1. Introduction

E.ON is a European energy company with registered office in Essen, Germany. It has revenues of around €38 billion (FY 2017), more than 42,000 employees and has currently activities in 8 countries across Europe. As an energy company, E.ON has an important role to play in climate protection. From 2016 onwards - after transferring its conventional power generation activities to Uniper - E.ON has been focusing on the business areas Energy Networks, Customer Solutions and Renewables, having a clear focus on the new energy world.

After having spun-off its upstream, global commodities and conventional power generation businesses to Uniper in 2016, in March 2018, E.ON and RWE signed a transaction agreement creating two focused European energy companies headquartered in Germany. E.ON will receive innogy’s grid- and customer solutions businesses and thus will be transformed into a highly focused provider of European energy networks and state-of-the-art customer solutions, ideally positioned to drive Europe’s energy transition by innovation.
2. E.ON’s approach to Sustainability: Creating the energy world of the future

The energy world is steadily becoming more distributed, digital, and decarbonised. And that means: more sustainable. E.ON’s core businesses – energy networks and customer solutions – are making it happen. E.ON’s grids are getting smarter all the time, which enables them to integrate more renewable energy while remaining reliable. E.ON’s innovative solutions help customers of all sizes – from families and small businesses to large manufacturers and entire cities – to use energy more efficiently, produce their own renewable energy, and thus reduce their carbon footprint. Each of our core businesses is about improving people’s lives and creating a better tomorrow.

The most important players in tomorrow’s energy world will be customers. They will want sustainable homes, businesses, cars, and cities. They will want efficient, affordable solutions that make them more autonomous. As a result, tomorrow’s energy world will become increasingly electric, green, distributed, and partnership-based. E.ON was the first big European energy company to dedicate its entire business to supporting the energy transition.

A consistently sustainable orientation is therefore firmly anchored in E.ON’s business strategy. The relevance of the sustainability topic has continuously helped E.ON to develop and improve over time: opening new business areas, making it stronger for the future, becoming even more sustainable in all the relevant areas of operation. Thanks to its solutions, E.ON estimates that its industrial and commercial customers save between 20 to 40% of their energy consumption on average. As of today, 3.4m of smart meters have been installed and form the basis of numerous digital energy management solutions. By 2026, more than 14 million meters will be installed. E.ON is contributing to security of electricity supply and helping to shape the future market of e-mobility through expansion of the charging network.

To promote transparency and comparability, E.ON aligned its sustainability strategies to the United Nations’ Sustainable Development Goals (SDGs). E.ON’s sustainability strategy, which has been defined in 2016, remains unchanged. Aligning it to the SDGs only affects how it is presented and the improvements that have been achieved. In June 2018 E.ON’s Management Board underscored the importance of the SDGs by issuing a self-commitment. The statement emphasises E.ON’s role in tackling climate change (goal 13). E.ON’s sustainability strategy, provides a common framework for the sustainability activities across the company. It articulates how the business activities and company policies support the SDGs, in particular SDG 7 (affordable and clean energy), 11 (sustainable cities and communities), and 13 (climate action). In short, it explains that E.ON’s primary mission is to provide solutions that decarbonise the energy world, improve people’s lives, and create a better tomorrow.

For years, E.ON has scored well in key sustainability ratings and rankings, as for example the Sustainalytics ESG Rating with a leader position and medium risk in the ESG risk report. It is included in key sustainable indexes such as “Euronext Vigeo – Eurozone 120” and the “Euronext Vigeo – Europe 120”. E.ON also regularly receives external recognition for its sustainability activities – both regional projects and those with a wider focus.

E.ON is convinced that Green Bonds are an effective tool to channel investments to projects that have demonstrated climate benefits and thereby contribute to the achievement of the SDGs. E.ON has the ambition to issue Green Bonds to finance and / or refinance projects related to Renewable Energy, Energy Efficiency and Clean Transportation which fits perfectly to E.ON’s core businesses and Sustainability strategy.
3. The E.ON Green Bond Framework

In line with E.ON’s objective of providing a sustainable and secure supply of electricity to society, E.ON has established this Green Bond Framework under which the Group intends to issue Green Bonds to finance or refinance projects promoting environmental progress.

The ICMA Green Bond Principles\(^1\) are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of green financing instruments. The E.ON Green Bond Framework follows the ICMA Green Bond Principles (GBP) 2018 edition, which provides guidelines in the form of four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

For each Green Bond issued, E.ON asserts that it will adopt (1) Use of Proceeds (2) Process for Project Evaluation and Selection (3) Management of Proceeds, (4) Reporting, as set out in this Framework. The E.ON Green Bond Framework also follows the recommendations of the Green Bond Principles regarding External Review.

Future changes in the Green Bond Standards may be implemented in future versions of this Green Bond Framework. Any future updated version of this framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external consultant.

**Use of Proceeds**

The net proceeds of Green Bonds will be exclusively used to finance and / or refinance in whole or in part eligible projects (“Eligible Green Projects”), including related partnerships and joint ventures, in the following eligible categories, together forming the “Eligible Green Project Portfolio”.

\(^1\) https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/
<table>
<thead>
<tr>
<th>ICMA GBP Category</th>
<th>Eligible Green Projects</th>
<th>Eligibility to Green Bond</th>
<th>UN SDGs</th>
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<tbody>
<tr>
<td>Renewable Energy</td>
<td>- Investments and / or expenditures to directly connect renewable energy production and storage units to the grid(^2) (including powerlines and related infrastructure such as substations)&lt;br&gt;- Investments in or expenditures for the acquisition, conception, construction, development and installation as well as re-powering of renewable energy production and storage units (including wind, solar (PV), biomass / biomethane(^3) and power-to-x(^4))</td>
<td>100%</td>
<td>7.2 By 2030, substantially increase the share of renewable energy in the global energy mix&lt;br&gt;13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>- Investments for energy efficient replacements in the grid including investments and / or expenditures to increase the flexibility and technical availability of the grid in the context of fluctuating feed-in of renewables incl. Energiewende / smart grid investments, investments to decrease / minimize grid losses and energy efficient street lighting with LED&lt;br&gt;- Smart meters&lt;br&gt;- Integrated on-site business and city energy solutions: Efficient and sustainable power, heating and cooling generation comprising combined heat and power (CHP), district heating incl. energy from waste and excess heat utilization, small-scale and / or heat-generating only geothermal and / or geothermal combined with other renewable technologies, solarthermal, power-to-heat, biomass / biomethane and storage, excluding fossil fuels upon project completion, and LED lighting</td>
<td>Applying the renewable energy feed-in ratio(^2) of E.ON's fully consolidated grid business</td>
<td>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</td>
</tr>
<tr>
<td>Clean Transportation</td>
<td>- Investments in development and construction of electric vehicle charging stations and related infrastructure</td>
<td>100%</td>
<td>11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</td>
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</tbody>
</table>

\(^2\) In terms of renewable energy and energy efficiency grid projects renewable energy refers to energy from wind, solar (PV), biomass/ biomethane, landfill and sewage gas, hydro and power-to-x\(^4\)

\(^3\) Biomass / fuel that is derived from sources of high biodiversity, that competes with food sources or that depletes carbon pools is excluded.

\(^4\) Power-to-x refers to various technologies for storage or other use of surplus electricity in times of oversupply from volatile renewable energies infeed such as solar energy, wind energy and hydropower. Power-to-x technologies enable sector coupling and reduce curtailment of renewable energies increasing the share of renewables in the energy mix

\(^5\) The feed-in ratio is defined as energy feed-in from renewables / all decentral energy feed-in of E.ON's fully consolidated grid businesses
Process for Project Evaluation and Selection

Projects financed and/or refinanced through the Green Bond proceeds under this framework are evaluated and selected based on compliance with the Green Bond Eligibility Criteria, aligned with E.ON’s strategic sustainability objectives and in compliance with applicable national, European and international environmental and social standards and regulations, to ensure a stringent management of any potential negative environmental and social impacts. Project selection also complies with all E.ON’s internal policies and guidelines such as:

- Biomass Purchasing Amendment to the E.ON Responsible Procurement Policy
- E.ON Health, Safety, Environment & Climate Protection Policy Statement
- E.ON Supplier Code of Conduct
- Health, Safety, Environment Minimum Requirements for Partner Companies / Contractors
- E.ON’s ESG-related function policies and people guidelines

A core team (“the E.ON Green Bond Committee”) will assess project eligibility and allocation of proceeds to Eligible Green Projects. The Green Bond Committee comprises representatives of Sustainability, Energy Networks, Customer Solutions and Group Finance and other parties to be nominated as subject matter experts.

The Green Bond Committee monitors the Eligible Green Project Portfolio and is also responsible for:

- Excluding projects that no longer comply with the Eligibility Criteria or have been disposed of, and replacing them on a best efforts basis
- As green bonds mature, removing the oldest projects for an equivalent investment amount, to ensure that green bonds continue to fund new projects

E.ON ensures that the initial Eligible Green Project Portfolio will not be older than three years.

The E.ON Green Bond Committee meets at least on an annual basis.

E.ON’s sustainability guidelines and policies define the framework and minimum standards for the business processes, including those financed with the proceeds of Green Bonds issued under this Green Bond Framework. E.ON also applies risk management measures in its capital allocation decisions which are supported by a company-wide planning, reporting and controlling system. E.ON’s approach to environmental, social and sustainability is described on our website: https://www.eon.com/en/about-us/sustainability.html

Management of Proceeds

E.ON intends to allocate the proceeds from the Green Bonds to an Eligible Green Project Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above. These projects consist of new and/or existing projects.

E.ON will strive to maintain a level of allocation for the Eligible Green Project Portfolio which, after adjustments for intervening circumstances including, but not limited to, divestments, matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Additional Eligible Green Projects will be added to the Issuer’s Eligible Green

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Project Portfolio to the extent required to ensure that an amount equal to the net proceeds from outstanding Green Bonds will be allocated to Eligible Green Projects until the maturity of the Bonds.

Pending the full allocation to the Eligible Project Portfolio, E.ON will hold and / or invest the balance of net proceeds not yet allocated, at its own discretion, in its treasury liquidity portfolio (in cash or cash equivalents, money market funds, etc).

Report

The Green Bond Principles (GBP) require Green Bond issuers to provide information on the allocation of proceeds and recommend communicating on the expected impact of the projects.

E.ON will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Project Portfolio and wherever feasible reporting on the impact of the Eligible Green Project Portfolio, at least at the category level, after a year from the issuance of the applicable Green Bonds to be renewed annually until full allocation of the Green Bond net proceeds. Any material developments, such as modification of the Framework or allocation portfolio, will be reported in a timely manner.

E.ON intends to provide aggregated reporting for all of E.ON’s Green Bonds and other potential green financings outstanding.

Reports will be available at: www.eon.com/greenbond

a) Allocation Reporting

The allocation report will provide:
- the total amount of investments and expenditures in the Eligible Green Projects Portfolio;
- the amount and / or percentage of new and existing projects\(^{12}\) (share of financing and refinancing)
- The year of investment / disbursement
- the balance of unallocated proceeds.

b) Impact Reporting

Where feasible, E.ON intends to report on the environmental impacts of the projects funded with the Green Bond proceeds, by way of its existing Sustainability Report, and /or specific impact reports. A list of potential indicators is included in Appendix A. These may be supplemented by qualitative and / or case-study reports on outcomes and impacts of the projects funded. Where relevant, information may be provided on data reporting and impact assessment methodologies, to increase transparency.

E.ON intends to align, on a best effort basis, the reporting with the portfolio approach described in “Green Bonds - working towards a Harmonized Framework for Impact Reporting (December 2015)\(^{13}\).”

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\(^{12}\) New projects refer to the projects that have been disbursed in the year of the issuance

\(^{13}\) https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/20151202-0530-FINALRevised-Proposal2.pdf
4. External Review

This E.ON Green Bond Framework has been reviewed by Sustainalytics. The Second Party Opinion prepared by Sustainalytics as well as the Green Bond Framework will be made available to the Green Bond investors on www.eon.com/greenbond. Moreover, E.ON will seek to obtain a limited assurance report from an independent auditor, which will be issued annually until all the proceeds of the bonds have been allocated, confirming that an amount equal to the net proceeds of the bonds has been allocated in compliance with all material respects of the Eligible Green Projects criteria set forth in the Green Bond Framework.
## 5. APPENDIX A

### Table of potential output and impact indicators per category

<table>
<thead>
<tr>
<th>Eligible Green bond Category</th>
<th>Potential impact indicators</th>
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</table>
| **Renewable Energy**        | • Capacity and production of renewable energy connected in the grid or generated (in MW)  
                               • Added Renewables Capacity (vs previous year) MW  
                               • Estimated annual CO2 emissions avoided (in tCO2 and in TCO2eq.), direct and indirect impact |
| **Energy Efficiency**        | • Smart grid components installed (such as smart meters, smart stations) (in meters)  
                               • Estimate of annual energy consumption savings by clients, indirect impact  
                               • Estimated percentage of energy efficiency achieved  
                               • Estimated annual CO2 emissions avoided (in tCO2), direct and indirect impact |
| **Clean Transportation**     | • Number of EV’s charging points (#) |
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