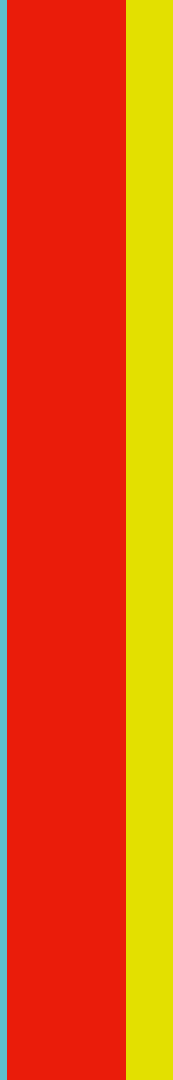




E.ON investor update:

Towards an EU Taxonomy aligned Green Bond Framework

1 March 2021



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E.ON Green Bond Framework presentation



Dr. Marc Spieker
Chief Financial Officer

Member of the Board of Management of E.ON SE,
Member to the EU Platform on Sustainable Finance



Dr. Thomas König
Chief Operating Officer – Networks

Member of the Board of Management of E.ON SE



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E.ON's two core businesses

Energy Networks

-€33bn Regulated Asset Base

Germany €21.9bn

Sweden €3.8bn

CEE & Turkey €7.6bn¹

-74 GW renewables capacity
connected to E.ON networks

-20% of renewable assets in Europe
connected to E.ON networks

Customer Solutions

-53m customers across Europe²

Germany 13.9m

UK 10.5m³

-30% of adj. EBIT⁴ from decentral energy infrastructure

City Energy Solutions
B2B

Net zero is the new normal – E.ON is driving carbon reduction aligned with the Paris Agreement

Global challenges

IPCC¹ long term goal to limit global warming to **1.5°C**

German greenhouse gas emissions to be cut by **55% by 2030²**

Green Deal: The EU will be climate neutral by **2050**

E.ON's contribution

Avoided emissions together with our clients
2019: **>100m tons CO₂**

One out of five renewable assets in Europe³ connected to E.ON's grids

E.ON will be carbon neutral (excl. Scope 3)⁴
by **2040**



E.ON to be climate-neutral by 2040



Climate change is one of this century's biggest challenges. As E.ON, we are part of the solution and we are committed to take action.

We will reduce our **Scope 1 and 2** emissions by **75% by 2030** and by **100 % by 2040** (vs. 2019).

We aim to reduce our **Scope 3** emissions by **50% by 2030** and by **100% by 2050** (vs. 2019).



Climate action: our ambition

March 25, 2020

Climate change is real. We all need to act now.

Climate change and the accelerating increase of greenhouse-gas (GHG) emissions are one of this century's biggest challenges. Since the pre-industrial period, atmospheric CO₂ has risen from about 280 ppm to more than 440 ppm. The air now contains more CO₂ than at any time in the last three million years. Global warming causes extreme weather, including heat waves and a greater risk of floods. Plants and animals are at risk of losing their habitats, endangering many species. Public health will deteriorate in some regions, millions to flee their homes. For all these reasons, systematic and coordinated action is urgently needed.

E.ON: a key enabler

Roughly 75% of global GHG emissions are energy-related. Moreover, the global demand for energy continues to increase, causing GHG emissions to rise even further.

E.ON is focused entirely on the new energy world. We are the partner of choice for solutions that propel the energy transition. We continually make our grids smarter and more flexible to increase the share of clean energy they can carry. And we help households, businesses, and entire cities increase their energy efficiency and produce their own clean energy. By this we avoid more than 100 million tons of CO₂ per year.

We take our responsibility seriously. We enable the energy transition. We've set ambitious climate targets. We call on all societal actors to take action to protect the earth's climate. Because our energy future is green.

We take responsibility

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

We will reduce our **Scope 1 and 2** emissions by **75% by 2030** and by **100% by 2040** (vs. 2019).

We aim to reduce our **Scope 3** emissions by **50% by 2030** and by **100% by 2050** (vs. 2019).

Stronger together

Europe's climate targets can only be achieved through concerted action. We therefore urge our customers, suppliers, and business partners to join us in accelerating the transition to a carbon-neutral 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. Because it's only by working together that we'll be able to take the actions necessary to make the energy world sustainable.

Disclaimer

This document contains forward-looking statements based on current assumptions and forecasts made by E.ON management and other information currently available to E.ON. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future achievement of our goals, commitments or other targets. All commitments, targets and goals are based on the assumption that ambitious national targets reflecting the EU Green Deal are set and sufficient legislative and measures are put in place. Readout for all targets is the year 2019. E.ON carbon footprint of E.ON including energy which will be published in 2020. E.ON does not intend, and does not assume any liability whatsoever. Neither E.ON nor any respective agents of E.ON undertake any obligation to provide the recipient with access to any additional information or to update this presentation or any information or to correct any inaccuracies in any workstream. For further information please visit www.eon.com/sustainability.

E.ON's core businesses with a strong positive impact on SDGs



Impact of our core business

Stable, reliable and **smart networks** enable the energy transition, while **innovative customer solutions** help our customers become carbon neutral.



E.ON's sustainability efforts are well acknowledged – Climate transparency and performance recognized with CDP A List



Rating: AA

Rated on a AAA to CCC scale
High relative performance



ESG Risk Rating: 23.6

Rated on a 0 to 40+ scale
Rank 8 out of 55 in subindustry group



Rating: 61

Scored on a 0 to 100 scale
Rank 19 out of 61 in industry group,
highest performance level ("Advanced")



Rating: C+

Rated on a D- to A+ scale
Decile rank 2 in industry group, high
relative performance

E.ON listed on



A List

**Leadership score
Top 5%**



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One new Green Bond Framework (replacing former E.ON / innogy frameworks)



Green Bond Framework 2019

- XS2047500769
- XS2152899584
- XS2103014291
- XS2047500926
- XS2177580508



Green Bond Framework 2017

- XS1702729275

NEW


Green Bond Framework 2021

- XS2047500769
- XS2152899584
- XS2103014291
- XS2047500926
- XS2177580508
- XS1702729275
- Future green bonds



EU Taxonomy aligned¹



ICMA GBS aligned



**One Framework for all
Green Bonds**



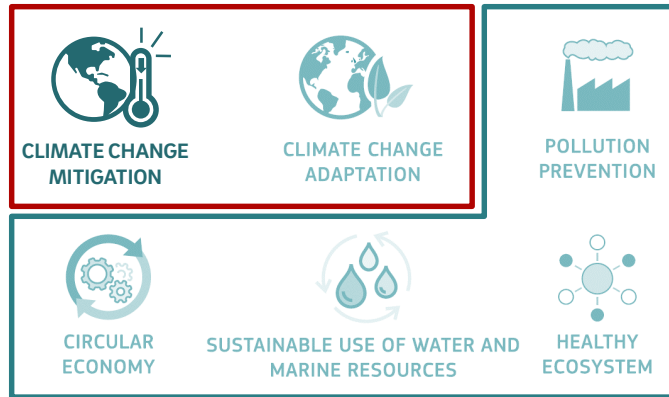
**Uniform & ongoing reporting
for all Green Bonds**

- Allocation reporting
- Impact reporting
- External verification

EU Taxonomy alignment is basis for new Green Bond Framework (ICMA Green Bond Principles alignment confirmed)

EU Taxonomy defines activities contributing to **six environmental objectives**

Draft Delegated Act published



Sustainability hurdle for economic activities

Substantially Contribute to at least one of the environmental objectives



Do No Significant Harm to any of the other environmental objectives



Comply with **Minimum Safeguards**

All **E.ON Green Bond categories** contribute to **climate change mitigation**

Do No Significant Harm (DNSH) criteria and Minimum Safeguards ensured

Do No Significant Harm to other environmental objectives

- **44 DNSH criteria** apply to E.ON's 12 eligible economic activities
- **Detailed check of DNSH criteria** by SPO provider Sustainalytics

Full alignment with all applicable **DNSH criteria**¹



Comply with **Minimum Safeguards**

- Economic activities to be aligned with **OECD Guidelines, UN Guiding Principles** on Business and Human Rights & other relevant guidelines²
- **Review of safeguards by SPO** provider Sustainalytics

Alignment with Minimum Safeguards ensured



¹ DNSH criteria and Minimum Safeguards as in Draft Delegated Act as of November 2020; ² OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights

New Green Bond Framework overview

(Framework structure in line with draft EU Green Bond Standard)

Green assets & CapEx

- Electricity Networks (DSO)
- Renewable Energy
- Energy Efficiency
- Clean Transportation

Process for selection of green assets & CapEx

- All projects directly contribute to, or enable **Climate Change Mitigation**
- Eligible green activities considering IFRS balance sheet values or CapEx
- **DNSH assessment** for all eligible activities
- Eligibility assessment overseen by Green Bond committee, chaired by CFO

Management of use-of-proceeds

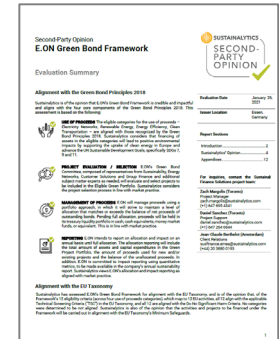
- E.ON will strive to maintain a portfolio matching/ exceeding outstanding green bonds
- Projects will be added on an on-going basis
- Eligible green portfolio monitored by Green Bond Committee

Reporting

- **Annual reporting on net proceeds**
- (Environmental) **impact reporting**
- Reporting in sustainability report (audited¹)



External verification




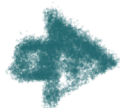
Framework is aligned with the **ICMA Green Bond Principles 2018²**

Detailed assessment of **full EU Taxonomy³ alignment** in SPO

1. limited assurance | 2. <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/> | 3. EU classification system for environmentally sustainable economic activities, draft delegated Act as published in November 2020

Green assets and capital expenditures – supporting the European decarbonization

Electricity Networks (DSO)	Renewable Energy	Energy Efficiency	Clean Transportation
<p>All distribution infrastructure and equipment in the inter-connected European System¹ as EU Taxonomy compliant</p>	<p>Renewable energy production and storage including³</p> <ul style="list-style-type: none"> • Wind power and solar PV • Bioenergy (Biomass, Biogas and Biofuels) • Hydrogen production, storage and distribution 	<p>Integrated on-site business and city energy solutions, including but not limited to:³</p> <ul style="list-style-type: none"> • District heating • Production of heating/cooling from waste heat • Cogeneration of heating/cooling and electricity from bioenergy and geothermal energy 	<p>EV charging stations and supporting infrastructure</p>
<p> Additional assessment on a grid's 'greenness', considering new green grid connections or grid emission factor²</p>			



Green distribution grid activities will continue to be the **core of E.ON's Green Bond Portfolio**

1. E.ON will exclude connections other than wind or solar energy as a proxy for connections of energy production facilities > 100g CO2/kWh
2. >67 % of newly connected generation capacity in the system <100 gCO2e/kWh (rolling five-year period) or average system grid emissions factor <100g CO2e/kWh
3. Considering relevant emissions thresholds and requirements from the EU Taxonomy



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The transition towards a decarbonized energy world happens in the distribution grids

Decentral & **renewable energy** is largely connected to **distribution grids**

>40% of renewables in markets where we operate in are **connected to E.ON networks**

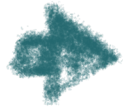
Our distribution networks **enable** the **increasing decarbonization of customer needs**, including the **housing and transport** sectors

We **efficiently manage our existing networks** & apply smart technologies to ensure an **efficient use of resources** and an **affordable energy transition**

Decarbonization varies by country – narrow definition applied for green financing



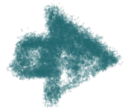
All consolidated **E.ON distribution grids** are part of the interconnected European system¹ and thus **EU Taxonomy compliant**



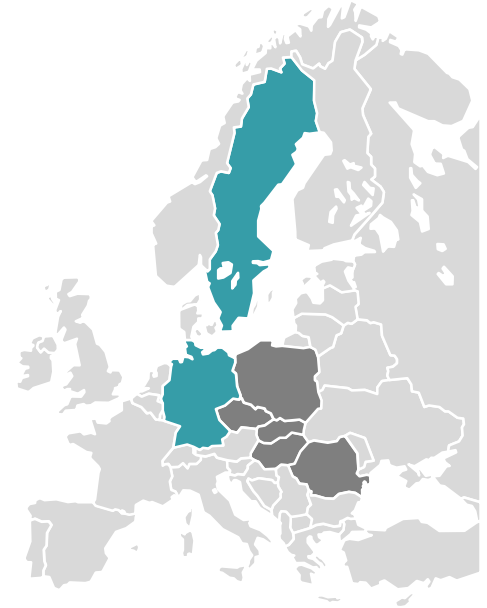
Only distribution grids that comply with **additional assessment** considered **for green financing**

Additional assessment:

- >67% of newly connected generation capacity in the system <100 gCO₂e/kWh (rolling five-year period) or
- average system grid emissions factor <100g CO₂e/kWh



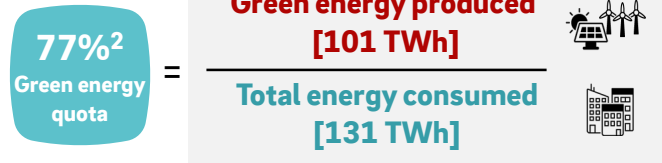
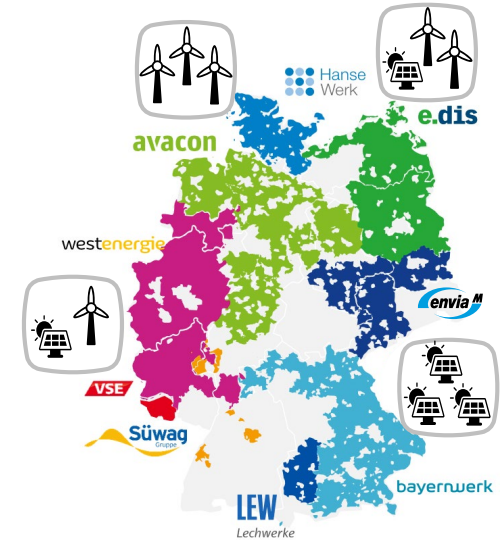
Initially E.ON's German and Swedish distribution grids are considered for green financing



1. E.ON will exclude connections other than wind or solar energy as a proxy for connections of energy production facilities > 100g CO₂/kWh

We enable decarbonization from renewable production to deep electrification of customers

- **>50% of renewables** in Germany connected to E.ON grids
- Substantial **build-out of renewables** – in the northern parts **even above local demand**
- **>67%** of new connections **green in all regions**
- **Increased peak load requirements** from electrification of i.a. **transport or housing**
- **~55k EV charging points¹** connected to E.ON grids in Germany
- Deeper electrification requires **further build-out and smartification of grid infrastructure**



1. FY 2020 forecast; 2. FY 2019

Smartification & resource efficiency go hand-in-hand

- In Sweden the **renewables build out is very well advanced – 4.4GW of renewables** connected only to **E.ON grids**
- We **increase flexibility** in managing our grids through **digitalization and smart innovations** allowing for more **efficient use of resources when expanding out networks**



2nd Generation Smart Meters

- Improved prosumer integration
- Enhanced customer access and analysis options
- Remote control & update possibility
- Increased safety, efficiency and customer integration

SWITCH¹ platform

- Digital marketplace for electricity network capacity
- For a fee, power consumption is reduced or electricity production increased for short periods
- Optimize use of electricity networks and avoid capacity shortages

1. In collaboration with the EU-funded project CoordiNet which also includes, among others, Vattenfall and Svenska kraftnät.

Eco-friendly management of power line corridors contributes to biodiversity and ecosystem protection

Best practice above and beyond legal requirements

- ✓ contributes significantly to **protection of carbon sinks and to SDGs** (e.g. SDG 15 “Life on Land”)
- ✓ ecological corridor management aims at **nature conservation & bird and species protection**
- ✓ high degree of **biodiversity and ecological niches**
- ✓ high level of **acceptance by stakeholders**¹
- ✓ **Security of supply** ensured



Eco-friendly management of power line corridors at Westnetz (GER) established

Double-digit million budget allotted to Europe-wide rollout until 2026

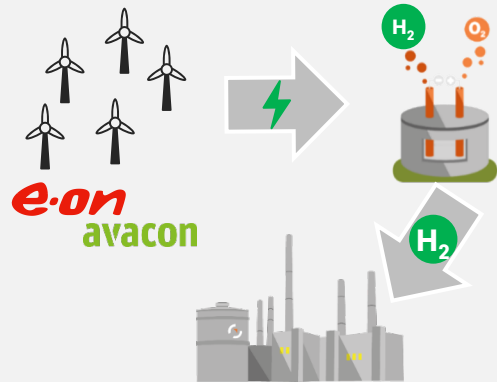
E.ON's power line corridors take up about **70.000 hectares of woodland, i.e. ~100.000 soccer fields.**²

~5 times higher level of biodiversity than in surrounding forests.

E.ON to become **largest private manager of ecologically maintained woodland** in Europe after group-wide roll-out.³

Supporting our customers' decarbonization with renewable energy

Decarbonising steel-production

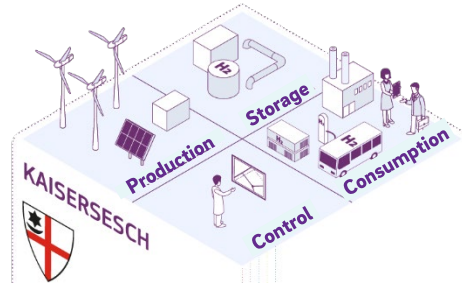


SALZGITTER
FLACHSTAHL
Ein Unternehmen der Salzgitter Gruppe

29.4 MW
installed
power

~€45 million
E.ON invest

SmartQuart Kaiseresch¹



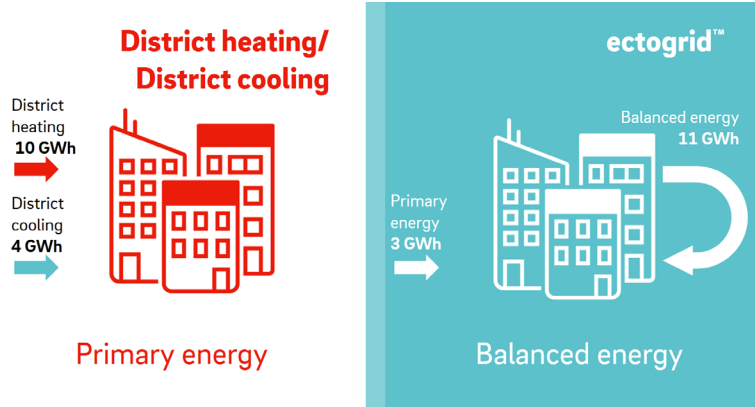
- **Sector coupling** with focus on commercial & industrial application:
- **H₂-based micro-grid**
- **Renewable energy** (wind / PV) for electricity consumption & **H₂ production**
- **H₂ heating / filling station**

Green H₂ grid connection



- **Connection of green hydrogen production² to the existing gas distribution grid**
- Construction of **measurement and compressor facilities** to ensure necessary **availability and safety**

Providing energy efficient solutions to our City and B2B customers



The world's first ectogrid™ – a low temperature heat network with interlinked heat pumps providing all thermal needs

Zero emission energy system – innovative solution for maximum waste heat recovery and efficiency

Medicon Village, Sweden



Summary



- New Framework is **ICMA GBP (2018) & EU Taxonomy aligned** (+ Framework considers draft EU GBS)

- **Narrow definition of eligible projects**



- ~€2-4 bn funding needs p.a. and going forward **>50% Green Bonds**