On course for net zero

Supporting paper for E.ON's decarbonization strategy and climate-related disclosures

Third edition (March 2023)

Purpose

This document is a supporting paper for E.ON's climate-related disclosures. It provides a more detailed overview of E.ON's transition to a net-zero carbon world. Although its contents largely reflect TCFD's recommendations, it is not meant to be a stand-alone TCFD report. Rather, it draws on our annual TCFD financial and sustainability disclosures as well as discussions with our investors to address issues that go beyond these disclosures. It also aims to give readers a better understanding of E.ON's annual climate-related facts and figures, to contextualize this information, and to provide more detailed examples of impacts and measures.

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Preface to the third edition

The first edition of this document, which was published in 2021, focused on integrating innogy data and adjusting our 2019 climate-target baseline accordingly. The addition of new business units, countries, and operations to the E.ON Group has altered our emission-reduction trajectories. The second edition looked at how we've integrated these changes into our climate targets and the measurement of our progress. We also updated our voluntary carbon-offsetting program and metrics for responsible lobbying. This third edition, updates content, addresses additional topics that are relevant to us like digitization and climate adaptation, and describes our offsetting strategy.

Time for action

For our brand campaign, "Time for Action," E.ON teamed up with renowned mountaineer and environmentalist Reinhold Messner. In late August 2021 Messner met with E.ON CEO Leonhard Birnbaum and a group of 25 employees, customers, scientists, and climate activists on Mittelbergferner, a glacier in western Austria. They shared information about the effects of climate change and talked about the urgent need to take action. The advertisement premiered in the United Kingdom, Italy, and Hungary in the fourth quarter of 2021, followed by Germany in April 2022. Their stories are also available at https://www.eon.com/en/c/action.html; their statements appear in a photo series in this document. Mittelbergferner glacier is a symbol – and a casualty – of climate change. It has existed for millennia. But now it's nearly gone, melted in just a few decades. Mittelbergferner is one of many reasons why the time for promises is over. It's time for taking action. E.ON already is. Our projects with clients displace a total of almost 100 million metric tons of CO_2 annually. That's roughly the energy used by nearly 12 million homes. Our corporate strategy is our sustainability strategy. And it's making a meaningful difference.

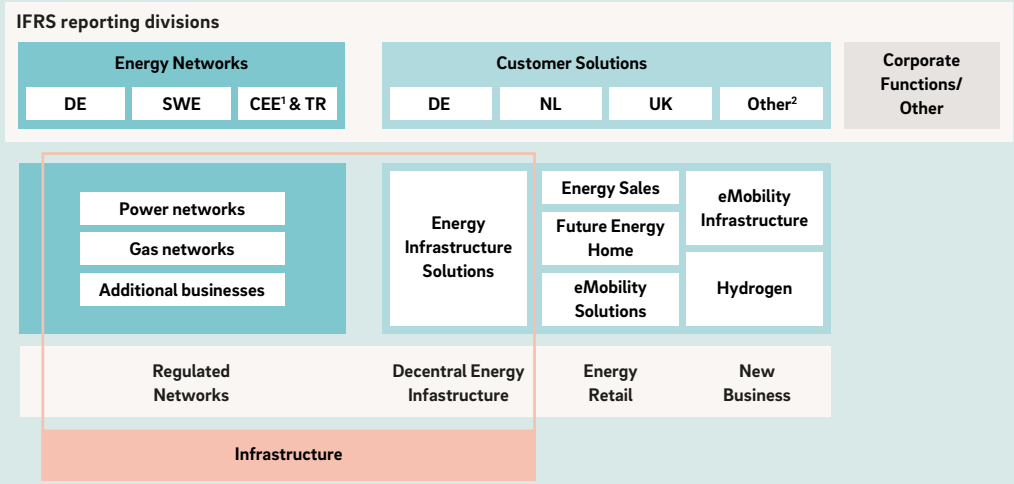
Filming the advertisement involved as little travel as possible. In the spirit of the campaign, we made the ad itself climate-neutral by purchasing certified offsets for the emissions associated with its production in Austria and broadcast in the United Kingdom. The offsets support a reforestation project in Rio Kama, Nicaragua.

E.ON's business segmentation

E.ON focuses entirely on the new, low-carbon energy world characterized by sustainability, clean technologies, distributed energy generation, and empowered customers. This made E.ON a truly pan-European leader in energy networks and customer solutions. Our unique downstream position enables us to do even more to make Europe's energy systems cleaner, smarter, and more sustainable. We empower our customers to embark on their own sustainability journey and offer them innovative decarbonization solutions to propel their progress. E.ON is fully committed to accelerating Europe's transition to a distributed, digital, and decarbonized energy system.

To understand E.ON's climate-related data and developments, it is important to understand that large-scale power generation is no longer part of its business. The comparability of E.ON's greenhouse gas (GHG) data with those of traditional power generation utilities is therefore very limited.

E.ON's new business segmentation from 2023 onward

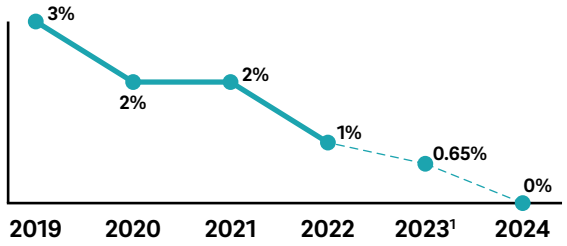


[1] Central and Eastern Europe, including the Czech Republic, Hungary, Poland, Romania, Slovakia, Croatia, and Slovenia.
[2] Includes the Czech Republic, Hungary, Italy, Poland, Romania, and Sweden.

Other activities

E.ON's non-strategic activities are reported in a segment called Corporate Functions/Other. It includes the operation, decommissioning, and dismantling of our nuclear power plants (NPPs) in Germany (which are managed by our PreussenElektra subsidiary) and our joint venture in Turkey. Initially, all remaining NPPs were supposed to be closed by year-end 2022. As a result of political decisions, PreussenElektra will continue to operate Isar 2 nuclear power plant until 15 April 2023, after which it will cease electricity production.

Percentage of sales (NPP)



[1] Figures are based on forecasts and factor in Isar 2's shutdown on April 15, 2023.

In 2022 our nuclear business generated just 1 per cent of our sales. The chart shows nuclear power generation's percentage of our total sales until decommissioning.

Climate change challenge and commitments

Climate change challenge

Climate change and the accelerating increase of GHG emissions is one of humanity's biggest challenges. Since the pre-industrial period, atmospheric CO_2 has risen from about 280 ppm to more than 410 ppm.[1] The air now contains more CO_2 than at any time in the last three million years. Global warming causes sea level rise and extreme weather, including heat waves and severe floods. Plants and animals are at risk of losing their habitats, endangering many species and thus accelerating the loss of biodiversity. As a result of changing weather patterns and a subsequent spread of invasive and potentially disease-carrying species, public health could deteriorate in many regions. The people and ecosystems least able to cope will be hit the hardest. For millions of people, these changes will be so severe that they may have to relocate. The latest Intergovernmental Panel on Climate Change (IPCC), once again clearly underlined those developments.[2] For all these reasons, systematic and coordinated action is urgently needed. Despite ongoing international efforts to cut emissions, more GHGs continue to accumulate in the atmosphere and intensify climate change. The economic slowdown resulting from corona-related restrictions didn't alter this situation, and the economic recovery that began in 2021 will be accompanied by an increase in GHG emissions. Becoming a low-carbon society will require far-reaching and enduring structural changes in all areas of society. These changes include sector integration between electricity, heating, cooling, and mobility. Keeping temperatures well below 2°C above pre-industrial levels is essential. But even if this target is achieved, there will still be tangible environmental and social consequences.

E.ON: a key enabler

The energy sector accounts for the largest share of anthropomorphic GHG emissions and will thus play a crucial role in the transformation to a low-carbon society. Roughly 73 per cent of global GHG emissions are energy-related.[3] Moreover, the global demand for energy continues to rise.

[1] https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM_final.pdf (Sixth Assessment Report of the Intergovernmental Panel on Climate Change: Climate Change 2021, The Physical Science Basis)
[2] https://www.ipcc.ch/report/sixth-assessment-report-working-group-ii/
[3] https://ourworldindata.org/emissions-by-sector

E.ON is focused entirely on the new energy world: our core businesses help make tomorrow's energy world more sustainable. Our 1.25 million kilometers of energy networks are where Europe's transition to a low-carbon energy supply is happening: they integrate renewables, connect producers and consumers, and skillfully manage complex energy flows. Our customer solutions help customers of all kinds use energy more efficiently, produce their own renewable energy, and thus reduce their carbon footprint. We are determined to fight climate change, improve people's lives, and help create a future worth living.
A successful energy transition will require more than technical solutions. Because it will involve a radical transformation of the economy and society, it will also require broad public acceptance. This, in turn, can only be achieved if the adverse social consequences of the energy transition are systematically mitigated. E.ON strives to do so with regard to our workforce, our customers, and the regions in which we operate. For more information, see the Social aspects and a just transition section of this document.

Commitments

E.ON has long recognised the importance of acting early to manage climate issues. We have therefore always made it a priority to participate in initiatives that help us develop suitable methodologies, make progress toward our climate targets, and further enhance transparency regarding our efforts.

Core Climate Action

CDP	✓	since 2004
TCFD	✓	since 2019
SBTi	✓	since 2022

"We have a lot of know-how, competence, resources and technology. We just need to make it happen and the key enabler for that is that we work together."

Peder Berne, Senior Project Manager Sustainable City at E.ON, Sweden

Stronger together

Europe's climate targets can only be achieved through concerted action. E.ON therefore urges its customers, suppliers, and business partners to join us in accelerating the transition to a net-zero world. We call on all European countries to put in place ambitious national reduction plans in line with the Paris Agreement's 1.5° C target. Below are our commitments and some of those we have endorsed.

E.ON Management Board's SDG self-commitment	In September 2015 the United Nations (UN) approved the sustainable development goals (SDGs) that address major social and environmental problems facing humanity. E.ON explicitly supports these goals (2015).
EV100	E.ON is a member of EV100, which is run by "The Climate Group". EV100 is a global initiative that brings together companies committed to accelerating the transition to EVs and to making electric transport the new normal by 2030. To lead the way, we're gradually electrifying our own vehicle fleet and car parks for employees, guests, and customers (2018).
Global companies call for more action to support a strong and predictable carbon price	This declaration reaffirms the signatories' intention for their business activities to proactively and collectively combat climate change (2018).
European CEOs' call to action	In partnership with CSREuropeOrg, about 100 CEOs advocate action and collaboration for a new green deal for Europe. We believe collaboration is crucial for Europe to achieve inclusive growth, meaningful climate protection, and sustainable prosperity (2019).
E.ON's climate commitment	We set ambitious decarbonization targets and have called on all types of organizations to take measures to protect the climate (2020).
Business leadership for a climate neutral economy: CEO letter	More than 150 business leaders and investors urge EU heads of state to set higher 2030 emissions reduction targets (2020).
CEO Alliance	The European CEO Alliance consists of 13 top executives from the energy, transport, and technology sectors whose shared objective is to make the EU the global leader in climate protection while unlocking investments, spurring innovation, and creating secure jobs. E.ON CEO Leonhard Birnbaum is a member. In 2021 the alliance published a position paper that formulated ambitious proposals for reaching its shared objectives and supporting the EU Green Deal (2020).
E.ON's Capital Markets Day 2021	Led by its CEO Leonhard Birnbaum, E.ON announced that it will focus entirely on growth, sustainability, and digitalization. It also a comprehensive growth and investment plan to help establish a zero-carbon energy world. In addition, E.ON also extended its forecast timeframe to five years, thereby underscoring the resilience and the strong growth potential of both of its core businesses, which in the decade ahead will benefit substantially from Europe's energy transition (2021).
CEO Alliance Buildings Pledge	E.ON supports the pledge of CEO Alliance members to make their buildings climate-neutral by 2030 and invites other companies to join the effort. E.ON believes the transition to sustainable buildings needs to be accelerated (2022).

Contribution to Sustainable Development Goals (SDGs)

The United Nations' Sustainable Development Goals (SDGs) of its 2030 Agenda for Sustainable Development provide a blueprint for a better and more sustainable future. Adopted in 2015, the 17 SDGs and 169 subgoals address a wide range of global challenges. We recognize the SDGs' importance and fully support them. Our Management Board underscored this support by issuing a self-commitment to the SDGs in June 2018. In 2019 we aligned our strategy more closely with the SDGs. This enables us to demonstrate how we help achieve them. Our sustainability strategy provides a common framework for the sustainability activities across our company. The E.ON Sustainability Council reviewed our sustainability strategy's alignment with the SDGs in 2020. Sustainability was a key topic of E.ON's strategy project in 2021. The Management Board reviewed E.ON's overall environmental, social, and governance (ESG) ambition and the strategy's alignment with the SDGs.

Impact of our core business

Our core business has the biggest impact on the following climate-related SDGs:

Our ambition is to help create a sustainable energy future by:

- keeping our networks extremely stable and reliable while making them increasingly smart so that they can enable the energy transition
- developing and delivering innovative solutions that help achieve the SDGs and enable our customers to reduce their emissions.

Climate Strategy

E.ON's sustainability strategy provides a common framework for sustainability across the company. It articulates our focus dimensions: climate action, people, and good corporate governance. Our company is committed to being a climate leader and to setting ambitious climate targets. We have taken a variety of steps to reduce our direct and indirect emissions. This chapter presents them for each source of GHG.

In 2021 E.ON's Annual Shareholders Meeting approved a new compensation system for the Management Board, which took effect at the start of 2022. Under the system, one quarter of board members' long-term incentive will reflect the degree to which the company achieves its sustainability targets. The purpose is to further embed ESG aspects – including reducing carbon emissions – into how E.ON runs its business.

Carbon emissions and targets

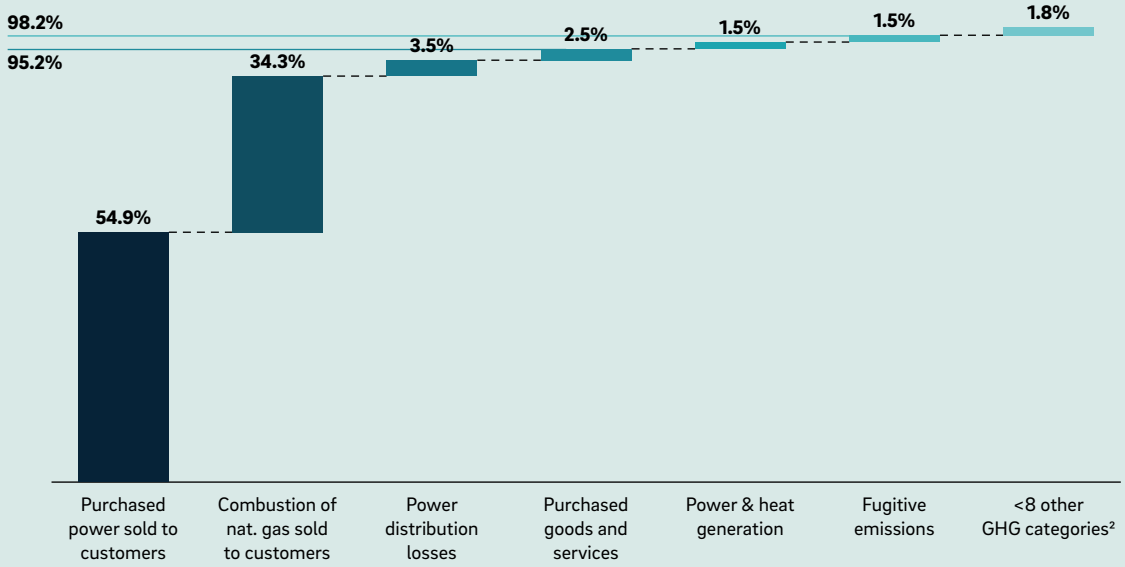
Carbon emissions

Our group-wide climate targets are relative to 2019 in order to include the innogy businesses that we acquired in the same year. Understanding the amount and sources of our emissions better enables us to find ways to reduce them. We therefore broke down our carbon emissions for 2019 by the main drivers. This shows the significance of individual GHG sources and their share of the E.ON Group's total carbon emissions across all three scopes.

Scope 1 are direct GHG emissions from fuels combusted in sources that we own or control, such as our power and heat plants and vehicle fleet. They also include fugitive methane emissions from our gas distribution networks.

Scope 2 are indirect GHG emissions from the generation of electricity that we purchase to power our buildings, operations, and electric vehicles or that are classified as line losses in our power distribution networks. These emissions don't physically occur at our facilities but rather at the facility where the electricity is generated. This is why power distribution losses are classified as Scope 2 emissions but gas distribution losses as Scope 1 emissions. Emissions attributable to line losses are lower in grid segments with lots of renewables feed-in.

Breakdown of CO_2 emissions by main drivers in 2019 (base year)[1]



[1] Includes Scope 1, Scope 2 and Scope 3.
[2] Thereof: Scope 1 (3.5 per cent), Scope 2 (13 per cent), Scope 3 (83 per cent).

Scope 3 are indirect emissions that occur upstream and downstream from E.ON. They result primarily from the generation of the electricity we purchase and resell to end-customers and the use of the gas that we've sold to them. But also included are the emissions attributable to the production and provision of the goods and services we purchase.

Just four GHG categories were responsible for about 95 per cent of E.ON's total emissions (Scopes 1 to 3) in 2019: purchased power sold to customers, combustion of natural gas sold to customers, power distribution losses, and purchased goods and services. These are indirect Scope 3 emissions and partly Scope 2 emissions. The main drivers of our emissions are therefore the power and natural gas we sell to customers. Two GHG categories accounted for 98 per cent of our direct emissions (Scope 1): power and heat generation and fugitive emissions. Achieving E.ON's climate targets will thus involve addressing our main drivers.

Climate targets

To be climate-neutral means producing close to zero emissions and offsetting remaining residual emissions that cannot be eliminated. In May 2022, the Science Based Targets Initiative (SBTi) officially validated that E.ON's climate targets are in line with the Paris Climate Agreement's 1.5 degree target. This means that E.ON's planned emission reductions will help limit global warming to 1.5 degrees compared with pre-industrial levels. To this end, we plan to reduce our Scope 1, 2, and 3 emissions by at least 50 per cent by 2030 compared with a 2019 baseline (absolute target). Despite having limited control over our total wheeling volumes, which also include volumes for non-E.ON customers, we aim to reduce the emissions related to energy we distribute to any consumer by 42 per cent. In addition, we intend to reduce the Scope 3 emissions from purchased power resold to end-customers by 75 per cent per kWh (intensity target). These targets are likewise by 2030 compared with a 2019 baseline.

E.ON's climate targets actually exceed the SBTi requirements for the 1.5 degree target. We aim for the E.ON Group's Scope 1 and 2 emissions is to be climate-neutral by 2040 and its Scope 3 emissions by 2050:

- We will reduce our Scope 1 and 2 emissions by 75 per cent by 2030 and by 100 per cent by 2040 (versus 2019).
- We aim to reduce our Scope 3 emissions by 50 per cent by 2030 and by 100 per cent by 2050 (versus 2019).

The next section describes our various measures to reduce our Scope 1, 2, and 3 emissions and thus to make progress toward our targets.

"We can't wait ten years. This is happening right now. This is what we see in this glacier it's melting down. And the tipping points are closer and closer. The information is there, the inspiration is there, so let's do action together."

Kajsa Sognefur, Project Manager eMobility at E.ON, Sweden

Measures to achieve climate targets

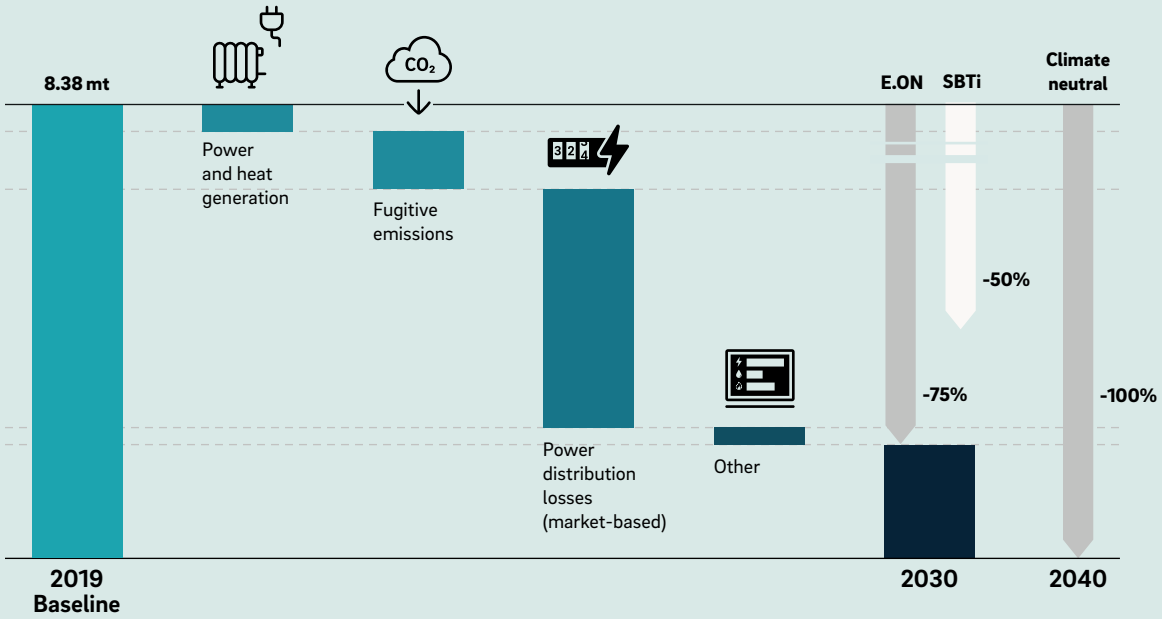
The following table provides an overview of our key reduction measures to achieve our climate targets for each GHG category.

GHG Category	Measures to achieve climate targets
Scope 1	
E.ON targets: we will reduce emissions by 75 per cent by 2030 and by 100 per cent by 2040 (versus 2019)	
Fuel combustion	• Design a roadmap to make all E.ON buildings climate-neutral (2030) • Integrate emissions into our energy management system's (EMS) activities to promote energy efficiency
Company-owned vehicles	• Participate in EV100 Initiative and convert vehicle fleet to electric • Expand charging infrastructure at our facilities • Integrate emissions into our energy management system's (EMS) activities to promote energy efficiency
Power and heat generation	• Invest in and expand our green portfolio • Double our share of renewable energy • Use surplus and residual heat as an energy source • Carbon capture and storage for our European customers (2027+)
Fugitive emissions	• Continuously improve and upgrade our gas networks • Avoidance of sulfur hexafluoride (SF_6) emissions at our operations • Upgrade grids and transformer stations • Shift from natural to green gases • Scale up hydrogen infrastructure (2030+)

GHG Category	Measures to achieve climate targets
Scope 2	
E.ON targets: we intend to reduce emissions by 75 per cent by 2030 and by 100 per cent by 2040 (versus 2019)	
Power distribution losses	• Increasing renewable feed-in to our grids and invest €400 to 500 million per year on average • Green network loss purchases • Enhance technical efficiency • Adopt new approaches to network planning • Benefit from the progressive decarbonization of national power generation mixes (external effect)
Purchased power (used in operations and administrative buildings)	• Design a roadmap to make all E.ON buildings climate-neutral (2030) • Supply green electricity and green gas • Increase the amount of renewable energy generated at our facilities • Upgrade building insulation • Reduce energy consumption • Integrate emissions into our energy management system's (EMS) activities to promote energy efficiency

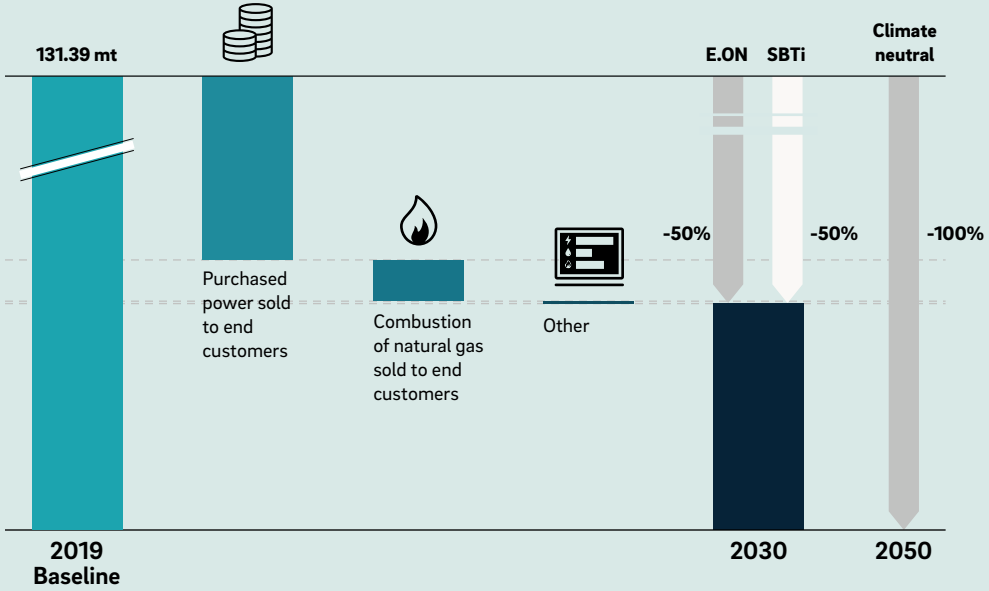
GHG Category	Measures to achieve climate targets
Scope 3	
E.ON targets: we aim to reduce emissions by 50 per cent by 2030 and by 100 per cent by 2050 (versus 2019)	
Business travel	• Increase use of online meetings and digital workspaces • Implement our ambitious guidelines Group Business Travel Policy, which promotes transport options with a smaller carbon footprint • Benefit from the progressive decarbonization of transport systems (external effect)
Upstream processes of leased assets (leased vehicles)	• Participate in EV100 Initiative and convert leased vehicle fleet to electric • Implement our ambitious guidelines Group Car Policy, which promotes options with a smaller and zero-carbon-footprint vehicles • Expand charging infrastructure at our facilities
Employee commuting	• Selectively utilize the flexibility of home offices • Offer employees electric-vehicle charging at our facilities • Lease bikes to employees at attractive prices • Benefit from the progressive decarbonization of transport systems and employees' vehicles (external effect)
Power and heat generation	• Double our share of renewable energy • Use surplus and residual heat as an energy source • Provide innovative energy solutions (heat and cooling, power generation, efficiency) that help cities, municipalities and industrial customers achieve climate targets cost-effectively • Carbon capture and storage for our European customers (2027+)
Purchased goods and services	• Engage with suppliers • Design decarbonization roadmaps for high spend categories • Benefit from the progressive decarbonization of goods and services procured (external effect)
Purchased power sold to end-customers	• Expand our green retail portfolio • Switch existing and new customers to green power solutions like heat pumps and solar panels • Benefit from the progressive decarbonization of national energy mixes (external effect)
Combustion of natural gas sold to end-customers	• Help customers to reduce or end their consumption of natural gas by providing them with green energy, efficiency solutions and ways to switch from gas to electricity • Shift from natural to green gases • Build strong partnerships and position in core hydrogen demand centers • Establish green hydrogen hubs close to renewable energy sources as the demand for hydrogen increases (2025+) • Help build comprehensive infrastructure connecting hydrogen production hubs and clusters (2025+) • Promote the establishment of liquid, international hydrogen trading (2030+)

Proportion of reduction measures per GHG category (Scope 1+2)



In October 2021 E.ON adopted an ESG Reporting Manual that took effect in December 2021. The manual's detailed descriptions and requirements instruct the units how to compile and report ESG key performance indicators ("KPIs"). E.ON then used the manual's climate-related core KPIs to develop a Group-wide carbon management plan that breaks down the Group-wide climate targets to its business units. The purpose is to measure progress toward these targets separately for each of E.ON's business units while also factoring in the characteristics of their particular business, their strategic ambitions, and the climate policies of the country or countries where they operate. The plan reflects E.ON's general management approach: Corporate Functions sets the Group's strategic course and its governance framework, while the units have broad operational decision-making authority. The carbon management plan took effect in the third quarter of 2022.

Proportion of reduction measures per GHG category (Scope 3)



Voluntary carbon offsetting

E.ON's approach to the voluntary carbon market
Voluntary carbon credits play an increasingly significant role in corporate climate strategies. So do they for E.ON. Within our climate strategy, we have a clear hierarchy for decarbonization measures: Avoidance and reduction of emissions are key on our way to climate neutrality. Carbon offsetting, that means financing projects beyond our value chain to reduce, prevent or eliminate carbon emissions, is only applied for emissions that are currently unavoidable.

In the near term, carbon offsetting is not considered within our corporate carbon footprint nor in measures to achieve our climate targets for 2030 as E.ON prioritizes decarbonizing within its own value chain. Offsetting certificates are almost exclusively used on product level for our customers to compensate for currently unavoidable emissions. However, we are well-aware that carbon offsetting will play a role at some point, compensating for a minor share of residual emissions.

Our Offsetting Strategy builds on transparency, high integrity and NGO dialogue

E.ON's climate strategy places a clear emphasis on avoiding or reducing the emissions that we can control as the two primary ways to make progress toward our climate targets. However, we do purchase some offsetting certificates – which fund projects to reduce, prevent, or eliminate carbon emissions outside our value chain – for emissions that are currently unavoidable. We do not count these offsets toward our targets. In 2022 we adopted a comprehensive carbon offsetting strategy. It has four key elements.

1. Establish full transparency

In 2022 we started to collect data from our units on the offsetting certificates they purchase, sell, and retire.

2. Introduce a minimum quality standard

We developed an E.ON Quality Guideline to ensure that our credits are of high integrity. After a transition phase, E.ON units may only purchase credits that meet the guideline's quality standards.

3. Help shape the VCM by joining innitiatives such as the LEAF coalition

LEAF, which stands for Lowering Emissions by Accelerating Forest Finance, is the largest private-public partnership to halt deforestation of tropical rainforests. The LEAF coalition is supported by four governments as well as over 20 corporations. E.ON has been a LEAF member since 2021. LEAF works closely with communities, NGOs, and governments to conduct projects that make a meaningful difference to rain forests' continued existence and management. To fund these projects, LEAF issues carbon credits under the ART TREES standard. E.ON has invested about €10 million in the LEAF coalition and will receive its first LEAF credits in 2023.

4. Dialogue with relevant stakeholders about our carbon market activities

E.ON participated in a number of dialogues in 2022. Examples include the UNFCCC mid-term conference, COP27, and consultations with NGOs, institutions, and government agencies. Our aim in these dialogues, which will continue in 2023, is to actively promote integrity on the carbon market and integrate stakeholders' perspectives into our carbon offsetting strategy.

"Since ten years we are contributing to plant trees. We already planted over 100.000 trees and we think it's the biggest private tree planting initiative in Italy."

Davide Villa, Chief Customer Officer and Board Member at E.ON, Italy

TCFD disclosures

The Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to better understand the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks (fsb-tcfd.org).

TCFD's widely adopted recommendations on climate-related financial disclosures are applicable to organizations across sectors and jurisdictions. They center around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets. The following sections address all four.

E.ON became an official TCFD supporter in 2019, marking the start of our TCFD reporting. This climate-related reporting is described in more detail in the Purpose section.

Governance

(a) Describe the board's oversight of climate-related risks and opportunities

E.ON views good corporate governance as a central foundation of responsible and value-oriented management, efficient collaboration between the Management Board and the Supervisory Board, transparent disclosures, and appropriate risk management. The clear organization of our sustainability and climate-related activities ensures that we work together efficiently and improve continually. Information about our carbon footprint, progress toward our climate targets, and the measures we're taking is first presented to our Chief Sustainability Officer and Sustainability Council. The Chief Sustainability Officer, who chairs the council, reports this information along with the council's findings to the E.ON Management Board and the Supervisory Board on a regular basis.

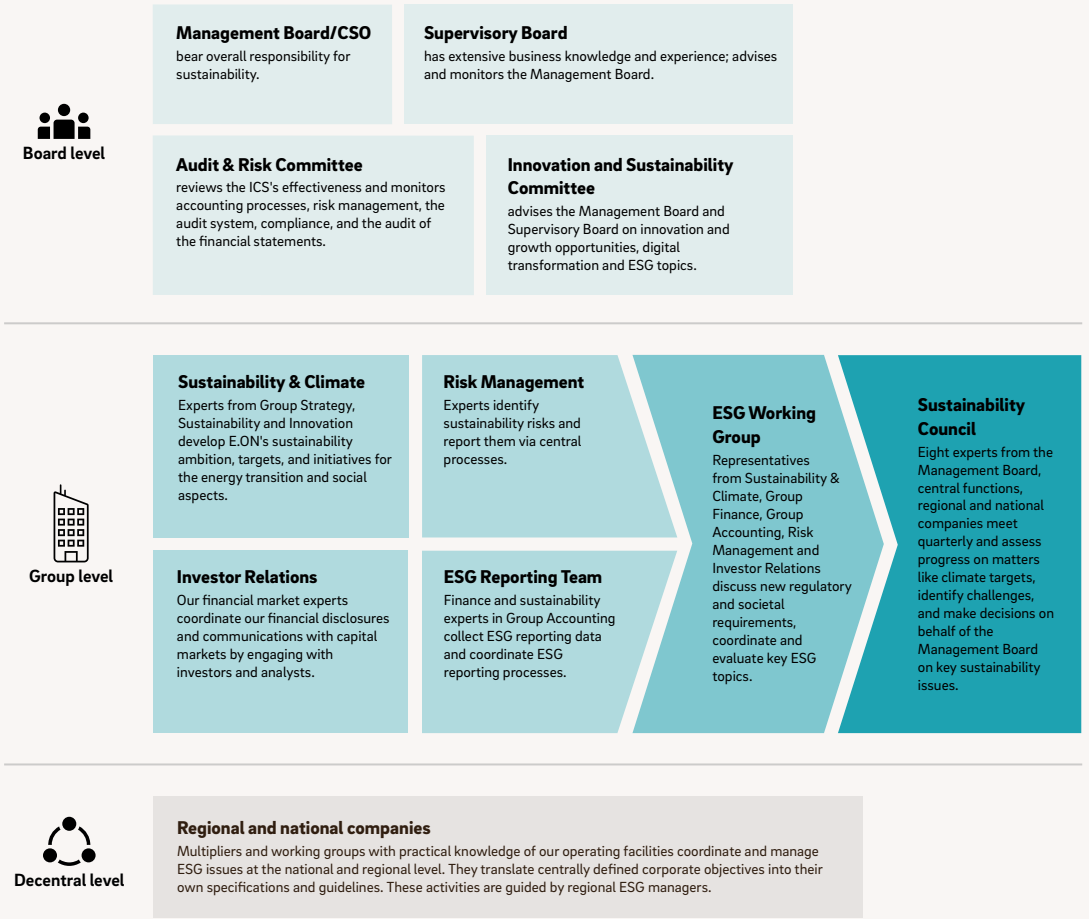
(b) Describe management's role in assessing and managing risks and opportunities

The clear organization of our sustainability activities and management roles for climate-related issues ensures efficient collaboration and continual improvement:

- The E.ON SE Management Board and Supervisory Board are responsible for managing and supervising key sustainability issues. They also monitor climate-related issues, including in the context of the European CSR directive.
- The Chief Sustainability Officer (CSO), who is currently the Chairman of the Management Board (CEO), informs both boards on a regular basis about key sustainability initiatives, events, and indicators. He is responsible for our group-wide sustainability activities and receives support from the Sustainability Council. His role as CSO covers all aspects of ESG, including climate-related issues. The CSO's responsibility for climate-related issues underscores their importance for E.ON.
- The Sustainability Council is E.ON's formal policy-setting, decision-making, coordinating, and advisory forum for sustainability and acts on behalf of the E.ON SE Management Board. It decides on ongoing developments in climate strategy and adopts appropriate guidelines, measures, and initiatives to integrate climate-related issues into E.ON's corporate strategy and business.

It also sets and periodically reviews corporate policies and minimum standards relevant for sustainability and monitors E.ON's progress toward its climate targets.

- Group Risk Management and its internal management information system identify risks early so that steps can be taken to actively address them. From 2021 onward the new standard enterprise risk management (ERM) process fully integrates the assessment and management of climate-related risks into our overall risk management. The Head of Strategy, Sustainability & Innovation is responsible for communicating strategic climate-related issues to the CSO and relevant committees, such as the Sustainability Council and the Risk Committee. He also serves as the interface to other central functions and units as well as to processes related to climate risk management. The Sustainability team is responsible for monitoring progress.



Strategy

(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term

E.ON has identified the following areas to be generally relevant to our organization in the context of climate-related risks and opportunities in the electricity utilities sector (infrastructure and energy retail): current regulation, emerging regulation, technology, legal affairs, reputation, acute physical risks, chronic physical risks, and markets. Our core businesses reflect key emerging energy trends. E.ON's strategy systematically aligns our company with the emerging low-carbon energy world characterized by:

- empowered customers
- renewables expansion
- greater energy efficiency
- distributed energy and local energy systems
- increasing electrification of energy consumption
- ongoing digitization

Regulatory regimes and market designs vary by country, as do risks and opportunities. E.ON, which operates in numerous EU countries and the United Kingdom, therefore take these different developments into account.

Our strategy and financial planning reflect the fundamental climate-related developments and corresponding growth opportunities.

E.ON's operations contribute directly to the avoidance of carbon emissions. Our two core businesses – energy networks and customer solutions – make the energy system more efficient, increase the proportion of renewables in the energy mix, and therefore help prevent GHG emissions.

We operate robust, efficient, and increasingly digital energy networks that ensure a highly reliable energy supply to our customers, while serving as the platform for connecting low-carbon devices. Our network thus plays a crucial role in propelling the transition toward a zero-carbon future. Our customer solutions enhance customers' comfort and efficiency while helping reduce their GHG emissions. Moreover, our climate strategy sets ambitious emissions reduction targets for 2030, 2040, and 2050.

"I am working with modern solutions, with low temperature solutions, but also with waste to energy and really driving everyday the change to drive this into CO_2 reductions."

Anette Blücher, Director Energy Infrastructure Solutions, Nordic at E.ON, Sweden

Time horizon	Risks	Opportunities
Short	• Decreased revenues due to reduced demand for products and services (primarily electricity) as more households, companies, and municipalities produce their own • Increased frequency and severity of extreme weather events, including in Europe, which can damage network components	• Increased diversification of financial assets (such as green bonds and infrastructure) • The EU's recovery program and Green Deal enhance our growth potential • E.ON's ongoing digitalization will create opportunities to add value
Medium	• Decreased revenues due to reduced demand for products and services, such as natural gas due to carbon pricing	• Expansion of distributed infrastructure solutions • Build-out of eMobility infrastructure. • Industrial and energy infrastructure solutions • Regulated asset base (RAB) growth: accelerated integration of renewables leads to extension of distribution networks
Long	• Decreased revenues due to reduced demand for products and services (such as electricity and heat) amid warmer winters and continued growth in the number of households and organizations that produce their own electricity	• Conversion of gas grid (to low-carbon hydrogen and synthetic methane) • Deep electrification of different sectors and distributed generation creates the need for substantial grid investments and thus a further increase in our RAB • Decarbonization targets like the EU's create opportunities for energy-efficient products and services

(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

The following table provides material climate-related risks and opportunities that E.ON has identified for its organization in the short, medium, and long term:

Financial planning: we will invest €27 billion in the energy transition through 2026

In November 2021 E.ON announced that it intends to increase EBITDA in its core businesses by about 4 per cent annually to around €7.8 billion by 2026. To achieve this ambitious growth, we will invest a total of €27 billion through 2026.[4] This investment program will accelerate the energy transition by expanding and digitalizing energy infrastructure and by developing solutions for decarbonization and eMobility charging infrastructure. About €22 billion of investments will go toward our energy networks, €5 billion toward our customer solutions business. This amounts to €5 billion annually to promote climate protection, decarbonization, and jobs.

- We intend to increase investments in our power distribution networks by roughly €1 billion annually through 2026. This will enlarge our regulated asset base (RAB)

[4] The announcement was part of our Capital Markets Day 2021. For more information, visit https://www.eon.com/en/investor-relations/capital-markets-day.html.

by at least 6 per cent per year. Our network companies in Europe operate networks with an aggregate RAB of around €35 billion and are home to about 1 million renewable generating facilities.

- We will also focus on offerings for sustainable homes, lifestyles, and work. New, innovative solutions and services for residential energy systems – like self-generated green electricity, heating, and cooling as well as energy management – will bring the energy transition to the residential segment.
- We anticipate a rapid end of the internal-combustion era and will therefore devote ourselves even more to the expansion of efficient charging infrastructure. We intend to install about 5,000 new charging points through 2026. E.ON also wants to massively expand its business of providing climate-friendly distributed energy infrastructure solutions by investing €500 to 600 million per year in order to increase this business's EBITDA contribution by an average of 9 to12 per cent annually through 2026.
- Our investment program is fully focused on sustainability: 85 to 90 per cent of E.ON's planned investment activities that fall within the scope of the EU taxonomy fulfil its strict sustainability criteria. More than half of the funding for these investments will be raised through the issuance of green bonds. E.ON's updated strategy thus also caters to capital markets' increasing interest in sustainable investments.

(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Climate change – as well as the energy transition aimed at slowing this change – could create risks as well as opportunities for our business. We therefore continually review a range of climate scenarios, including those that are consistent with the goal of keeping global temperatures well below 2°C. Among them are the IEA's Sustainability Development Scenario[5] and a scenario we developed ourselves. In 2022 E.ON subject experts performed an additional qualitative scenario analysis to model how the key value drivers of five E.ON business areas might be affected under three different climate scenarios – conservative, ambitious, and fully determined – between now and 2050.[6] We use these scenarios to analyze the factors that could influence E.ON's enterprise value and its ability to achieve long-term profitability by capturing business opportunities created by the transition to a low-carbon future.

The qualitative scenario analysis yielded a set of opportunities and risks that indicates that E.ON – thanks to its high proportion of regulated businesses – has a robust business model under all three scenarios and that massive electrification and decarbonization create enormous opportunities. The findings for the five business areas are as follow:

1. The power network business can to a certain extent absorb weather-related risks while benefiting from significant opportunitiies of massive electrification
2. The risks for the gas network business increase in tandem with decarbonization; however, hydrogen represents a big opportunity
3. Opportunities from electrification outweigh risks for the gas commodity business, while volatility remains a threat under all three scenarios
4. The risks of a mismatch between E.ON's portfolio of decarbonization solutions and customers' ESG needs are overshadowed by the opportunities of building on existing solutions

[5] The SDS assumes global net-zero emissions by 2070 at the latest and projects a temperature rise of 1.7 to 1.8 degrees Celsius by 2100 with 66-per cent probability. The key emissions reductions according to this scenario are energy efficiency and renewables growth.

[6] The conservative scenario foresees unhurried decarbonization that lags behind Paris Agreement targets leading to global warming of well above 2°C by 2100. The ambitious scenario reflects current commitments under the Paris Agreement and results in global warming of around 2°C by 2100. The fully determined scenario, which is in line with the Paris Agreement, limits global warming to 1.5°C by 2100.

5. The electrification of transport and the growth of solar power provide big opportunities, although a shortage of raw material may become an important concern. The findings of the analysis are reflected in E.ON's strategy and investment planning. For example, EON intends to significantly increase the pace of its businesses' growth and digitalization. We intend to conduct an annual review of the scenario analysis.

The ongoing transition to a low-carbon society will make the energy world of tomorrow increasingly electric, green, distributed, and partnership-based. Customers and the public at large expect efficient, affordable solutions for their particular energy requirements: green mobility, sustainable living, lower-carbon manufacture and commerce, and smart infrastructure for cities and districts. In 2015 E.ON decided to transform itself into a company fully dedicated to meeting these expectations. E.ON's robust energy networks, climate-friendly solutions for customers of all types, and ongoing innovation ideally position us to propel Europe's energy transition.

EU Green Deal offers additional business opportunities for E.ON

EU Green Deal

- Climate neutrality by 2050
- At least 50% carbon emission reduction by 2030, if possible 55%[1]

Opportunities for E.ON[2]

- Accelerated integration of renewables lead to massive extension of distribution grid
- Conversion of gas grid (to hydrogen)

Electrification of the following sectors

Creating value for our customers through

Building

Expansion of decentral infrastructure solutions

Transport

Build out of eMobility infrastructure

Industry

Industrial and energy infrastructure solutions

[1] Reference year 1990

[2] Source: Electrification scenarios, DENA Leitstudie/ewi (2018)

Risk management

(a) Describe the organization's processes for identifying and assessing climate-related risks

E.ON uses a multistep process to identify, evaluate, simulate, and classify risks and chances and their potential impact in the short, medium, and long term. Our analyses of climate risks encompass physical risks (such as extreme weather and rising temperatures) as well as transitional risks (such as changes in consumer preferences, our regulatory environment, and carbon prices). Risks and chances are generally reported on the basis of objective evaluations. If this is not possible, we use estimates by in-house experts. The evaluation measures a risk/chance's financial impact on our current earnings plan while factoring in risk-reducing countermeasures. We then evaluate the likelihood of occurrence of all quantifiable risks and chances. For example, energy passthrough in our networks may be affected by unseasonably warm or cold weather. Risk types are modelled with a normal distribution. Modelling is supported by a group-wide IT-based system. This statistical distribution makes it possible for our IT-based risk management system to conduct a simulation of quantifiable risks/chances. This yields an aggregated risk distribution that is quantified as the deviation from our current earnings plan for adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA).

(b) Describe the organization's processes for managing climate-related risks

E.ON's management information system identifies risks early so that steps can be taken to actively address them. The examples on the next page show in more detail how E.ON manages climate-related risks and embeds them into its operating processes.

Smart Data: We operate critical infrastructure and take numerous precautions to ensure its reliability. This includes continually looking for solutions to further minimize the risks posed by climate change. For example, data-driven applications can foresee potential future climate risks and suggest countermeasures. Smart data improves our ability to identify and mitigate climate risks to our energy networks and other assets. The Digitalization and Climate adaption chapter contains more information.

(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

E.ON regularly monitors and assesses its sustainability, climate, and other non-financial risks and opportunities and their potential impact in the short, medium, and long term. In 2020 E.ON integrated climate related and human rights risks into its ERM system. Our ERM process provides the management of all units as well as the E.ON Group with a fair and realistic view of all relevant risks and chances resulting from their planned business activities. The GHG reductions achieved under our climate strategy contribute significantly to the successful management of climate-related risks and opportunities. The clear organization of our sustainability activities and management roles for climate-related issues ensures that we work together efficiently and improve continually.

Joint interaction between Risk Management and Sustainability functions

In 2019 our Risk Management and Sustainability functions began working together more closely to better address stakeholders' expectations regarding non-financial risks. This included ensuring that tasks are clearly delegated. For example, the Sustainability function is responsible for identifying non-financial risks that affect E.ON's business and for analyzing the quantitative relationship between cause and effect in the long term. Risk Management analyzes how E.ON is already addressing these effects and provides a breakdown of the effects for the next three years, which is our medium-term planning (MTP) period. It circulates this information to senior management in a periodic ERM Report.

Risk type and primary climate-related risk driver	Description of response (examples)
Regulation Carbon pricing mechanisms	The regulatory environment in which E.ON does business is characterized by uncertainty, such as decreased revenues and/or narrower margins from natural gas sales due to carbon pricing. A carbon price can come in the form of a tax or a cap-and-trade system for the heating and building sectors, respectively. The steps we take to manage these risks include: 1. Increasing the proportion of biomethane to decarbonize natural gas; 2. Selling more heat pumps to offset lower gas sales and enable the transition to lower-carbon heating; 3. Introducing zero-emission alternatives to natural gas, such as a nationwide initiative we launched in Germany in 2020 to use surplus wind and solar power to run electrolysis equipment that transforms water into hydrogen, which is then methanized. The resulting green methane can be fed into the gas system where it can help decarbonize heating, mobility, and industrial processes.
Market Changing customer behavior	Increasingly, households, municipalities, and companies produce their own green energy and are becoming more energy autonomous, which disrupts traditional value-creation mechanisms in the energy supply business. Nevertheless, our strategy is to propel this trend in ways that benefit our customers and increase our revenues. For example, we offer residential customers heat pumps, solar panels, battery storage systems, and charging points for electric vehicles. We also offer a solution that connects these devices to a central control platform, enabling homeowners to control all of them with a single, easy-to-use app. Making home energy production and management easier will encourage even more households to join this trend.
Chronic physical Rising mean temperatures	The demand for electric power and natural gas is seasonal, with our operations generally experiencing higher demand during the cold-weather months of October through March and lower demand during the warm-weather months of April through September. As a result of these seasonal patterns, our sales and results of operations are higher in the first and fourth quarters and lower in the second and third quarters. Sales and results of operations for all our energy operations can be negatively affected by periods of unseasonably warm weather during the autumn and winter months. We expect seasonal and weather-related fluctuations in sales and results of operations to continue. We address this risk by scaling up new businesses, such as the businesses that provide the aforementioned low-carbon household devices and apps. We also offer a solution called ectogrid™, which we developed in-house, that makes buildings' heating and cooling systems more efficient and thus less carbon-intensive. By connecting customers with different thermal needs and utilizing waste heating/cooling between buildings, ectogrid™ optimizes thermal energy flows. The result is a dramatic reduction – typically well over 50 per cent – in the need to generate new energy for heating and cooling. This conserves resources and protects the climate. Moreover, unlike conventional district energy solutions, ectogrid™ has zero distribution losses.
Acute physical Increased severity and frequency of extreme weather events such as cyclones, floods, or wildfires	Electricity grids, particularly overhead lines, can be affected by extreme weather, such as high winds, heavy snow, and lightning strikes. To limit these risks, we continually improve our infrastructure, operations, and network management. This enhances the reliability of our distribution networks, even under extraordinarily adverse conditions. In addition, we have factored the operational and financial effects of environmental risks into our emergency plan. Our substantial investments in our networks through 2026 will modernize them and make them more resilient to climate impacts. Our main method of weatherproofing is putting power lines underground. We have 37,000 kilometers of underground cables in Sweden alone. We conduct ecological corridor management for about 8,000 hectares of forested land under and near our high-voltage power lines in Germany.

Risk type and primary climate-related risk driver	Description of response (examples)
	This approach keeps vegetation a safe distance from conductors while creating attractive habitats for flora and fauna. E.ON supports the United Nations Environment Programme (UNEP) in restoring ecosystems for climate protection and biodiversity. By 2029, we intend to put in place specific vegetation-management plans for each hectare of woodlands. E.ON also takes into account the risk of wildfires caused by network assets, particularly overhead lines. Our ERM includes risks relating to network faults, such as earthquakes, storms, ice, and cyberattacks. The worst-case scenario for such risks for our networks in Germany is valued at approximately €1.5 to 2 billion, with a probability of occurrence of 1 per cent. Germany's regulation defines precise rules to guarantee the availability of overhead lines

Furthermore, E.ON developed an in-house strategy paper on climate-related risks. It evaluates currently prevailing risks and opportunities, identifies those relevant for E.ON, and recommends actions and measures to mitigate risks and seize opportunities. The paper draws on insights from a wide range of experts both in and outside E.ON.

Organization's frequency and time
Significant risks at the company level are reported quarterly. We assess the potential effects of risks and opportunities for different time horizons: for the MTP period and further in the future.

Metrics and targets

(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
E.ON's current climate metrics consist mainly of the emission figures for its carbon footprint categories (Scope 1, 2, and 3) and the measurement of progress toward its climate targets. E.ON's business operations directly contribute to the avoidance of CO_2e. Our two core businesses – energy networks and customer solutions – make the energy system more efficient, increase the proportion of renewables in the energy mix, and therefore help prevent GHG emissions. Consequently, we also disclose avoided emissions, including in the annual reporting for our Green Bonds (metric tons of CO_2e avoided by the projects funded). In addition to GHG-related metrics, we measure risks and opportunities using financial key performance indicators.

Examples include carbon prices (cap and trade), financial performance, operating costs, and impact on revenues. We also disclose the ratio of our capital expenditures for taxonomy-aligned economic activities to our total capital expenditures.

(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
We publish our GHG emissions annually: since 2022 in our Integrated Annual Report, before that in our Sustainability Reports. This supporting document is not part of these disclosures. The following two tables show E.ON's current GHG footprint relative to 2019, the baseline for our climate targets, and broken down by country.

Complementary SBTi disclosure on wheeling volumes (outside Greenhouse Gas Protocol reporting standard)[1]

Total CO_2 equivalents in million metric tons	**2022**	**2019**	**Reduction relative to baseline year (in percent)**
Scope 3: Indirect emissions from distributed gas and electricity (wheeling volumes, location based)	126.74	165.42	23%

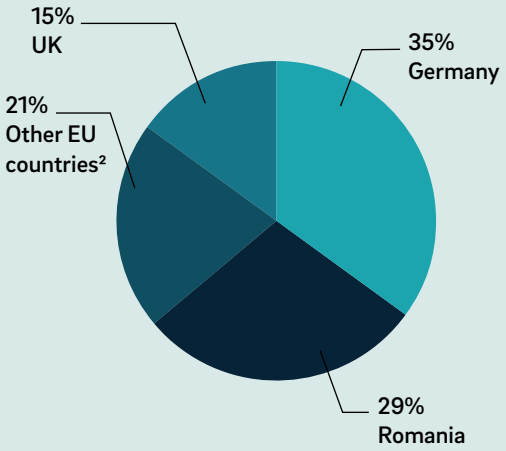
[1] See chapter Climate targets on page 10.

CO_2 emissions

Total CO_2 equivalents in million metric tons[1]	**2022**	**2019**	**Reduction relative to baseline year (in percent)**
Scope 1: Direct emissions from E.ON's own business operations[2,3]	2.88	3.88[4]	26
Scope 2: Indirect emissions associated with E.ON's electricity and heat consumption (location-based)[5]	3.38	4.82	30
Scope 2: Indirect emissions associated with E.ON's electricity and heat consumption (market-based)[6,7]	5.83	-	-
Scope 3: Indirect emissions from all other business operations (location-based)[3,8,9]	80.55	120.27	33
Scope 3: Indirect emissions from all other business operations (market-based)[10]	82.58	-	-
Total (location-based)	**86.81**	**128.98**	**33**
Total (market-based)	**91.29**	**-**	**-**

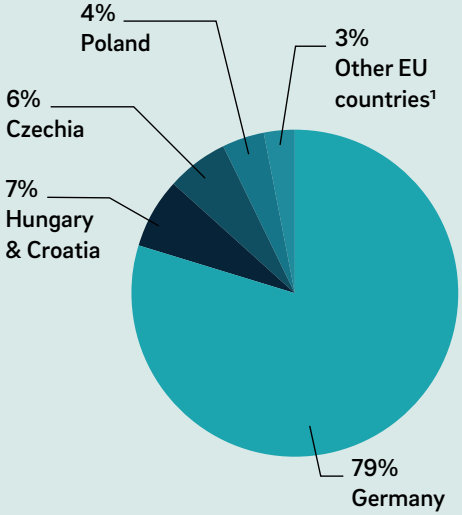
[1] For reasons of materiality, this figure includes E.ON companies with a headcount of more than 50 FTEs as well as companies with fewer than 50 FTEs but that exceeded the defined emissions threshold.
[2] The external global warming potential (GWP) sources used are the Department for Business, Energy & Industrial Strategy (BEIS, formerly DEFRA), the Naturvårdsverkets, the Greenhouse Gas Protocol, the Överenskommelse Värmemarknadskommittén 2021, and the IPCC AR5 report.
[3] From 2019 onward, emissions from power and heat generation are divided into emissions from plants owned and operated by E.ON (Scope 1) and emissions from plants leased to, and operated by, customers (Scope 3). This improves E.ON's ability to manage its emissions and makes progress toward its targets more transparent.
[4] Prior-year figures were adjusted due to corrections of biogenic emissions.
[5] The external global warming potential (GWP) sources used is the International Energy Agency (IEA).
[6] The external global warming potential (GWP) sources used are the International Energy Agency (IEA) and the Association of Issuing Bodies (AIB).
[7] First-time reporting of market-based Scope 2 emissions in 2020.
[8] The external global warming potential (GWP) sources used include the International Energy Agency (IEA), the IPCC AR5 report, Department for Business, Energy & Industrial Strategy (BEIS, formerly DEFRA), the Naturvårdsverkets, the Greenhouse Gas Protocol, and the Överenskommelse Värmemarknadskommittén 2021. Furthermore, primary data from external travel service providers was used for the calculation.
[9] Scope 3 emissions from purchased power and the combustion of natural gas sold to end users (energy sold to our residential and B2B customers), according to the GHG Scope 3 protocol. The emissions from distribution losses from energy sold to sales partners and the wholesale market are accounted for under our Scope 1 and Scope 2 emissions accordingly.
[10] In 2021 we started to record market-based values for purchased power sold to end-customers.

Breakdown of our direct Scope 1 emissions by region[1]



[1] Does not include 2,177 kilotonnes of CO_2e of biogenic emissions from power and heat generation, in accordance with GHG Protocol.
[2] Includes Czech Republic, Hungary, Croatia, Poland, the Netherlands, and Sweden.

Breakdown of our direct Scope 2 emissions by region



[1] Includes Poland, Romania, Slovakia, UK, and the Netherlands.

As stated above, E.ON's business model is entirely focused on the new energy world. Because our own transition to a low-carbon world is already well under way, our risk profile in each of the three scopes is low. However, the EU and a number of member states have taken steps to increase carbon prices. We expect carbon prices to further rise in the years ahead, which could result in higher operating costs for our company (Scope 1 and 2, such as fuel supply). Furthermore, the regulatory environment in which E.ON does business is a source of uncertainty, such as decreased revenues and/or narrower margins from natural gas sales due to carbon pricing (Scope 3). The latter, known as indirect or Scope 3 emissions, occur primarily during the generation of the power we purchase and supply to end-customers and during the use of the gas we sell.[7] They account for most of our carbon emissions. Scope 3 emissions from upstream power generation therefore account for the largest percentage of our emissions.

E.ON's Scope 1 and 2 emissions as well as the main categories of its Scope 3 emissions originate in EU member states and the UK. These countries have disparate regulatory regimes, market designs, and carbon reduction paths.

[7] Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. These often represent the greatest share of a company's carbon footprint. They include, for example, emissions associated with business travel, procurement, and the use of sold products.

All these factors influence our business in a particular country and can therefore affect our country-specific decarbonization target paths. Nevertheless, all these countries are committed to the Paris climate targets and an ambitious climate strategy. This creates a reliable environment for our planning for each market and enables us to diversify climate-related risks across markets at the same time.

Amid an increasingly decentralized energy world, business models are changing. Energy companies like E.ON now help their customers – municipalities, businesses, and households – generate climate-friendly energy. This enables E.ON and its customers to avoid around 100 million metric tons of CO_2 per year.[8]

(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

To support the achievement of Europe's climate targets, we intend to dramatically reduce the GHG emissions we can influence directly and to become climate-neutral by 2040:

- We will reduce our Scope 1 and 2 emissions by 75 per cent by 2030 and by 100 per cent by 2040 (versus 2019).
- We aim to reduce our Scope 3 emissions by 50 per cent by 2030 and by 100 per cent by 2050 (versus 2019)

In May 2022 the Science Based Targets Initiative (SBTi) validated that E.ON's climate targets are in line with the Paris Climate Agreement's 1.5 degree target. In 2018 we underscored our commitment to reducing our operations' carbon footprint by setting the target of making all E.ON buildings climate-neutral by 2030. The ways in which E.ON manages to contribute to climate change mitigation are detailed in "Measures to achieve climate neutrality" above. The ways in which we offset climate emissions are detailed in "Voluntary carbon offsetting" above.
In line with our climate strategy, we have initiated measures to help achieve our climate protection targets and thus support Europe's energy transition. We systematically monitor our progress along this path. The Metrics and targets chapter presents our progress (relative to the baseline year) toward our targets. It is important to remember that year-on-year comparisons of energy consumption can be influenced by temporary fluctuations caused by the weather and other factors. In order to assess whether the measures taken by E.ON are effective and where the company stands in relation to its targets, it is therefore necessary to look at a period of several years. For this reason, we additionally carry out a more in-depth assessment of the development every three years. The carbon management plan we adopted in 2022 refined this process by setting emission reduction paths for each of our business units. The units now monitor their progress annually. This enables to ensure that we are moving forward along the path for E.ON as a whole. Each unit can also pursue its own reduction targets that go beyond the Group target.

Our decarbonization trajectory must also be seen in the context of our transformed business model. We spun off our fossil-fueled power generation and global commodity trading businesses in 2016 and sold our remaining stake in them in 2018. This dramatically reduced the baseline of our direct and indirect emissions. Going forward, our decarbonization trajectory will therefore be flatter than that of energy companies that start with high direct emissions.

[8] For more information see chapter "Climate protection" in our Integrated Annual Report 2022.

Other climate-related aspects

Digitalization

The rapid growth of renewables and the accelerating electrification of the mobility and heat sectors are making Europe's energy system much more decentralized and complex. In addition, Europe's energy sector is evolving at an unprecedented pace. Therefore, digitalization is one of the cornerstones of the energy landscape of the future. The system cannot be managed—or achieve its full climate-protection potential—without digital solutions. We launched E.ON One in 2022 as a single-source digital enabler for key market participants: distribution system operators (DSOs), municipal utilities, renewables providers, and eMobility operators. E.ON One can provide DSOs and municipal utilities with a digital twin of their grid and all the distributed generating units, electric-car charging points, and heat pumps connected to it. This highly granular view enables them model the impact of new generation and consumption points before they are added. In addition, E.ON One has tools with which DSOs can manage complex and at times volatile energy flows in real time, thereby ensuring network stability and reliability. It also has energy management solutions that enable customers like renewables providers and eMobility operators to visualize and optimize their energy generation and consumption.

Climate adaptation

E.ON too is taking a close look at the question of what impact climate change will have on our technical equipment and what adaptation measures we need to implement in response. Electricity grids, particularly overhead lines, can be affected by extreme weather, such as high winds, heavy snow, and lightning strikes. To limit these risks, we continually improve our infrastructure, operations, and network management. This enhances the reliability of our distribution networks, even under extraordinarily adverse conditions. Our substantial investments in our networks through 2026 will modernize them and make them more resilient to climate impacts. One method of weatherproofing is putting power lines underground.

This also raises the question of how we can use intelligent data to better identify and adapt to the climate risks faced by our energy networks and equipment. To help answer it, at the start of 2022 the Innovation division teamed up with experts from network technology and network services to launch a project as part of the E.ON Grid Startup Challenge. Schleswig-Holstein Netz's service territory in northern Germany will serve as a laboratory in which the project is analyzing not only how a rise in sea level could lead to the flooding of technical equipment, but also less extreme but more likely scenarios. For example, how could our equipment be effected by soil erosion or line corrosion caused by factors like heavy rain or damage due to an increasing number of extremely hot and sub-zero days? The extent of the various risks can vary greatly depending on the region and type of equipment.

We are working with repath, a startup founded in 2021, in a pilot project whose purpose is to develop analyses that are tailored to our technical systems. The startup's founders have several years of experience in data analysis and the consequences of climate adaptation. They began by meeting with colleagues from our network control and planning as well as asset management to discuss which risks had already materialized in the past during normal network operations and for which equipment an analysis could be particularly useful. The project's first analysis focuses primarily on stationary equipment and power lines. The team is sharing information with other departments and projects so that the subsequent use of the analysis tool can be smoothly integrated into our existing system environment. This approach, which is based on climate research experience, will enable us to establish a practice-oriented analysis tool to assess the climate risks of our existing and planned assets so that we can initiate suitable climate-adaptation measures.

Carbon intensity and other atmospheric emissions

Carbon intensity

E.ON transferred substantially all of its renewables business to RWE effective year-end 2019 as part of the innogy transaction. Our last remaining nuclear power plant in Germany, Isar 2, operated by our PreussenElektra subsidiary, will be decommissioned by 15 April 2023. E.ON's total installed power generating capacity will therefore decline by 95 per cent compared with 2018. This, in turn, will affect the carbon intensity of our power generation. From 2023 onward, nearly all of the power we generate will be at the smaller, predominantly gas-fired combined heat and power (CHP) plants that supply our district heating networks and at small CHP plants embedded at customers' premises, typically under lease arrangements.

E.ON exited large-scale renewables generation in a single transaction in 2019 and gradually exited nuclear power generation, the last plant closing in mid-April 2023. This eliminates two very large sources of zero-carbon output. Although most of our remaining generating units include highly efficient on-site gas-fired CHP plants, their carbon intensity is nonetheless higher than that of a wind or nuclear asset. Because of these fundamental portfolio changes, our carbon intensity currently indicates no meaningful trend, nor is a comparison with peer companies particularly useful.

Other atmospheric emissions

Fossil-fueled power plants emit nitric oxide (NOx), sulfur dioxide (SO_2), and dust. As stated above, this type of power generation is no longer a core E.ON business. We therefore no longer consider it a key indicator. Our NOx, SO_2, and dust emissions are mostly attributable to small-scale gas-fired CHP plants and some larger plants that supply our district heat networks.

- Dust: efficient filters ensure that we no longer have significant emissions. Increased use of biomass will lead to a slight increase, but total dust emissions will be low.
- Nitric oxide (NOx): we expect selective catalytic reduction (SCR) equipment to reduce NOx emissions in larger plants by 50 to 75 per cent by 2030 (versus 2019). Sulfur dioxide (SO_2): SO_2 will no longer be a significant factor in future. Where feasible, our sustainable city solutions use heat pumps, which when powered by green electricity cause no emissions.

E.ON's Health, Safety and Environment (HSE) & Climate Protection Policy articulates our commitment to achieving continuous improvement in HSE, including other atmospheric emissions.

Avoided carbon emissions and Green Bond impact indicators

E.ON continually makes its grids smarter and more flexible to increase the proportion of clean energy they can carry. We provide innovative solutions that help households, businesses, and entire cities increase their energy efficiency and produce their own clean energy. As our solutions business grows, so too do the CO_2 emissions associated with it. However, these emissions take place at our customers' premises and are therefore beyond our GHG accounting boundary. Measuring the emissions avoided by our solutions is a way to show the positive impact they have on the earth's climate.[9] We therefore adopted CO_2 emissions avoided with clients as a core KPI in 2021. This KPI measures one of the ways E.ON lives up to its social responsibilities: we help clients use energy more efficiently, produce their own renewable energy, and thus reduce their carbon footprint. We define "avoided emissions" as GHG reductions at our clients' premises caused by the enabling effect of the equipment, products, and/or services we've provided to them.

[9] Emissions are avoided primarily where the generation or use of electricity and heat lead to a positive overall GHG balance through innovative approaches or services, usually involving cross-sector solutions.

These emissions are not covered under GHG Protocol Scopes 1 to 3 reporting. The KPI includes the mitigating effects of our downstream clients as well as the feed-in and distribution of renewable electricity in our grids. It also includes emissions savings that third parties achieve through the use of our climate-friendly solutions. Avoided emissions in 2022 totaled 108 million metric tons of CO_2e.

Another example, the annual reporting for our Green Bonds – fixed-interest securities whose issuance proceeds are used to fund low-carbon infrastructure and energy-efficiency projects – includes disclosures on the metric tons of CO_2e the projects avoid. At year-end 2022, E.ON issued €7.65 billion of Green Bonds. E.ON will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Project Portfolio and, wherever feasible, on the Eligible Green Project Portfolio's impact. For the corresponding categories, we report impact indicators such as CO_2e avoided. The annual reporting for the bonds, including disclosures on the metric tons of CO_2e the projects avoid, are published annually as part of our sustainability reporting.

"I was born in Cameroon. Nature is present everywhere there. In Europe, people and nature are separate things and aren't in harmony. For me, it's important that we find that again."

Jeannyfer Gelpcke, Consultant to CEO at E.ON, Germany

Social aspects and a just transition

Just transition

What is a just transition?

Climate action has social consequences as well. A carbon tax makes energy more expensive, which, depending on its implementation, may be felt most by people on low incomes. The closure of a coal-fired power station results in job losses. These consequences could reduce some people's support for climate action. The idea behind a just transition is that these social consequences "are taken into account in moving to a low carbon economy" and that "climate action also supports an inclusive economy and avoids exacerbating existing injustices, or creating new ones."[10]

The social impact of climate action can accelerate or hinder decarbonization. Ensuring a just energy transition is crucial for gaining public approval for the necessary changes, for example, by creating social programs for workers whose jobs are lost or transformed.

Royal London Asset Management and Friends Provident Foundation approached E.ON and other energy companies to join a call for action to develop a strategy for just transition ahead of COP26. They are encouraging companies to actively involve employees, communities, and consumers in their journey to net zero and to make the journey as fair as possible for everyone affected by it. E.ON agrees that addressing the potential social impacts of its net-zero ambitions from the start can help it gain the public approval and support necessary for ambitious decarbonization. The "Affordability" and "Our contribution" sections below describe some of the steps E.ON is taking to help promote a just transition for consumers, communities, and employees.

E.ON Trend Radar[11]: The energy world is undergoing profound change. New solutions, new customer needs, new market entrants, and new policies and regulations emerge continually. E.ON Trend Radar is a digital solution that looks at combinations of events that will have significant impact in EU markets over the next five, ten, and 15 years.[12] It looks for and analyses emerging change in the energy sector and beyond. Anticipating future developments helps E.ON design solutions to address them in ways that benefit its clients, stakeholders, and society generally.

Social aspects

The European Union emitted 2.7 billion metric tons of CO_2 in 2021, which represents an increase of over six percent compared to 2020.[13] Getting to net zero by 2050 will require a radical restructuring of the economy and society. Yet the success of the energy transition will not depend solely on technological advances, massive investments in renewables and infrastructure, and the acceleration of approval processes to make them possible. Social aspects are important as well. We focus on two of these aspects: the general acceptance of the energy transition and its affordability for different levels of household incomes.

General acceptance of the energy transition

Public awareness of and support for the energy transition have increased tangibly in recent years. The Fridays for Future movement is a prominent example of this trend. Nevertheless, people's willingness and ability to make personal sacrifices to help reach climate targets varies considerably across the population. For example, a vast

[10] https://www.rlam.co.uk/institutional-investors/our-views/2020/expectations-for-energy-utilities-just-transition-strategies/
[11] https://www.eon.com/content/dam/eon/eon-com/eon-com-assets/content/innovation/fo_eon_singlepages.pdf
[12] https://www.statista.com/statistics/450017/co2-emissions-europe-eurasia/
[13] https://www.statista.com/statistics/450017/co2-emissions-europe-eurasia/

majority of Germany's population views the energy transition positively, but is concerned about rising energy costs. There is also persistent local resistance to infrastructure projects like overhead power lines, and consumer purchasing behavior is only changing slowly. Large segments of the public and businesses stress the importance of combining the energy transition with affordable energy and industrial competitiveness. The visions of how carbon neutrality should be reached differ too; they range from large-scale hydrogen imports from Africa to decentral energy systems made up of prosumers.

Recent surveys conducted in the European Union and in Germany, however, show that the perception of the danger of climate change has increased and that people believe that more needs to be invested in the energy transition. For example, the E.ON foundation conducted a survey on the perceived relevance of social issues one month prior to Germany's parliamentary elections, which were held in late September 2021. This was also several weeks after severe flooding in parts of Germany in July 2021 and forest fires in various parts of the world. These events may have played a role in the perception of the importance of climate change and the energy transition increasing from 37 per cent to 49 per cent. In fact, climate change was rated the most relevant topic, ahead of age poverty and organized crime. A Eurobarometer survey conducted in March 2021 covering all EU member states indicated that European citizens believe that climate change is the single most serious problem facing the world. More than nine out of ten people surveyed consider climate change to be a serious problem (93 per cent), with almost eight out of ten (78 per cent) considering it to be very serious. Over 74 per cent agree that the cost of the damage done by climate change is much higher than the investments needed for a green transition.[14]

The 2019 Social Sustainability Barometer for Germany, conducted by the Institute for Advanced Sustainability Studies e.V. (IASS) since 2017, highlighted the public's general support and simultaneous dissatisfaction with the details: "the central aspects of the energy transition are still supported by a broad majority. [...] However, the results also show a growing criticism of the manner in which the energy transition is being implemented politically and operationally. The lack of credibility given to and discontent of the German government have reached an alarming level. People expect a faster implementation of climate protection measures. One of the biggest challenges for the government is to create socially fair policies based on the polluter pay principle. The study shows that the majority is willing to pay more for climate protection. Low-income households however wish to receive compensation for a carbon tax to relieve additional financial burden. For most respondents it is important that additional revenues will be reinvested in climate friendly transportation and renewables."

The public acceptance of the energy transition differs by country and, within the same country, by population groups (education, income, age, rural/urban, and so forth). Similarly, opinions in regions affected by power-plant closures or power-line construction differ from those in the rest of the population.

Affordability

Surveys indicate that the majority of EU citizens are willing to do more personally to protect the earth's climate. Their ability or willingness to pay higher prices, however, is limited. The primary purpose of a just transition is to apportion the extra costs of climate protection fairly and thus to prevent social divisiveness and economic damage. The recent sharp rise in energy prices is revealing the limits of public support and the associated social tensions in many countries. Low-income households in particular are affected by higher energy prices. Moreover, they typically don't benefit from green energy subsidies (for electric cars, rooftop solar panels, and building upgrades) the way higher-income households do.

[14] For the whole report, see https://europa.eu/eurobarometer/api/deliverable/download/file?deliverableId=75838

Climate protection costs money. However, not acting or not acting sufficiently costs money too, particularly for future generations. There are thus two main social and policymaking challenges: to send price signals that create tangible incentives for climate protection while simultaneously ensuring the affordability of energy across all income strata. Helpfully, the EU's climate and energy policy is beginning to include mechanisms for social equity. The European Commission, for example, has proposed a Social Climate Fund "to provide dedicated funding to member states to help citizens finance investments in energy efficiency, new heating and cooling systems, and cleaner mobility."[15] Nevertheless, isolated measures like this do not make climate policy just. A range of mutually reinforcing initiatives is needed. This is only way for the transition to a low-carbon society to be inclusive and promote social cohesion.

Social cohesion must become part of the policymaking agenda. Carbon pricing, for example, needs to be fair for all income groups in order to ensure affordability and thus acceptance. Companies do not pass laws or set policies. Nevertheless, energy companies like E.ON can help cushion the social impact of climate protection by providing the necessary infrastructure, innovations, digitization, and smart customer solutions and by increasing energy efficiency across the value chain. In addition, E.ON has long advocated a reduction in Germany's electricity taxes and levies, which account for a large share of the final price. A lower final price would encourage companies and end-consumers to embrace efficient electric devices whose use will be decarbonized as the electricity supply becomes progressively greener. It would also save them money. Specifically, E.ON has advocated the rescission of Germany's renewables surcharge and a reduction in its energy taxes, VAT, and levies.

Acceptance barriers are currently the energy transition's main obstacles

We see three main barriers to the energy transition's acceptance. One is local opposition to infrastructure projects. In some cases, this leads to new overhead power lines being laid underground, which is costlier and more time-consuming. However, underground lines are more resilient to extreme weather. In other cases, grid expansion simply does not take place. The lengthy planning and approval processes for such infrastructure complicates matters further. The second barrier is that consumers' habits and purchasing behavior to reduce their climate footprint are changing slowly, even amid rising energy prices. The third barrier is that some investors are reluctant to make long-term investments in decarbonization because of the uncertainty of the returns. Finding ways to overcome these barriers is therefore another important task for policymakers and regulatory agencies.

Our contribution

Being a major European energy company gives E.ON the opportunity to help shape the discussion on social acceptance while keeping its customers' needs in mind. We continually seek opportunities to dialogue with our stakeholders, understand their viewpoints, and talk to them transparently about our business. It's part of our daily work at the local, national, and European level. Stakeholder management is a core process of our corporate governance. We factor in the short- and long-term impacts our business has on stakeholders. The types of dialogue we choose vary by stakeholder and issue. They range from information campaigns and discussion forums with trade associations and NGOs to face-to-face discussions and public advocacy. We actively participate in the policy debates on the issues that affect us – through lobbying, media interviews with our executives, and their appearances as public speakers. In addition, policymakers and regulators frequently invite us to provide our technical and energy expertise as part of their decision-making processes. We also offer our expertise voluntarily. These types

[15] For a socially fair transition, see: https://ec.europa.eu/commission/presscorner/detail/en/ip_21_3541

of advocacy are important because the energy sector is significantly influenced by policy and regulatory decisions. We take part in discussions on energy, environmental, and climate policy in a variety of other forums as well. We pay particular attention to two stakeholder groups. One is consumers and communities, the other is employees.

E.ON has fundamentally changed its business. We ended large-scale power generation. We now focus entirely on moving energy from wherever it's produced to wherever it's needed and on enabling people, communities, and companies across Europe to be more sustainable. Our aim is to create a green energy community where everyone can do their part—from opting for certified green energy for their home or making an entire city sustainable. As already stated: our corporate strategy is our sustainability strategy. Implementing it well is our primary contribution to a just transition.

Consumers and communities

Achieving climate targets will require fundamental changes in the energy landscape. These changes will go beyond the energy mix and business models. As more consumers produce their own energy, the energy market will become more decentralized, and relationships between suppliers and consumers will necessarily evolve. New approaches to citizen participation could improve the acceptance of renewables expansion. Comprehensive digitalization will lead to the electrification of almost all aspects of daily life. In addition, renewable electricity will play a big role in the decarbonization of sectors like heating, mobility, and industry.

"What moves me personally is that the countries that caused climate change the least, will suffer the most. It is important that we in the Global North provide the technologies and solutions to prevent things from worsening."

Bernhard Grünauer, Senior Sustainability Manager at E.ON, Germany

Adeje Verde in Tenerife is Europe's first energy community

The Adeje Verde pilot project that E.ON launched in 2022 represents the first energy community of its kind in Europe. It uses an innovative approach to citizen participation to create a community that enables its residents and local institutions to generate, share, and collectively use renewable energy. The pilot project's objective is to provide all citizens of Adeje with access to solar energy in their immediate neighborhood, becoming role models for a fast-growing energy community. The Canary Islands has set the target of meeting all its energy needs with renewables by 2040. Spain is a pioneer in new energy regulation and thus the ideal place for a pilot project to serve as a blueprint for Europe-wide approaches.

Elna shows E.ON customers in Sweden smart meters' true potential

European countries are rolling out smart meters on an unprecedented scale. Sweden is a frontrunner. E.ON installed the first generation of smart meters for one million customers there through 2009 and is now installing the second generation of more advanced meters, which enable customers to use Elna to unlock the true potential of a smart electrified home. Elna is an additional feature of the My E.ON app for residential consumers. The new functionality displays a home's energy consumption in real time. This free smart service provides detailed insights and itemized data on household consumption in up to 14 categories, including standby appliances, heat pumps, washing machines, and electric-vehicle chargers. In addition, Elna offers many other options for making energy consumption decisions that conserve energy and thus reduce energy costs. After a successful test phase, E.ON plans to gradually increase the number of customers in Sweden. Rolling out the service in other European countries also remains an ambitious goal.

Insulating homes to combat fuel poverty

Figures show that Barking and Dagenham, a borough in East London, has the worst rate of fuel poverty in England. More than one in five households there cannot afford to heat their homes compared with a national average of roughly 13 per cent. In early 2020 E.ON forged a partnership with the borough's council and a local heating and insulation company to address the problem. The partnership, which was partially government-funded, made it possible to install 1,040 energy-efficiency measures across 895 homes by the end of 2020. Better insulation reduces homes' fuel consumption and thus helps alleviate fuel poverty. It also reduces carbon emissions. These improvements will deliver lifetime energy bill savings of £4.2 million and displace 12,632 metric tons of carbon. We created a similar partnership for homes in Redcar and Cleveland, a borough in North Yorkshire. It achieved £6 million in total lifetime energy bill savings and will displace 18,087 metric tons of carbon.

Demonstration project for electrifying heat

E.ON also conducted a demonstration project, which likewise was partially government-funded, to install electric heat pumps in about 300 homes in Newcastle. Electrification eliminates the need for replacement fossil-fuel boilers and delivers emissions savings. We estimate that these homes' aggregate annual carbon emissions will be 426 metric tons lower.

Startup integration for digitalization activities

Collaboration and innovative solutions are essential for digital, resilient, and sustainable energy infrastructure. The 2022 E.ON Grid Startup Challenge for the first time hosted all 18 E.ON network operators, which represent eight countries. Ultimately, seven startups were chosen to pilot their solutions at our network operators.

Achieving public acceptance and providing a sufficient supply of clean, affordable energy are enormous challenges that cannot be met by the energy industry alone. All stakeholders must do their part. This is the only way to create the necessary conditions for public acceptance of a low-carbon future. There are opportunities to partner with the communities where we operate. For example, the board members of our regional companies in Germany meet annually with municipal shareholders and/or representatives to discuss grid expansion, landscape preservation, the latest advances in smart grids, and other issues. We take the viewpoints, interests, and concerns of the people who live near our assets very seriously. Their feedback helps us to ensure a reliable energy supply and promote the energy transition while having the least-possible impact on people, communities, and the environment. Furthermore, our Customer Immersion program put our senior managers and employees into direct contact with residential and business customers in a variety of formats, including small-group discussions and online chats. Our assistance for vulnerable customers varies according to the market situation, customer needs, and the welfare programs in each country and is therefore our regional units' responsibility. Examples of this assistance include helping customers to find out whether they qualify for government support schemes and partnering with other organizations to prefinance insulation for a customer's home.

E.ON also conducts research on the energy transition's effects on communities. For example, a study conducted by E.ON and Essen's municipal utility shows that using existing gas networks to transport green gases like hydrogen and synthetic methane is the most cost-effective and socially fair way to decarbonize space heating and would thus have the least impact low-income households, even before any government assistance programs. The modelling was based on five different scenarios, including a gradual switch to green gas in the existing natural gas grid. Studies like this one can be of great value to municipalities, distribution system operators, and real estate companies in Germany and elsewhere. The computer model makes it possible for overarching climate protection goals to be broken down regionally and even to the level of individual buildings. This helps municipalities find the right approach for cutting carbon emissions.

People Strategy

After successfully managing the workforce transition resulting from our shift towards the new energy world, our focus is further on our group-wide People Strategy and creating the optimal environment for our people to perform at their best. In an ever-changing world, our People Strategy supports this orientation and E.ON's long-term success. It focuses on four high-impact priorities for E.ON: the future of work, diversity and inclusion, sustainability, and leadership. We underscore the four priorities of our People Strategy by taking various measures throughout the E.ON world, some of which are described below.

Future of work

We foster the adaptation of a new mindset and capabilities, making E.ON fit for the future of work. We have the necessary capabilities to work in an increasingly digital world. We also adapt our communication and collaboration structures to allow for efficient work in both the virtual and physical world. We identify the skills and capabilities required for the future, evaluate the gap, and provide learning experiences to develop them. We also share knowledge freely and easily to create the foundation for collaboration and innovation. More generally, we foster a continuous learning culture where we fail, learn, grow, adapt, and evolve.

Workation

In November 2022 E.ON introduced a program under which employees in Germany—in addition to working remotely in Germany—can work from anywhere in Europe for 20 work days during a 12-month window.

New Normal

In 2020 E.ON started New Normal, a project to create a future-proof work environment across the group. It included a study, conducted in September 2020, to gather the necessary data and knowledge. Based on the study's findings, in October 2021 E.ON subsidiary Avacon extended its work window by two hours to give employees greater flexibility in an increasingly digital and remote work environment. Employees can now complete their work at times between 6am and 8pm that fit their personal schedule. Another subsidiary, Bayernwerk, created a coworking space at its headquarters in which employees can use innovative materials and choose among work zones designed for particular tasks (communication, concentration, creativity, collaboration, quiet). The project continued in 2022 at many E.ON subsidiaries. For example, enviaM held a two-week event mid-year to raise awareness of new work issues, such as future work practices, cultural transformation, and digital fatigue.

Masterplan

E.ON also launched Masterplan, a group-wide platform aimed at making eLearning more engaging and effective. Masterplan, whose user interface resembles a video-on-demand streaming service, offers innovative and motivating eLearning content covering topics such as climate change, groundbreaking technologies, and new work. As of year-end 2022 it was being used by more than 10,800 employees.

Digital Booster

This program enables high-potential junior employees to receive advanced digital training from specialist providers. Participants receive a budget for their training and are encouraged to dedicate one workday per week to it for 16 months. The aim is to develop their own projects and ideas to help propel E.ON's digital transformation. To date, 29 boosters in five cohorts have participated in the training program. The sixth cohort starts in April 2023.

HELP

In September 2021 E.ON subsidiary HanseWerk started HELP, an initiative to foster internal knowledge sharing. Employees of HanseWerk and other E.ON companies conduct virtual events to share knowledge on issues like IT, climate change, and the energy transition. In 2022 the 97 events held attracted a total of 463 participants.

Diversity and inclusion

E.ON is inclusive and champions difference, which enhances our talent pipelines, individual growth, and team performance. Our culture is based on accountability and capability for diversity and inclusion, both by leaders and employees.

women@E.ON

The energy industry is male-dominated, and there is a clear labor shortage. E.ON knows that fostering female talent is essential and has a number of initiatives. One is the women@E.ON network, which has about 800 members in 11 countries and 26 local sub-networks. Its mission is to promote networking, inspire women, increase their visibility, and shape the debate. It conducts meetings and training on a regular basis. It also holds an annual conference. The 2022 conference was attended by about 600 participants.

Fast Forward

Launched on International Women's Day 2021, Fast Forward is a talent network open to all genders. The network aims to inspire and empower colleagues to help build and progress women's careers in E.ON UK by creating learning collections on barriers to women's progressions, podcasts on job-sharing, role models, allyship, and women in engineering and tech. In May 2022, Fast Forward launched an in-house development series named "Women in Leadership" which 50 women completed this year. The series will be run in 2023 again. Fast Forward now has over 500 members.

embRace

This network, created in mid-2021 by E.ON UK, promotes racial inclusion through a range of activities. Virtual listening sessions, for example, create a forum for employees of different backgrounds to share their experiences. The network also provides learning materials on topics like how to talk about race at work, white privilege, and allyship.

Sustainability

We are aware that today's decisions and actions will shape tomorrow's world. To achieve our potential and sustain our performance, we focus on physical and mental well-being. We give purpose by providing meaningful work to our employees. Lastly, we ensure our workforces' employability by embracing lifelong learning.

mindful@work

E.ON Digital Technologies, an E.ON subsidiary that manages the group's IT and digital activities, conducted a mindfulness workshop in December 2021. An experienced mindfulness trainer showed participants how to reduce stress through short body awareness and other meditation exercises.

Meditation breaks

In early 2021 E.ON subsidiary HanseWerk began offering weekly 20-minute digital meditation breaks to help employees focus on muscle relaxation and mindfulness.

Leadership

Societal and economic change significantly impacts E.ON. Leaders are instrumental in navigating this change and to building a future-oriented, diverse, inclusive, and sustainable E.ON. We encourage our leaders to scrutinize and adapt their behaviors, serving as role models for all employees. We develop talented employees and future leaders to enable and propel innovation while sustaining and fostering our leadership culture. Our leaders share not only their knowledge but also bring outside impulses into our organization.

In addition, we are committed to being a fair and caring employer and take our social responsibilities seriously. We acknowledge the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) and its fundamental conventions. We have a long tradition of a mutually trustful partnership with employee representatives. This proven social partnership enables us also to jointly find appropriate solutions for employees affected by change processes. These can range from targeted strengthening of employability to socially acceptable offers for employees to leave the company on a voluntary basis. Social approval for the changes taking place is thus an important component of the transformation toward a low-carbon and more sustainable economy.

Digital Leadership Program

This program, started by E.ON subsidiary Avacon in March 2020, aims to enable the company's 160 senior managers to be successful leaders in an increasingly digital world. It consists of events and courses on topics like digital personas, digital innovation, and an agile mindset.

Employee training
A skilled workforce improves a company's performance. Training enables employees to perform new tasks, adapt to a continually evolving energy industry, and be more aware of issues like safety, compliance, and diversity. For this reason, the "Average training hours per employee" are a core KPI at E.ON. It measures the time employees spend in all formats of formal training (online modules, virtual classroom, and actual classroom). All such training is counted, whether it is voluntary or mandatory and whether it focuses on technical or soft skills.

Responsible lobbying

All of our lobbying activities and dialogue formats comply with national and European laws and guidelines for the representation of corporate interests and responsible lobbying. We have been registered in the EU Transparency Register since 2011. The register contains a list of the organizations and individuals who engage in lobbying at EU institutions as well as the annual financial budget of each organization. It also includes a code of conduct defining principles for ethical and transparent lobbying. By registering we pledge to abide by this code.

E.ON's lobbying positions and activities regarding climate protection are fully aligned with the Paris Agreement. We have reiterated our unambiguous support for the Paris Agreement in public statements and interviews. In March 2022 we released The E.ON Climate Advocacy and Associations Report. It states our positions on climate-related issues, outlines our climate lobbying expectations toward the trade associations in which we are a member, and discloses them. The document therefore not only provides a list of our memberships but also an assessment of the organizations' alignment with the Paris Agreement and with own positions on selected issues relating to climate protection and the energy transformation. Our positions on policy issues are also available at https://www.eon.com/en/about-us/politics.html.

The impact of national energy policies is limited. Now more than ever Europe needs shared approaches and coordinated regulations. E.ON has long advocated a coordinated European energy strategy. In 2022 governments in the EU enacted energy legislation at an unprecedented pace and on an unprecedented scale. E.ON is active in many European markets and has in-depth knowledge of the European context of the energy market. We are actively contributing this know-how to the European energy debate on behalf of our customers.

Summary and outlook

As mentioned at the opening, this paper's purpose is to support and supplement E.ON's annual climate related disclosures and to provide a more detailed overview of E.ON's own transition to carbon neutrality as well as its role in propelling progress toward a net-zero world generally. It also aims to give readers a better understanding of E.ON's annual climate-related facts and figures, to contextualize this information, and to provide more detailed examples of impacts.

The third edition describes in greater detail our climate change actions and our measures to achieve our climate targets. It also includes updates on current developments and initiatives in which we are involved, such as SBTi and the LEAF coalition. Furthermore, this edition provides more information on a number of matters, such as our scenario analysis and carbon management plan. It also describes some of the potential social implications of the energy transition in general and our decarbonization plans in particular along with examples of our efforts to address them as part of our evolving engagement with the idea of a just transition. Finally, it updates and further enlarges our climate-related disclosures. This edition completes the expansion of the document's content. From 2024 onward, we will publish an annual update of the supporting paper at the same time as our Integrated Annual Report.

"We have to start now. We have to cross barriers that up until a couple of years ago, we thought were fixed. We can show that new systems are better and economic."

Franz Völkl, Project Engineer at Bayernwerk Natur GmbH, Germany

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