

Promoting the success of the Company and Section 172 Statement of the Companies Act 2006 ('Act')

The directors' overarching duty is to promote the success of the Company for the benefit of its shareholders, with consideration of stakeholders' interests, as set out in section 172 of the Act.

The directors are aware of their duty under section 172 of the Act to act in a way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to the factors detailed in section 172(1) of the Act.

During 2019 the Company was a wholly owned subsidiary of innogy SE, a company, which throughout 2019 was listed on the Frankfurt stock exchange and strongly committed to responsible corporate governance in line with the recommendations of the German Corporate Governance Code, detailed in the Corporate Governance Report for innogy, available through investor relations section of the innogy website and referenced on page 7 of the innogy 2019 annual report (<https://iam.innogy.com/en/about-innogy/investor-relations>).

The directors of the Company were also required to adhere to the sustainability approach set out on page 95 of the innogy SE 2019 annual report. While their actions shape the success of the Company, they also have an impact on our people and the environment. As directors of a wholly owned subsidiary of innogy SE they were committed to the innogy Code of Conduct, which applies to innogy SE as well as directly and indirectly affiliated companies in and outside of Germany. The corporate governance declaration details our conduct to customers, shareholders, the public and our employees, and is also available from within the investor relations section of the innogy SE website, linked above.

The merger of innogy SE into E.ON Verwaltungs SE became legally effective on 2 June 2020. innogy SE therefore ceased to exist on that date. In addition, E.ON Verwaltungs SE changed its company name into innogy SE as of 2 June 2020. E.ON SE is listed on the Frankfurt Stock Exchange and, like innogy SE, is bound by the German Corporate Governance Code.

The board of management of E.ON SE manages the group's operations on a global and divisional basis. The E.ON SE group has detailed policies and governance frameworks within which its subsidiaries must operate, including the Company. From the perspective of the directors, due to the E.ON SE group governance structure, the matters that they are responsible for considering under section 172(1) of the Act are also considered to an appropriate extent by the E.ON SE group management board in relation both to the E.ON SE group and the Company. Going forward, the directors consider the factors detailed under section 172(1) of the Act but are directed by the strategy set by the board of management of E.ON SE.

To the extent necessary for an understanding of the development, performance and position of the entity, the Company's directors believe that the requirements of section 172(1) are discussed within the E.ON SE Annual Report 2019 on pages 6 to 85, which does not form part of this report. Further detail in relation to the Company's consideration of section 172(1) of the Act is set out in the Directors' Report.

The Board regards a well-governed business as essential for the successful delivery of its principal activity and the activities of the Transformation UK programme as set out in the business review and future developments set out in the Strategic Report. The npower management board directs the operations of the Company which is aligned with the group governance set out above and in line with section 172 of the act, the change in ownership to E.ON SE has not significantly impacted the way the Company is governed.