animal species are populating an area the size of 20 football fields following on from the practice of reduced trimming.

GRI 304-1 Operational sites owned, leased managed in, or adjacent to, protected areas of high biodiversity value outside protected areas

More than a quarter of our hydropower plants in the Renewables Division in Germany are located in protected areas or are adjacent to such areas. Seven locations are nature conservation areas within the framework of the Natura 2000 Association, five plants are in nature conservation areas and one location is a national nature reserve. In the United Kingdom, our largest hydropower plant in Dolgarrog, Wales, is located in the Snowdonia National Park Dolgarrog, Wales, and also partly in the Natura 2000 area of Eryri/Snowdonia.

Identifying nature conservation areas is also important for our offshore wind farms. Our generating wind farms Gwynt y Môr and Rhyl Flats (North Wales, United Kingdom) are in the declared conservation area Liverpool Bay Special Protection Area. This was recognised in August 2010 under the European Bird Protection Directive, and it is specifically intended to protect the red-throated diver (Gavia stellata) and the common scoter sea duck (Melanitta nigra). Alongside a monitoring programme for this species, we have also planned the routes of our supply vessels so that they avoid the areas with the highest density of these birds. Onshore wind farms are established at a minimum distance to nature protection areas.

Some plants in our Grid & Infrastructure Division produce potentially water-polluting substances. We have taken all possible precautionary measures to avoid hazards in these areas. All our grid systems nationwide are fitted with safety devices to minimise the risk of water pollution. The systems are installed, operated and maintained in accordance with statutory regulations. During the reporting period, no sustained environmental damage has been caused.

GRI 304-2 Significant impacts of activities, products and services on biodiversity

See GRI 304, p. 53.
Challenges

Greenhouse gases exert a significant influence on global warming. The negative impacts can only be limited by the reduction of emissions. These impacts also have the potential to significantly compromise our business model. Many countries in Europe are responding to the threats of climate change and have made a number of commitments including the expansion of renewable energies. Political discussions and resolutions on this issue at global, national and regional level provide an indication of the importance of this topic with regard to innogy’s regulatory and social framework. A large number of national subsidy systems are in place for promoting the use of plants to generate electricity based on renewable energies. Nevertheless, there is the risk that governments will change these and cut subsidies. The European Commission believes member states of the European Union should structure their subsidy systems to emulate the marketplace more closely and place more emphasis on measures relevant for competition such as tenders. The use of tender processes and the associated bidder competition may mean that we are not successful in tenders and that we may not be able to realise planned projects. We intend to analyse, evaluate and exploit these risks and opportunities for the benefit of our business model.

Today, innogy is already primarily generating electricity from renewable sources, which results in comparatively low direct CO\textsubscript{2} emissions (Scope 1). We only produce a small proportion of our electricity from non-renewable sources. The operation of electricity and heat production is optimised for low emission of air pollutants in order to minimise any pollution of the environment and impairment of health. The volume of indirect CO\textsubscript{2} emissions from purchased energy (Scope 2) are equally low. The volume of indirect CO\textsubscript{2} emissions (Scope 3) from upstream and downstream value chains with suppliers and customers is particularly relevant for innogy. This is especially the case for our Retail Division. The greenhouse gases released in this division from the generation of electricity consumption that is procured and resold to third parties, and emissions from the combustion of gas represent the biggest source of environmental pollution, which we can only influence to a limited extent. Reducing their CO\textsubscript{2} emissions is becoming increasingly important for many of our customers – particularly in the case of companies. The emissions generated as a result of electricity and heat consumption are an important starting point for reduction.

Although the majority of our plants generate no greenhouse gases during operation, construction and operation is undoubtedly associated with the generation of noise emissions. This affects neighbouring residents and the animal world. Suitable measures have been taken to minimise the impact as far as possible.
Management and organisation

We want to minimise our direct greenhouse gas emissions on the basis of the regulatory objectives. This will be achieved by expanding electricity generation from renewable energies in order to meet our corporate responsibility for the environment and society. The Renewables Division is responsible for this capital expenditure which is approved from a certain volume by the Executive Board of innogy SE.

Environmental protection established in business processes

Environmental protection and the associated management systems such as energy efficiency form the platform for our business. Taking a responsible approach to natural resources and promoting the use of more environment-friendly and energy efficient technologies is one of the principles of innogy.

Measures and performance measurement

innogy Group-wide coverage for environmental management system

The percentage coverage of the relevant Group companies with the management systems based on relevant norms and standards is an important indicator for innogy. Due to improvements in data collection in the 2017 reporting year direct comparison with the year-ago figures is only possible to a limit.

Level of coverage for environmental management systems

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Coverage</th>
<th>Externally certified</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>85%</td>
<td>43%</td>
</tr>
<tr>
<td>2016</td>
<td>100%</td>
<td>85%</td>
</tr>
</tbody>
</table>

Of which externally certified
Reduction of our own CO\textsubscript{2} emissions (Scope 1 and 2)

Innogy has comparatively low CO\textsubscript{2} Scope 1 emissions because of our focus on generation from renewable energies. In 2017, we connected around 4,700 new renewable energy plants to our distribution grid. In total, more than 334,000 plants are already connected to our grids. During the reporting period 2017, the following plants, among others, were brought on stream:

<table>
<thead>
<tr>
<th>Plants brought onstream</th>
<th>Country</th>
<th>Installed capacity in MW</th>
<th>Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore wind power project NordSee One</td>
<td>DE</td>
<td>332</td>
<td>Northland Inc. Power</td>
</tr>
<tr>
<td>Onshore power project Zuidwester</td>
<td>NL</td>
<td>90</td>
<td>In-house project</td>
</tr>
<tr>
<td>Onshore wind power project Eschweiler Nord</td>
<td>DE</td>
<td>13</td>
<td>City of Eschweiler</td>
</tr>
</tbody>
</table>

The following projects are under construction:

<table>
<thead>
<tr>
<th>Projects under construction</th>
<th>Country</th>
<th>Planned installed capacity in MW</th>
<th>Planned commissioning</th>
<th>Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore wind power project Galloper</td>
<td>UK</td>
<td>353</td>
<td>2018</td>
<td>UK Green Investment Bank, Siemens Financial Services and Macquarie Capital</td>
</tr>
<tr>
<td>Onshore wind power project Brechfa Forest West</td>
<td>UK</td>
<td>57</td>
<td>2018</td>
<td>In-house project</td>
</tr>
<tr>
<td>Onshore-Windkraftprojekt Clocaenog Forest</td>
<td>UK</td>
<td>96</td>
<td>2018</td>
<td>In-house project</td>
</tr>
<tr>
<td>Onshore-Windkraftprojekt Sommerland B (Repowering)</td>
<td>DE</td>
<td>6</td>
<td>2018</td>
<td>In-house project</td>
</tr>
</tbody>
</table>
The storage and transport of gas is one component of our direct emissions since methane in particular is released. We are working on continuing to reduce these emissions.

Real estate and the vehicle fleet may only represent a small proportion of innogy’s CO$_2$ emissions but we make strenuous efforts to reduce this footprint. Various modernisation measures and the expansion of our energy management systems are enabling innogy to reduce CO$_2$ emissions from our plants and improve the energy footprint of our real estate. We also promote conversion to sustainable mobility, for example through restrictions to hybrid and electric models in the selection of company cars. At the end of 2017, 11% of all vehicles in the fleet of innogy SE were already powered by these power units. From 2018, only electric and hybrid vehicles will be ordered as new vehicles.

**Reduction of CO$_2$ emissions of our customers (Scope 3)**

We support our customers in reducing their personal CO$_2$ footprint by offering them extensive support in making energy savings with innovative technologies and a wide range of services. These include electricity and heat storage for households, energy savings solutions and service packages for managing photovoltaic systems and wind power plants. Electromobility and SmartHome solutions can also help our customers to reduce their personal CO$_2$ footprint. Moreover, we supply green power and CO$_2$ carbon-neutral products in various countries.

**Reduction of other emissions**

Emissions at innogy are below the statutory limits for mercury, sulphur dioxide (SO$_2$), nitrogen oxides (NO$_x$) and dust thanks to air purification measures. Compliance with such thresholds is a requirement of the licensing regulations that we have to fulfil for the construction and operation of our affected plants. As far as the business year 2017 is concerned, no important events are known which would indicate grossly negligent breach of statutory limits. Furthermore, sulphur hexafluoride (SF$_6$) emissions may be important in our grid systems. This is an ozone-depleting insulator with a high greenhouse potential. innogy takes all necessary measures to prevent these emissions. We have made a commitment as an operator of electrical equipment to reclaim the SF$_6$ used and to reuse it – if necessary after treatment – directly in a closed system or to return the gas to the producers.

**Reduction of noise emissions**

During the planning, construction, operation and maintenance of plants, the noise emissions generated are recorded and analysed with corresponding protection measures. Noise levels and limits are stipulated by operating licences particularly in the area of onshore wind. Alongside varying weather patterns and wind directions, local topics are taken into account as early as the development phase of a project, such as legacy burdens from noise, proximity to building developments or geographical circumstances that reduce noise. The results of these analyses are then channelled into the selection of a suitable type of machine. After constructing the wind farm, appropriate monitoring measurements are carried out. Operation of some plants is restricted at night to reduce noise emissions.
innogy supported the affected residents for example by designing an app for the onshore Kattenberg wind farm in the Netherlands so that they can identify and investigate noise nuisance. Alongside place, date and time, the app registers the weather and traffic at moments when noise nuisance is reported.

Noise emissions are also created by plants in our distribution grids. We have therefore developed effective noise abatement and prevention measures.

**GRI 305-1 Direct (Scope 1) greenhouse gas (GHG) emissions**

The footprint of the greenhouse gases is based on the Greenhouse Gas Protocol (GHG). We also report the Scope 1 EU ETS value, which only comprises emissions from energy generation plants that are subject to trading with certificates in the European Emissions Trading System (EU ETS).

The energy utilities in Western Europe will only be allocated emissions allowances free of charge under exceptional circumstances during the course of the current third emissions trading period (2013 to 2020) of the European Union. In 2017, our plants which are included in the Emissions Trading System emitted 627 thousand metric tons of CO₂ in the EU. Only 257 thousand metric tons were covered by such government allocations. The missing emissions allowances of 370 thousand metric tons were purchased. There is also very little involvement of emissions reduction certificates, which were created by the “Clean Development Mechanism” in accordance with the Kyoto Protocol.

<table>
<thead>
<tr>
<th>CO₂ emissions</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions Scope 1 (in accordance with EU ETS)</td>
<td>627</td>
<td>687</td>
</tr>
<tr>
<td>CO₂ certificates allocated free of charge</td>
<td>257</td>
<td>296</td>
</tr>
<tr>
<td>Insufficient allowance of CO₂ certificates</td>
<td>370</td>
<td>391</td>
</tr>
</tbody>
</table>

Scope 1 CO₂ emissions (in accordance with the GHG Protocol) comprise all direct CO₂ emissions from in-house sources. These include the following items:

- Emissions in accordance with EU ETS
- Emitted CO₂ volumes from renewable electricity and heat generation plants (for example biomass/biogas),
- Emissions from energy consumption by real estate
- Emissions from the use of vehicles in the company fleet
- CO₂ equivalents of methane and SF₆ emissions from leakages
Scope 2 CO₂ emissions (in accordance with GHG Protocol) are essentially indirect CO₂ emissions from the transmission and distribution of electricity purchased from third parties (national power mix) and gas, and losses in our own grid. Comparability with the previous year is not possible due to an improvement in the data position. In contrast to the previous year, recording has been extended to gas purchased from third parties.

### GRI 305-3 Other indirect (Scope 3) greenhouse gas (GHG) emissions

Scope 3 CO₂ emissions (in accordance with GHG Protocol) are indirect CO₂ emissions that do not fall under Scope 1 and Scope 2. Here we were also able to further improve the quality of the data, for example in the upstream supply chain. The CO₂ emissions Scope 3 include the following items:

- CO₂ emissions produced through the generation of electricity procured from third parties for resale and upstream supply chain (sourcing of coal and natural gas)
- CO₂ emissions from the consumption of gas sold to our customers and its upstream supply chain
- CO₂ emissions from new renewables plants connected to the grid during the course of the reporting period
- CO₂ emissions from business travel

---

#### Absolute emissions

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions Scope 1 (in accordance with EU ETS)</td>
<td>0.63</td>
<td>0.69</td>
</tr>
<tr>
<td>CO₂ emissions Scope 1 (in accordance with GHG Protocol)</td>
<td>1.18</td>
<td>1.19</td>
</tr>
<tr>
<td>of which from non-renewable generation</td>
<td>1.05</td>
<td>0.89</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions Scope 2 (in accordance with GHG Protocol)</td>
<td>7.5</td>
<td>1.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 3 CO₂ emissions (in accordance with GHG Protocol)</td>
<td>207.0</td>
<td>195.7</td>
</tr>
<tr>
<td>of which CO₂ emissions from the upstream supply chain</td>
<td>161.1</td>
<td>147.1</td>
</tr>
<tr>
<td>of which CO₂ emissions from natural gas sold and its upstream supply chain</td>
<td>46.0</td>
<td>48.6</td>
</tr>
<tr>
<td>of which CO₂ emissions from business travel</td>
<td>0.007</td>
<td>0.004</td>
</tr>
</tbody>
</table>
**GRI 305-4 Greenhouse gas (GHG) emissions intensity**

<table>
<thead>
<tr>
<th>Intensity of greenhouse gas emissions</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific CO₂ emissions (in accordance with EU ETS)</td>
<td>0.056</td>
<td>0.065</td>
</tr>
<tr>
<td>Specific CO₂ emissions (in accordance with GHG Protocol)</td>
<td>0.121</td>
<td>0.118</td>
</tr>
</tbody>
</table>

**GRI 305-5 Reduction of greenhouse gas (GHG) emissions**

The increased values for greenhouse gas emissions result from an improved data situation for the reporting period 2017. The data needs to be further developed as the basis for surveying and evaluating relevant CO₂ emissions which have not already been collected on the basis of direct statutory requirements and are a constituent element of the overall CO₂ model.

**GRI 305-7 Nitrogen oxides (NOₓ), sulphur oxides (SOₓ), and other significant air emissions**

Our reporting system records NOₓ and SO₂ and dust from conventional generation plants at innogy.

### Absolute emissions

<table>
<thead>
<tr>
<th>in thousand mt</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOₓ emissions</td>
<td>1.93</td>
<td>1.68</td>
</tr>
<tr>
<td>SO₂ emissions</td>
<td>0.75</td>
<td>0.89</td>
</tr>
<tr>
<td>Dust emissions</td>
<td>0.19</td>
<td>0.20</td>
</tr>
</tbody>
</table>

### Specific emissions

<table>
<thead>
<tr>
<th>in g/kWh</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOₓ emissions</td>
<td>0.17</td>
<td>0.16</td>
</tr>
<tr>
<td>SO₂ emissions</td>
<td>0.07</td>
<td>0.08</td>
</tr>
<tr>
<td>Dust emissions</td>
<td>0.02</td>
<td>0.02</td>
</tr>
</tbody>
</table>

We also record SF₆ emissions from grid operation. During the reporting period, after conversion these amounted to 9,336 metric tons of CO₂ equivalents.
GRI 306 Effluents and Waste

GRI 103 Management Approach (including 103-1, 103-2, 103-3)

Challenges

Waste is created whenever new generation plants are constructed and operated. A large number of waste disposal regulations have to be taken into account. These relate to the collection, treatment, transport and disposal of unavoidable waste. If we did not take this into account, alongside reputational damage we would also be subject to penalty payments. Waste represents valuable raw materials and effective use can make a contribution to protecting and conserving natural resources, people and the environment. The responsible approach to resources therefore includes appropriate waste management. Effluents are not relevant for our business activities. They are therefore not shown here.

Organisation, management and performance measurement

Our waste management is based on the principle of avoidance, recovery and disposal. We have developed software for this purpose that helps us with disposal management in accordance with statutory legislation and best practice.

For further information about coverage of environmental management, see GRI 305, p. 56.

Continuously reducing the volume of waste

Even at the planning stage of our business activities, we try to take all measures necessary to keep the volume of waste as low as possible. Our primary focus here is to set up and operate our supply plants using equipment and products that cause as little waste as possible and can also be recovered after use. Typical grid-related waste includes waste containing oil, wooden masts, road construction waste, excavated soil, metal waste, paint, varnish and paper. As part of our waste management system, we evaluate our waste balance sheets on a regular basis. Initiatives for reducing waste are identified in good time and implemented in accordance with best practice. Disposal processing using our waste information system promotes separate collection of recoverable waste. This helps us to continuously reduce the volume of waste requiring disposal.

Ensuring sustainable waste disposal

As far as possible, waste is segregated according to type at the location where it occurs in order to guarantee high-quality, safe and efficient recovery. Any waste that occurs during construction and maintenance work at the plants and grids is taken to designated waste collection points, where it is put into suitable containers for disposal or is otherwise disposed of directly from the construction site. The hazard potential of the waste is determined, and any protection measures deemed necessary are implemented and documented. The procurement of disposal services is processed through our Corporate Procurement Department. The disposal companies are reviewed in the context of a pre-qualification procedure for compliance with statutory requirements.
In order to guarantee cost-optimised and proper disposal, data from waste management are continuously collected and monitored. Waste balance sheets are prepared recording the type, quantity and location of waste. The balance sheets are released to the authorities on request.

**GRI 306-2 Waste by type and disposal method**

Waste by type

<table>
<thead>
<tr>
<th>Type</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-hazardous</td>
<td>217.7</td>
<td>229.3</td>
</tr>
<tr>
<td>Hazardous</td>
<td>47.5</td>
<td>45.9</td>
</tr>
</tbody>
</table>

Waste according to disposal method

<table>
<thead>
<tr>
<th>Method</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste</td>
<td>263.6</td>
<td>276.9</td>
</tr>
<tr>
<td>of which waste for external recovery/recycling</td>
<td>263.6</td>
<td>276.9</td>
</tr>
</tbody>
</table>

**GRI 306-3 Significant spills**

During the reporting period, no significant spills of harmful substances were recorded in the regular internal survey for innogy. GRI 307 Environmental Compliance
**GRI 307 Environmental Compliance**

**GRI 103 Management Approach**
(including 103-1, 103-2, 103-3)

**Challenges**

Many of our activities in the area of environmental protection are based on licensing regulations governing the construction and operation of our plants. Any breaches can lead to penalties and cause significant and long-term damage to the reputation of the company. innogy addresses this risk on the basis of defined regulations which provide a framework for the company’s activities and decision-making. These standards are also applied when selecting suppliers or business partners.

**Organisation, management and performance measurement**

**Establishing environmental protection in business processes**

The Code of Conduct applies uniformly throughout innogy, see GRI 305, p. 56.

**innogy Group-wide coverage for environmental management**

Compliance with environmental laws and regulations is part of our environmental management, see GRI 305, p. 56.

**GRI 307-1 Non-compliance with environmental laws and regulations**

During the period under review, no significant monetary or non-monetary sanctions in the environmental sector were reported within the framework of a regular internal survey.
SOCIAL TOPICS
**GRI 401 Employment**

GRI 103 Management Approach (including 103-1, 103-2, 103-3)

**Challenges**

Our employees are the strength of our company. They contribute the ideas, solutions and inspirations that innogy requires for success. We are enhancing our work culture together with our employees in order to remain competitive and attractive. In this process, we engage with each other in an atmosphere of respect and discuss matters openly and honestly. We believe it is important for us to maintain and develop the engagement and motivation of our employees.

**Organisation, management and performance measurement**

Our Chief Human Resources Officer (CHO) and Labour Director is a Member of the Executive Board, and is responsible for all activities related to Human Resources. We appraise the success of our measures with the assistance of defined indicators that we analyse, evaluate and regularly report to the Executive Board of innogy SE.

**New Ways for New Working**

At innogy, we want to develop new approaches. We intend to think and work differently. innogy’s New Way of Working (NWoW) is about identifying obstructive patterns within our organisation, breaking through them and implementing continuous improvements in parallel for management, employee satisfaction and customer satisfaction. Our managers act as role models, driving the change forward. Our employees analyse and optimise processes autonomously, and this empowers them to proactively implement changes and continuously improve their work and satisfaction by serving our customers.

Over the course of the past year, employee satisfaction has undergone a positive uplift. It is defined in the innogy Group with the assistance of the motivation index. This is based on responses to 13 key questions in the employee survey held regularly. The objective for 2017 was a value of 71.8. A target value of 73.8 has been planned for 2018.

**Motivation index**

Points (0 to 100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Score (0 to 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>73.9/100</td>
</tr>
<tr>
<td>2016</td>
<td>71.8/100</td>
</tr>
</tbody>
</table>

**Modern and flexible working at innogy**

Flexible working is becoming increasingly important for innogy. The accelerating changes in our environment mean that we have to be able to respond quickly to new trends and opportunities. If employees work in projects or go on parental leave, the specialist departments have the challenge of closing the temporary gaps. iForce was established in 2015 to cover cases like this. It enables employees with permanent contracts of employment to be deployed on short-term project assignments. We are going to further expand iForce and establish it as the first touchpoint in the Group when there is a need for temporary employees.
innoYou is another instrument that gives employees the opportunity to develop outside their own sphere of activity. Employees are part of the programme for ten to twelve weeks and they are able to meet new colleagues, find out about agile ways of working, e.g. scrum, and get to know new parts of innogy.

Every employee at innogy can be a founder and a source of inspiration. The IdeaLab enables each employee to submit ideas and respond to other people’s projects. Since the start of 2016, more than 300 ideas have already been collected in the IdeaLab. More than 20 of them were evaluated as “hot” by employees and they were therefore reviewed internally for possible market potential.

Our Job Kompass empowers our employees to recalibrate their careers on a regular basis. It comprises a range of opportunities for benefiting from the advice of professional job coaches, who are available to discuss any issues relating to changing their jobs. If desired, the advice is anonymous and confidential. Other offers of Job Kompass include coaching sessions for managers, on-site measures to support restructuring measures, and workshops, e.g. for application and job interviews.

Change in mindset for a new work culture
Our “innogize our work” programme enables us to support a working culture designed to promote innovation. The basis for the new way of working is underpinned by agility, flexibility, individuality and a new understanding of leadership founded on trust rather than on control. Wherever possible, our employees choose where and when they want to work. Conditions such as mobile working and flexible working hours – even in management positions and up to 24 months of unpaid special leave – help to get the work-life balance right.

Offers focused on family responsibility are also available. The services are specifically targeted at parents and include the Lumiland children’s daycare centre located near the workplace in Germany. Employees have access to nursery places in Essen, Dortmund and Cologne. Parent-and-child offices are also available, numerous holiday programmes for the children of our employees and a central mediation office for child minders, nannies, emergency mothers and au pairs are also provided – at short notice if private care is unavailable. The spectrum of services is not simply limited to childcare. It also includes services such as looking after relatives requiring special care. For example, employees can get advice from an online site about topics such as patient’s instructions and care insurance. They can also obtain expert advice at local events. innogy provides support for its employees when they need to choose care services and organise home assistance.

Social Charter and Code of Conduct define the framework
New employee hires and employee turnover

<table>
<thead>
<tr>
<th>Employee hires and turnover</th>
<th>Unit</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fluctuation rate</td>
<td>%</td>
<td>10.4</td>
<td>11.4</td>
</tr>
<tr>
<td>External new employee hires</td>
<td>FTE</td>
<td>3,218</td>
<td>2,799</td>
</tr>
</tbody>
</table>

1. FTE = Full-time equivalent: converted to full-time positions.

We are not able to report data with a breakdown of turnover and new employee hire by gender and age. These data are not available.

Labour/Management Relations

GRI 103 Management Approach (including 103-1, 103-2, 103-3)

Challenges

Restructuring measures were inevitable when innogy was established. The necessary adjustments continued in the company during 2017. It is therefore all the more important to structure this process of change responsibly. We base our actions on applicable statutory regulations. In Germany, the Works Constitution Act (Betriebsverfassungsgesetz, BetrVG) and the Act on the participation of employees in a European company (SE Participation Act, Gesetz über die Beteiligung der Arbeitnehmer in einer Europäischen Gesellschaft, SEBG) apply to innogy. We also have ongoing discussions with unions and employee representative bodies in the innogy Group. We work together with them to determine the best ways to harmonise the interests of the innogy Group with those of our employees.

Organisation, management and performance measurement

Cooperation beyond the statutory regulations in an atmosphere of trust

The aspirations we set ourselves extend beyond the statutory framework. Collaboration between the Executive Management and the Supervisory Board should be carried out in an atmosphere of trust as set out by the Works Constitution Act (BetrVG). This act also regulates the comprehensive information, consultation and co-determination rights of the Works Council. We have stated our commitment to open and trusting cooperation in our Social Charter, which exceeds the statutory requirements. We grant employee and union representatives opportunities to take part in the changes taking place in our company.

There are forms of employee representation across the innogy Group, at company level and at operational level, as well as specific stakeholder groups, such as spokesperson committees for executive employees, representative bodies for people with disabilities, and youth and trainee and apprentice representations. These advocacy bodies are supple-
Commentary to the innogy General Works Council and the European Works Council. innogy SE has made use of the opportunity provided to form deviating works council structures. Seven regional works councils were established with effect from 1 April 2017. A General Works Council with a total of 25 members was constituted on 12 July 2017.

Furthermore, the SE Works Council established an international co-determination body. Employee representatives from a total of eight nations are represented in this SE Works Council made up of 23 members.

GRI 402-1 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

We comply with all disclosure obligations and integrate our employee representatives at an early stage.

GRI 403 Occupational Health and Safety

GRI 103 Management Approach (including 103-1, 103-2, 103-3)

Challenges

Some of the activities carried out by our own employees as well as by the employees of our subcontractors entail substantial risks to their health. This is particularly true for challenging workplaces involving transmission lines or wind power plants. So as to minimise these hazards we operate on a platform of comprehensive occupational safety and healthcare management. Accidents and the associated absences from work would be a risk to our reputation and our economic success. Our management only enables us to reduce the probability of health impairments and accidents. We are never able to exclude these possibilities. We are continuously making improvements so as to maintain occupational safety at the highest level possible. innogy considers safety at the workplace and promoting the health of all employees to be the top priority and they are actively driven forward by the management.

Organisation and management

We help sick employees to recover their health and get back to work as quickly as possible. The innogy Executive Board ensures the implementation of and compliance with statutory regulations relating to occupational health and safety. It adopts targets and uniform standards for oc-
Occupational safety and health protection in order to support continuous improvement. The establishment of a process organisation for occupational safety is ensured by proven management systems including international norms and standards. innogy has defined the target of ensuring that all companies in the Group have certifiable occupational health and safety management systems. During the reporting period, the majority of the employees is covered by management systems in occupational safety and health protection. An overarching management system for innogy SE is being set up in 2018 and it will be gradually implemented.

Our goal by the end of 2017 was to achieve a value of 1.85 for the Lost Time Incident Frequency (LTIF), including subcontractors, by the end of 2017 in respect of the number of accidents with at least one day of absence for each million hours worked.

Organisation of workplace safety and health protection
Responsibility for managing workplace safety in general and health protection specifically lies with the Chief Human Resources Officers (CHO) of innogy SE. The organisation of occupational health and safety including distribution of powers and responsibilities was developed in the HSE@innogy project and completed at the end of 2017.

A central organisation was set up which is allocated to the CHO and managed by the Head of HSE. This defines framework conditions and overarching standards.

HSE also coordinates occupational medicine, emergency medicine, company healthcare management and the company social counselling service. A service agreement continues to be maintained for these services with “Occupational Medicine” at RWE Generation. The objective of our company healthcare management is rolling out healthcare promotion structures, processes and workplaces, as well as company healthcare promotion. An important priority for us is promoting the ability to deal with stress and measures for avoiding stress in the workplace with the help of seminars, lectures and workshops. The company social counselling service offers counselling and support for dealing with psychological and social problems and issues, as well as training on psychological and social issues, psychological counselling following accidents, conflict advice, and advice for carers looking after relatives.

Continuous improvement in occupational health and safety
Occupational health and safety (H&S) processes are systematically analysed within the scope of the existing management systems and continuously improved using the PDCA Cycle (Plan Do Check Act) Cycle in relation to the targets, structures, and processes, rules and tools. The integrated approach is applied in the high-level management systems, such as management reviews, audits, assessments and incident reports. Specific priority and programmes are promoted in our national companies, e.g. in Belgium with the “ReLoad” programme or in Poland with the “Be Happy” programme – both programmes are intended to promote the health and wellbeing of our employees. In 2017,
90% of managers in the Netherlands attended workshops on the topic of health and safety. Furthermore, we organised a wide range of sporting activities and health workshops, e.g. on topics such as sleep problems or stress reduction.

**Measures and performance measurement**

The average LTI was 2.19 in the reporting period and was therefore above the target LTI of 1.85. A key factor for this was an expansion of innogy’s global activities and the further improved reporting even for relevant events with a low level of injury. The system precludes the indicator for innogy SE being reported as a parent company for the reporting period and this disclosure is therefore omitted.

### GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

The management of health and safety is situated with the operating divisions. This involves specific hazard and load requirements being taken into account in the divisions and it ensures international comparability.

During the reporting period, there were two fatalities in the company. One employee of a subcontractor was buried during loading operations on a building site and received fatal injuries. In December, one of our employees died in a traffic accident while he was on a business trip.

### Accidents and absence days in 2017 by division

<table>
<thead>
<tr>
<th></th>
<th>Total number of industrial accidents</th>
<th>Total number of commuting accidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewables</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Grid &amp; Infrastructure</td>
<td>175</td>
<td>111</td>
</tr>
<tr>
<td>Retail</td>
<td>30</td>
<td>9</td>
</tr>
<tr>
<td>Germany</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Netherlands/Belgium</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>235</td>
<td>139</td>
</tr>
</tbody>
</table>

1. Including employees of subcontractors.
2. Only own employees.
Intensive investigations of accidents enable us to identify the causes and specific areas for action, and to introduce strategic measures. Statistical evaluations of accidents and events have shown that no informative data is yielded with a breakdown based on gender because the sample sizes are too small. We have therefore not carried out a country-specific presentation and breakdown based on gender. Nor are we planning to do so in the future.

GRI 403-3 Workers with a high incidence or high risk of diseases related to their occupation

Some of our own employees and the employees of our subcontractors carry out their work at workplaces with special occupational health and safety requirements. These operations include activities in the Grid & Infrastructure and Renewables Divisions, e.g. involving transmission lines or wind power plants. Our intention is to carry out a preventive assessment of all hazards and to implement appropriate protection and safety measures. In this process, potential technical solutions have always taken precedence over organisational or personal protective measures. We organise training sessions and workshops in all areas of the company to raise awareness of health and safety, and make it the focus of attention. Safety training sessions are carried out for all employees of subcontractors who are working on the company’s construction sites.

GRI 404 Training and Education

GRI 103 Management Approach (including 103-1, 103-2, 103-3)

Challenges

Continuous career development is absolutely essential for our employees in an era of technical progress and changing business models. We will only be able to overcome the challenges in the energy industry if we have employees and managers who embrace new developments and have appropriate qualifications.

We expect our managers and employees to be prepared for digitalisation and to be able to handle it properly. We have introduced programmes through a large number of different channels. They prepare our managers and employees for these challenges and aspirations. Against the background of demographic change and the skills shortage, our company needs to position itself as an attractive employer. We want to strategically promote the talents and strengths of our employees and to offer them the necessary scope for individual development. Otherwise, the motivation and productivity of our employees might fall and our appeal as an employer put at risk.
Organisation, management and performance measurement

Performance Management
Our corporate strategy is directed towards establishing a strong performance culture in the company. In 2017, we moved from a static process to future-oriented interviews with a focus on personal development, candid self-evaluations and transparent feedback. Our aim here is to support personal development and at the same time offer value added for the company. The “What” and “How” are accorded equal importance when evaluating the result.

Recruitment and retention of talented employees
innogy intends to be the employer of choice. In order to achieve this, we presented our new #PIONIERGEIST employer brand in April 2017. Everyone at innogy can realise their own personal ambitions and we offer a working environment for enquiring, innovative and bold employees. The career website with personalised content for different target groups is the foundation stone for recruitment. In addition, we are positioning innogy in social media as an appealing employer and we are present in universities, at careers fairs and other relevant events so that we can make contact with candidates on the ground. In 2017, we succeeded in recruiting 3,218 new employees for innogy. We are unable to provide a breakdown of the details on fluctuation because these values are not available, see GRI 401-1, p. 69.

Promotion of training
innogy offers a broad range of training opportunities at more than 50 locations – from training in craft, engineering, commercial, gastronomy and IT occupations, to integrated dual courses of study and training opportunities. Degree courses accompanied by practical, in-service training and financial support enable us to offer students the opportunity to gain practical experience in the innogy Group during their degree course. This ensures that we are able to meet our requirement for qualified skilled workers and engineers. In addition, innogy provides support for companies which are not part of the innogy Group with activities for collaborative training ventures, for example by making training capacities available or carrying out training courses for small companies. We employ a total of 1,661 trainees and apprentices in our company, of which 1,576 are in Germany. Our trainee and apprenticeship ratio (full-time positions) in Germany was 7.2% in 2017. In 2017, we offered 36 places in our entry-level qualification “I can do it” (“Ich pack’ das!”). This scheme supports young people who have not yet found a training place and gives them the necessary level of qualification to go on a training place. In 2017, we achieved a placement rate of 87% in training, jobs or more advanced measures. In 2017, we focused in particular on integrating people with disabilities in their training. Strategic activities and cooperation with the company representatives on disability enabled us to significantly increase the number of people employed with disabilities. One example of this was the special award “Role Model for Inclusiveness” (“Vorbild Inklusion”) bestowed by the Landscape Association Westphalia-Lippe for our training and advanced training centre in Recklinghausen at Westnetz. Furthermore, we are also actively assisting people who have had to flee from their homeland and we help them with special packages so that they become integrated in Germany and in the job market. So far, we have given 123 refugees the opportunity to gather initial experiences in the German job market. We are currently providing training for ten refugees, we have employed eight on temporary contracts and have already prepared more than 20 refugees for a
training place. Since October 2017, we have been using “chance2start” to offer foreign academics an opportunity to enter work in the German job market through a remunerated one-year introductory programme supported by a mentor and specialist language trainer.

Learning and skills development
We are committed to creating a culture of continuous learning and we underscore this with our Learning and Development Guideline. Employees themselves take decisions about their development and discuss at regular intervals pathways and opportunities for career development with their managers, for example by taking up new projects and functions, networking and mentoring with and through colleagues in the company, or using classic course formats, innovative eLearning platforms or eBooks. An average of 3.9 training days was allocated to each employee in the innogy Group for 2017.

GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes
The development opportunities for our employees are extremely varied and range from IT, project management and language courses, through specialist topics such as occupational safety and compliance, to management training courses and performance management.

GRI 405 Diversity and Equal Opportunities

Challenges
Our society is becoming more and more diverse. We see this cultural change as an opportunity. We want our workforce to reflect the diversity of our customers and partners. innogy is very varied both inside and outside the company. We create and foster a respectful and open working culture in which all employees are able to develop their full potential irrespective of age, disability, ethnic origin and nationality, gender, religion and ideology, and sexual orientation and identity.

Diversity in departments and teams offers big opportunities. A variety of different backgrounds generates the best ideas, products and solutions. An inclusive working environment helps us to release the potential to have a better understanding of our customers and secure our success. We are confident that the talented people of today and tomorrow would like to experience a modern and open working environment every day. That is why we also understand diversity management as a key to enthusing future employees for innogy. The Executive Board therefore made diversity the focus topic for the year 2017 in order to reflect its huge significance. This year, we additionally signed the Diversity Charter and we became integrated proactively in the working groups of the Charter. Furthermore, in-house activities also took place in our national companies directed towards creating a diverse and inclusive culture.
Organisation, management and performance measurement

Promoting diversity in the company
Our Social Charter calls for safeguards to ensure a non-discriminatory working environment and rejects any form of discrimination. The creation of an inclusive culture is promoted and supported at innogy by the Diversity Office which reports to the CHO. There is also a network of diversity officers in the different divisions who are appointed by the relevant Executive Management or Managing Director. On the German Diversity Day held in May 2017, innogy organised an exchange between 15 large businesses in the Rhine-Ruhr region under the motto “Diversity not uniformity – Cultural competence for economic success”. More than 150 managers from across the innogy Group participated internally in the international Diversity Day held in November 2017.

Women in management
We want to be seen as an attractive employer and welcome more women to our company. Women in management and leadership positions have a special function as role models both inside and outside the company. In June 2017, the Supervisory Board at innogy passed a resolution on a target quota for the proportion of 25% for women on the Executive Board with effect from 1 July 2017. The aim is to achieve the target by 30 June 2022. The Executive Board passed a resolution on a target parameter of 25% for the first management level and 20% for the second management level beneath the Executive Board over the same period. The management levels are defined by reporting lines. The statutory gender quota of at least 30% applies to the Supervisory Board. Our German companies have defined their own goals.

In order to achieve these goals, we have defined concrete measures such as appointment quotas. We also support internal women’s and MINT networks and other external initiatives such as the Initiative Chefsache – Drive the Change for Men and Women – run by McKinsey under the patronage of Germany’s Federal Chancellor. We have also launched a mentoring programme for women in MINT occupations.

<table>
<thead>
<tr>
<th>Women at innogy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share on 31 December</td>
</tr>
<tr>
<td>Share of women in the workforce of the innogy Group</td>
</tr>
<tr>
<td>Women in management positions (Level L1-L4)</td>
</tr>
<tr>
<td>innogy Group</td>
</tr>
<tr>
<td>innogy SE</td>
</tr>
<tr>
<td>Women on the Supervisory Board of innogy SE</td>
</tr>
<tr>
<td>Women on the Executive Board of innogy SE</td>
</tr>
</tbody>
</table>

Information on our diversity concept is included in the Corporate Governance Declaration.

Promotion of inclusiveness
We want to integrate people with disabilities in all activities of the company without limitations. Our Inclusiveness Action Plan serves to promote this aim. Our Social Charter documents our community and social responsibility towards employees with disabilities at an international level. Appropriate measures and workplace design contribute to removing barriers that restrict people with disabilities in their day-to-day lives. The ergonomic design of workstations plays a role here for employees with
disabilities and employees with health impairments. Equally important are setting up contacts with specialist companies, specialist units for people with disabilities at work and application for subsidies and accounting assistance. We are currently in the process of transferring our integration agreement to an inclusiveness agreement. The ratio of employees with disabilities for innogy in Germany is 4.4% and we have therefore not complied with the 5.0% quota defined by statutory regulations.

### GRI 405-1 Diversity of governance bodies and employees

#### Proportion of gender

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>34.6</td>
<td>34.0</td>
</tr>
<tr>
<td>Women</td>
<td>65.4</td>
<td>66.0</td>
</tr>
</tbody>
</table>

Top four management levels:

- Share of men
- Share of women

### GRI 405-2 Ratio of basic salary and remuneration of women to men

We provide equal pay for the work done by women and men if they do comparable jobs. Salaries at innogy are based on remuneration groups to which typical activities are assigned. The gender of the employee is irrelevant for remuneration in these pay grades. Employee representative bodies monitor compliance with the stated principles and ensure equal treatment. We avoid any form of discrimination. There is no reference to gender in our compensation guidelines. Salaries are based solely on qualification, the activity being carried out and the experience.
GRI 414 Supplier Social Assessment

GRI 103 Management Approach (including 103-1, 103-2, 103-3)

Challenges

We make it a priority to ensure that our main suppliers come from the EU or OECD countries. This means that we have common ground with regard to the interpretation of sustainability-related topics. Nevertheless, the upstream stages of our value chain may exert serious negative impacts on the environment, occupational safety and human rights in the production countries. There is also the risk of corruption. Our procurement is worldwide and in accordance with internationally binding standards for environmental protection, human rights and occupational safety.

And this is why we believe it is important to integrate sustainability not only in our own business processes but to expand sustainability to our business partners. This is the only way we can make an effective contribution in order to drive forward compliance with social and environmental standards.

The same applies to the reduction of emissions that result from our value chain. innogy is particularly concerned about indirect CO₂ emissions (Scope 3) generated by suppliers and customers in upstream and downstream value chains. We therefore want to source goods and services from suppliers who are similarly committed to high environmental and social standards. Communication with suppliers serves to avoid potential reputational damage and resulting corporate risks for innogy.

The standards for submitting tenders, particularly to government agencies, vary depending on the country and the size of the company concerned. Furthermore, they require transparent commitment and disclosure on key issues. Binding international guidelines also exist on topics such as human rights and fair working conditions. These guidelines are intended to consolidate the UN Guiding Principles on Business and Human Rights formulated by the United Nations. Companies in many countries now therefore have an obligation to disclose their commitment to preventing modern slave labour from taking place with their suppliers. Since March 2015, the Modern Slavery Act has been in force in the United Kingdom. The national action plan for business and human rights in Germany states that companies must ensure compliance with human rights when production takes place abroad. We welcome these measures and are already taking appropriate action in this area.
Organisation and management

All goods and services for the innogy Group are sourced through Corporate Procurement. The one exception to this is project procurement, e.g. major projects like the new-build for wind farms. Our procurement conditions are set out in the Group Guideline Purchasing. The guideline also defines principles for implementing procurement that are uniform and applicable throughout the Group. We require all suppliers of innogy to be aware of and take into account our international environmental and social standards. This helps innogy to achieve its aim of creating a sustainable supply chain. We encourage our suppliers even to exceed the statutory requirements in some areas.

Code of Conduct as an essential element of all contractual relations

In the procurement process, we exert a direct influence on our suppliers. Our Code of Conduct and hence the principles of the UN Global Compact are part and parcel of our relationship with suppliers so as to uphold the standards of innogy.

We also maintain close communication on these topics with our strategic suppliers. Supplier Management integrates supplier selection, assessment, classification and development, as well as feedback management.

Measures and performance measurement

Evaluation of compliance risks

Supplier management also involves reviewing all suppliers on a regular basis to ensure observance of potential compliance risks. This entails checking suppliers against the World Bank’s Black List and the EU and UN sanctions lists. If one of our existing suppliers appears on one of these lists, the Compliance Department investigates the potential effects on the business relationship and decides on the necessary measures.

To measure the level of implementation, we survey those transactions in Corporate Procurement where the requirements of our Code of Conduct are an essential part of the contractual relationship. We use this value as our key performance indicator (KPI). During the reporting period, the level of coverage for the Group was 99.84%.

Our purchasers regularly take part in training courses on handling suppliers, for example on the topic of anti-corruption in business relationships with business partners.
Initial review of suppliers to plants for generating renewable energies and grids

One of the biggest economic challenges in the Renewables and Grid & Infrastructure Divisions is the long-term availability of components and their prompt delivery. We are committed to long-term, direct relationships with our suppliers in order to guarantee working practices and environmental conditions that comply with our standards. The first step is a careful appraisal, or pre-qualification in the case of strategically critical products and services prior to the contractual relationship. In a self-assessment process, potential suppliers are asked to provide information on environmental protection, occupational safety and compliance. An occupational safety and healthcare management system or comparable measures are required in the case of services that carry a potential risk exposure. On 31 December 2017, 1,918 suppliers were working for the innogy Group with such an occupational safety and healthcare management system.

The major share – 97.14% – of the procurement volume of Corporate Procurement is still accounted for by our main locations and by the countries and regions in which we operate.

GRI 414-1 Percentage of new suppliers that were screened using social criteria

We report on the suppliers for goods, services and plants which were monitored by Corporate Procurement for issues such as human rights. In the reporting period, all new and potential suppliers of Corporate Procurement were checked on the basis of the EU and UN sanctions list and the World Bank’s Black List. In the case of a pre-existing contractual relationship, this review is carried out centrally at least once a month by the Accounts Department. Corporate Procurement also uses clearance certificates to check minimum-wage compliance by suppliers of services. When contracts are initiated, suppliers are also evaluated on the basis of a business partner analysis. The corruption perception index of Transparency International forms the basis for this. If there is any suspicion in relation to relevant laws a joint approach is agreed with the Compliance Department.

GRI 414-2 Negative social impacts in the supply chain and actions taken

We review the procurement risk in relation to human rights in the purchase of goods, services and plants. In the case of strategic product groups such as components for photovoltaic systems, this triggers comprehensive plant audits for example in the Asian production facilities. These measures reduce negative impacts on compliance with human rights.

In the case of services which are supplied at the innogy plant site, the risk assessment is carried out centrally by the CoE Safety. This risk classification then reveals the necessity of a valid Occupational Safety Management System (OSMS) for our suppliers. We do not report the effects in the purchase of biomass and other fuels, because this relates to producers in the upstream supply chain and we do not have any direct influence on them.
innogy perceives compliance with the law to be a fundamental principle. This enables us to avoid negative impacts resulting from reputational damage and economic damage from penalty payments. As an operator of a critical infrastructure and plants that are capable of having a significant impact on the environment and society, and as a major commercial business, we have an obligation to engage in a dialogue at the political and community levels. In our conversations with stakeholders, we benefit from constructive ideas for the direction of our business. At the same time, we are able to provide the opportunity to facilitate better communication for business decisions and the underlying motives.

Organisation, management and performance measurement

Working out energy and policy decisions at innogy is the responsibility of the Chief Executive Officer in Public Affairs and Communications. The offices in Brussels and Berlin are also part of this portfolio. The Executive Board is regularly informed about central energy-policy events and statements.

Keeping up a conversation and moving topics forward

As a major energy company, we are engaged in ongoing discussion with politicians on a number of key issues. These include our contribution to the energy transition, to national and international climate protection targets and to the future of the energy market. We were therefore intensively involved in the specialist discussions during the run-up to the elections to the German Parliament (Bundestag) in 2017 and within the framework of the EU winter package “Clean Energy for all Europeans”.

The energy supply is growing increasingly complex from a technical and operational perspective. The complexity is increasing in relation to climate protection, social protection and economic development. Members of parliament, local elected representatives, and employees of state and federal authorities therefore seek out and respect the professional engagement with companies, with universities, non-governmental organisations (NGOs) and think tanks. innogy believes that participation in these discussions must involve respect and transparency with discussion partners for the boundaries between pursuing the interests of the company and providing evidence-based information.

GRI 415-1 Total value of political contributions

Dialogue with representatives of public authorities and political parties is indis-pensable for us. Our Code of Conduct forms the basis for our conduct to politicians and government. In accordance with its Code of Conduct, innogy remains neutral in the party-political arena. It does not make any donations to political parties or to party-affiliated organisations or foundations.
Challenges

Data are of key importance both for the energy European transition and for the megatrend of digitalisation. We use and store customers’ data for many of our retail products. We are aware that any impairment of the integrity, availability or confidentiality of these data would exert particularly negative impacts for our customers. Such a loss would also involve a significant loss of trust for us as a company and could negatively impact our economic success. This is because particularly in consumer business, our customer’s trust in the processing and use of their data is a key competitive factor. For this reason, we strictly observe compliance with data protection rights in the development and introduction of new products and services from the start.

Organisation, management and performance measurement

The resources for consulting the German companies in the innogy Group are largely bundled in Group Data Protection. At the same time, the Group Data Protection Officer is simultaneously appointed as the operational Data Protection Officer of the companies. Individual German companies and the international companies with residential customer business have appointed their own data protection officers who are subject to technical management by Group Data Protection. Monitoring of data protection compliance for the innogy Group is carried out by the Group Data Protection Officers.

Implementation of the EU General Data Protection Regulation (EU GDPR)

The requirements for data protection will further increase when EU GDPR comes into force in May 2018. We have therefore engaged intensively with the expanded information and intervention rights of customers in projects to implement these new data protection requirements. The aim is to continue to increase security when processing personal data. Naturally, this includes incorporating the data protection principles in the design phase of new products and services at an early stage (data protection by design) and offering our customers data-protection friendly presets in digital processes (data protection by default). We will enable our customers to act autonomously and give them sovereignty over their data.
Data protection in own company
Data protection is one of innogy’s principles for conduct which are prefixed in the innogy Code of Conduct. Here, we make a commitment to carefully handle personal data. The objective is to comply with statutory data protection regulations. We require all our employees to maintain data secrecy. Our aim is to raise awareness and develop a joined-up common understanding of this topic in training sessions and to inform employees about data protection regulations.

As early as 2016, we started to evaluate the requirements arising from EU GDPR with respect to our business models. In spring of this year, we defined guidelines on data protection for the innogy Group. These guidelines and the “Data Protection” guideline, which came into force on 1 May 2017, provide the initial key elements of our new internal Data Protection Management System.

These regulations provide the framework for the projects that are currently being run in the specialist departments of the companies to implement the EU GDPR. The implementation projects are making good progress and have already led to implementation of individual measures, such as adjustment of contractual provisions to order processing, working out deletion concepts and implementation of new information obligations. Implementation is scheduled for completion by May 2018.

Raising the awareness of management and employees about the new European data protection legislation has been carried out in the form of a roadshow and by various education and training courses. The innogy Group will adopt a Europe-wide approach to processing customer data and is committed to the right of the individual (customer, employee, supplier or other stakeholder) to self-determination concerning the disclosure and use of their personal data ("informational self-determination"). We will inform these groups of people about the collection, processing and use of personal data with the necessary transparency and comprehensibility.

Guaranteeing security of user data
The new smart home controlling concepts at innogy raise concerns among some stakeholders about the security of private data. We respond to these concerns with clear data protection concepts, certifications in compliance with the Association for Electrical, Electronic and Information Technologies (VDE) and the German Technical Inspectorate for IT (TÜV IT), and with a range of tests. New products are thoroughly checked for compliance with legal, technical and organisational topics before they are put into circulation. In order to protect the privacy of customers, we deploy the most advanced security measures and use anonymisation, pseudonymisation and encryption techniques. This enables us to guarantee the security of customers’ data.

Our electromobility projects are launched with clearly defined data protection concepts from the outset. Data connection and data traffic are carried out with encryption. Personalised customer data are not stored in the infrastructure and are only allocated to the contract account for billing purposes.
Transparency of data application

We have to use customer data in order to fulfil contracts and to improve our products and services. To protect the private sphere of customers, we provide transparent information about the collection, processing, use and forwarding of personal data. In many cases, we also need to bear in mind the transmission of personal data to non-EU countries. Providers of maintenance and support services are often based in countries with an unsatisfactory level of data security. This means that the corresponding legal principles for processing have to be created (e.g. conclusion of EU standard contract clauses) and access authorisation has to be checked in advance and an appropriate level of protection has to be achieved through technical and organisational measures.

innogy Group data protection has supported the Innovation Hub projects and initiatives from the start. Here we pay particular attention to the principles of the lawfulness of processing, the purpose limitation and data economy, and conformity with data protection compliance in contracts with cooperation partners and service providers under data protection legislation. Wherever the use of personal information is not necessary, we use anonymisation and pseudonymisation techniques. We regularly review our protection measures with respect to the technical status and connection data and adopt an approach of constructive criticism for our actions.

GRI 418-1 Total number of substantiated complaints concerning breaches of customer privacy and losses of customer data

In anticipation of the European configuration of our Data Protection Management System, we calculated the indicator uniformly for the first time in 2017. Any question directed by customers or supervisory authorities to the companies of the innogy Group referring to data protection is documented, checked and dealt with. Internally and externally appointed data protection officers (DPOs) advise the process owners on data protection topics and monitor the processing of personal data to ensure that it is in accordance with the statutory regulations. Any mandatory obligations to notify and inform affected persons and supervisory authorities are dealt with immediately.

During the reporting period, one justified enquiry or complaint was submitted by supervisory authorities for companies in the innogy Group which led to a fine on the part of the supervisory authorities.

The companies of the innogy Group made eight data protection breaches public to supervisory authorities. None of the notifications led to consequences for companies of the innogy Group on the part of the supervisory authorities.
Socioeconomic Compliance

GRI 419 Socioeconomic Compliance

GRI 103 Management Approach (including 103-1, 103-2, 103-3)

Challenges

Compliance with laws and regulations is an absolute priority. Breaches of the law can lead to serious reputational losses for innogy and entail personal liability for individual employees. Another top priority is that our partner companies should comply with human rights laws and guidelines on appropriate working conditions.

Organisation, management and performance measurement

The Labour Law Department internally pools all the experts on labour law of the national companies within the innogy Group. The department is responsible for all matters relating to individuals and collective labour law. It engages external advisors for all the companies on labour law issues and associated matters.

The Legal & Compliance Department offers innogy Group-wide advice on compliance, and laws governing corporate operations and the capital markets. It provides advice on legal issues relating to joint ventures, M&A transactions and project finance. Fundamental questions relating to energy law (on a national scale and across Europe), merger control, antitrust law, trademark law and legal advice in the areas of procurement, real estate and IT are also within the responsibility of the Legal & Compliance Department.

GRI 419-1 Non-compliance with laws and regulations in the social and economic area

Our innogy Group-wide survey of corruption offences revealed that no fines had been levied in this area.
Green Bond

In 2017, innogy successfully placed the first German corporate green bond in benchmark size. The bond has a volume of €850 million and a 10-year maturity. Based on an annual coupon of 1.25% and an issue price of 98.987%, the yield-to-maturity amounts to 1.36% per annum. The bond was placed in October 2017 via innogy Finance B.V. and guaranteed by innogy SE. The transaction was met with strong interest from investors and was oversubscribed five times. innogy has set up a Green Bond Framework for the fixed-income security. The internationally recognised sustainability agency Sustainalytics has confirmed that innogy’s Green Bond Framework is robust and transparent. It is in alignment with the Green Bond Principles 2017 published by the International Capital Market Association. The Green Bond Framework encompasses capital expenditure on renewable energy and in projects relating to energy efficiency and electromobility. The proceeds of innogy’s first Green Bond will be used to refinance four offshore projects in the United Kingdom and Germany, and one onshore project in the Netherlands. These wind farms are already under construction or in operation. The annual expected electricity production of all wind farms is about 3 TWh. They generate sufficient CO₂-free electricity to supply approximately 830,000 households.
The Sustainability Report includes the summarised separate non-financial report (NfR) of innogy SE and its subsidiary companies in accordance with the German Commercial Code (HGB) Article 315c in conjunction with Article 289c. The content of the non-financial report is highlighted in blue in this report. For further information on defining the report and the non-financial report content, see GRI 102-46, p. 29.

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Assurance Report

Independent Practitioner’s Assurance Engagement Report on an engagement to obtain limited assurance of non-financial reporting and on sustainability information.

To innogy SE, Essen

We have been engaged to perform a limited assurance engagement on the information on sustainability reporting marked with “✓” (hereafter “sustainability disclosures”) and the summarised separate non-financial report in accordance with Articles 289b Section 3 and 315b Section 3 German Commercial Code (hereafter “non-financial report”) highlighted in blue text in the “Sustainability Report” of innogy SE, Essen (hereafter referred to as the “Company”) for the period from 1 January 2017 to 31 December 2017 (hereafter the “Sustainability Report”). Our responsibility in relation to the sustainability disclosures relates exclusively to the sustainability information identified with the symbol “✓”.

Management’s Responsibility

The Company’s Management is responsible for the preparation and presentation of the sustainability information in accordance with the criteria as set out in the Sustainability Reporting Standards of the Global Reporting Initiative (hereafter the “GRI criteria”) and of the non-financial report in accordance with articles 315b and 315c in conjunction with 289c to 289e German Commercial Code (HGB) and for the selection of the sustainability disclosures to be assessed.

This responsibility of management includes the selection and application of appropriate methods for non-financial reporting and sustainability reporting as well as the use of assumptions and estimates for the sustainability disclosures and non-financial disclosures which are reasonable in the circumstances. Furthermore, the management responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Sustainability Report which they deem to be necessary for preparing a Sustainability Report which is free from material misstatements due to intentional or unintentional errors.

Audit Firm’s Independence and Quality Control

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

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

Our responsibility is to express an opinion on the sustainability disclosures marked with “○” and the disclosures included in the non-financial report highlighted in blue text in the Sustainability Report with limited assurance based on the work performed in the limited assurance engagement.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Sustainability Report.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, published by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that

- The sustainability information marked with “○” in the Sustainability Report of the Company for the period from 1 January 2017 to 31 December 2017 has not been prepared, in all material respects, in accordance with the relevant GRI criteria, and
- The sections of the non-financial report of the Company for the period from 1 January to 31 December 2017 highlighted in blue text in the Sustainability Report have not been prepared, in all material respects, in accordance with Articles 315b and 315c in conjunction with Articles 289c to 289e German Commercial Code (HGB).

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner’s judgement.

Within the scope of our work we performed amongst others the following procedures:

- Obtaining an understanding of the structure of the sustainability organisation and of the stakeholder engagement
- Enquiries of personnel involved in the preparation of the Sustainability Report regarding the preparation process, the underlying internal control system and selected disclosures in the Sustainability Report
- Identification of probable risks relating to material misstatements in the Sustainability Report
- Analytical procedures on selected sustainability information of the Sustainability Report
- Comparison of selected sustainability information with corresponding data in respective evidence documents and the Group Management Report
- Assessment of the presentation of the disclosures
Limited assurance engagement conclusion

Based on our limited assurance engagement and the evidence obtained, nothing has come to our attention that causes us to believe that

- The sustainability information marked with "✔" in the Sustainability Report of the Company for the period from 1 January 2017 to 31 December 2017 has not been prepared, in all material respects, in accordance with the GRI criteria,

and

- The sections of the non-financial report of the Company for the period from 1 January to 31 December 2017 highlighted in blue text in the Sustainability Report have not been prepared, in all material respects, in accordance with Articles 315b and 315c in conjunction with 289c to 289e German Commercial Code (HGB).

Restriction on Use and Distribution

We issue the report on the basis of the engagement agreed with the Company. The review has been performed for purposes of the Company and is solely intended to inform the Company about the results of the review.

The report is not intended for any third parties to base any (financial) decision thereon. We do not assume any responsibility towards third parties.

Essen, 5 March 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Conrad
Wirtschaftsprüfer
(German Public Auditor)
Imprint

This report has been published on 12 March 2018. The report is available in English and German; both versions can also be accessed via the internet for download at www.innogy.com

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