

E.ON

Detailed assessment of E.ON’s corporate industry association review

June 2022

This document outlines a detailed breakdown of InfluenceMap’s assessment of the company’s corporate disclosure on industry association climate policy engagement, using the traffic-light assessment framework summarized below. Further detail on the assessment methodology is available in the Appendix, and on our CA100+ Investor Hub [here](#).

Key	Explanation
	Has broadly met investor expectations in this area.
	Has made some progress on investor expectations in this area, but with significant deficiencies.
	Has fallen short of investor expectations in this area.

A summary of E.ON’s disclosures on industry associations is shown below. E.ON has undertaken one review of its industry associations to date. The Review Score represents InfluenceMap’s overall assessment of the quality of the company’s industry association review process, where 100 would indicate that a company has met investor expectations for all criteria related to the review process.

Date of Review	Review Score
March 2022	36 / 100

This assessment focuses solely on E.ON’s disclosure on industry associations and climate policy engagement, which can be [found here](#). This assessment does not include an analysis of the company’s direct climate policy engagement, which can be found on InfluenceMap’s online profile of E.ON [here](#).

Applying the traffic-light framework outlined above, the table below summarizes the company’s performance under the seven indicators which form InfluenceMap’s assessment. A more detailed breakdown, along with examples of best practice evidenced by other companies to date, can be found on the following page.

Disclosure & Transparency	Policy Alignment Process
Corporate climate positions	Identify & Assess
Industry group climate positions	Monitor & Review
Alignment assessment method	Act
Framework for misalignment	

E.ON's Company Scorecard

The tables below highlight, for each indicator, the criteria for companies to meet investor expectations, E.ON's assessment, and examples of better practice by companies to date.

While InfluenceMap did not find an example of best practice across the entire industry association review process, some companies have demonstrated better practice under specific metrics under the 'Disclosure & Transparency' and 'Policy Alignment Process' assessments.

Disclosure & Transparency

Corporate climate policy positions and influencing activities

To meet investor expectations under this indicator: The company has to disclose a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates.

<p>E.ON</p>	<p>E.ON has disclosed some details of its climate policy positions and influencing activities in its industry association review. The company disclosed its position on the EU Fit-for-55 Package, the EU's sustainable finance strategy, and the EU Emissions Trading Scheme (ETS).</p> <p>E.ON also provided a link to the 'Political Dialogue' webpage on its corporate website, in which the company expands on some of its climate-related policy positions. The page includes links to pages on the energy transition, the EU Fit-for-55 Package, European energy policy, and German energy policy. Within these, E.ON discloses its position on a range of predominantly EU-based policies, including: EU ETS reforms; Renewable Energy Directive (RED III); Energy Efficiency Directive (EED); Energy Taxation Directive (ETD); Alternative Fuels Infrastructure Regulation (AFIR); Carbon Border Adjustment Mechanism (CBAM). The company provides links to its consultation responses to some of these policies.</p> <p>However, E.ON does not appear to disclose all of its positions on policies material to its operations. For example, in a September 2021 Financial Times article, E.ON UK CEO Michael Lewis <i>advocated</i> for the removal of the Green Levy on UK consumer energy bills, which is designed to boost renewable energy in the UK energy system. Additionally, E.ON CEO Leonhard Birnbaum <i>supported</i> the weakening of the EU's Sustainable Finance Taxonomy in a January 2022 Reuters article, wherein he stated support for higher electricity generation thresholds in the EU Taxonomy, to enable fossil gas to be included. Neither of these are covered in E.ON's disclosures.</p>
<p>Best Practice</p>	<p><i>Shell</i> has disclosed case studies of its direct climate policy engagement in the EU and US. These case studies include Shell's positions on, and engagement with, specific items of EU and US regulation and legislation. The 2022 review also includes clear references to additional resources on Shell's corporate website, including advocacy updates on specific government policy consultations and links to public submissions via the EU Transparency Register and the US Lobbying Disclosure Act.</p>

Industry association climate policy positions and influencing activities

To meet investor expectations under this indicator: The company has to disclose a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.

<p>E.ON</p>	<p>E.ON's disclosure of its industry associations' climate policy positions is limited. Its review provides insights into its associations' alignment with the Paris Agreement, EU Fit-for-55 package, sustainable finance, and carbon pricing. However, these are largely limited to top-line positions on climate change policy, with the exception of the associations' degree of alignment with the Fit-for-55 package. E.ON does not disclose its industry associations' positions on any other specific items of climate-related regulation or legislation. As such, E.ON appears to overlook examples of detailed negative climate policy engagement by its key industry associations (e.g. Eurogas).</p>
<p>Best Practice</p>	<p>No companies have met investor expectations in this area, although <i>BASF</i> and <i>Shell</i> exhibit current leading practice. Both companies have disclosed a detailed account of all key industry associations' climate policy positions, and a summary of their influencing activities. However, they appear to overlook detailed negative lobbying by a number of industry associations identified by InfluenceMap's database.</p>

Alignment assessment method

To meet investor expectations under this indicator: The company has to: (1) disclose a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently apply this framework across *all* industry associations; and (3) provide a clear and detailed explanation behind each evaluation.

<p>E.ON</p>	<p>E.ON has disclosed a framework for assessing the alignment of its industry associations. The company details four principles against which it assessed alignment, which include: endorsement of the Paris Agreement; support for EU climate ambitions including the Fit-for-55 package; support for sustainable finance; and support for carbon pricing. The company assessed each industry association's positions on these four policy areas, and disclosed their assessment against each criteria in a table. However, E.ON does not provide an overall evaluation for each industry association - while it assesses their degree of alignment with its four policy criteria independently, the company does not appear to come to a conclusion on the overall degree of alignment of its industry associations. This makes it difficult to assess which associations are aligned, partially aligned, or misaligned with the Paris Agreement.</p>
<p>Best Practice</p>	<p><i>BASF</i> has also disclosed a clear explanation of its alignment assessment method along with a clear and detailed explanation of how it has been applied to each industry association. The company also provided specific alignment indicators for EU climate policy such as the EU ETS to assess the alignment of key European industry associations.</p>

Framework for addressing misalignment

To meet investor expectations under this indicator: The company must disclose a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.

<p>E.ON</p>	<p>E.ON discloses a framework for addressing misalignments with its industry associations. E.ON states that, for those industry associations that it finds to be misaligned with its climate policy principles, the company will enter into dialogue with the associations and address their reasons for misalignment. E.ON also states it will attempt to scrutinize the possibility to rework the industry association's positions, and present the company's reasons for its positions on climate-related issues and try to influence the association to reconsider. Should the association continue to take a misaligned position, E.ON disclosed that it will consider discontinuing their membership with the association. However, the company does not provide clear deadlines for industry associations that do not amend misaligned practices.</p>
<p>Best Practice</p>	<p><i>BHP</i> has disclosed clear and detailed steps for addressing potential misalignment, including an escalation strategy and clear timelines attached. The company states it will communicate material differences, request that the industry association develop a position or refrain from advocacy in certain areas, and review the membership if there has been no action within 12 months.</p>

Policy Alignment Process

Identify & Assess	
<p>To meet investor expectations under this indicator: The company has to identify all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.</p>	
<p>E.ON</p>	<p>E.ON assessed 56 industry associations, and identified five cases of misalignment within three industry associations: the Association of Hungarian District Heating Enterprises (MaTáSzSz), PTPIREE, and the Hungarian Power Cogeneration Association (COGEN Hungary). InfluenceMap does not currently cover these industry associations in its database. It is unclear how many associations E.ON found to be 'Aligned', 'Partially aligned', or 'No position'.</p> <p>InfluenceMap analysis indicates that the company likely has four memberships to industry associations with climate policy engagement potentially misaligned with the Paris Agreement (<i>Eurogas</i>, <i>European Round Table for Industry (ERT)</i>, <i>Hydrogen Europe</i>, <i>Confederation of British Industry</i>). E.ON did not include Hydrogen Europe, the European Round Table for Industry, or the Confederation of British Industry in its industry association review. InfluenceMap analysis finds that these associations have engaged negatively on climate-related policies, for example:</p> <ul style="list-style-type: none"> ■ Eurogas: In a February 2022 Euractiv article, Eurogas President Didier Holleaux <i>appeared unsupportive</i> of measures in the EU Methane Regulation regarding imported fossil gas, warning against placing new rules on gas importers during an energy crisis in relation to the Ukraine-Russia conflict. Eurogas also appeared to support <i>weakening</i> the EU Commission's proposal for the Sustainable Finance Taxonomy by including fossil gas in a January 2022 joint statement on gas-based generation in the EU Taxonomy. ■ European Round Table for Industry (ERT): In a May 2022 ERT statement on EU energy policy, the association <i>advocated for</i> the EU Emissions Trading Scheme (ETS) to be reviewed due to the threat of investment leakage. The ERT also <i>called for</i> the EU Carbon Border Adjustment Mechanism (CBAM) to be reviewed in the same statement, referencing increased carbon leakage risks. Additionally, while the association advocated for the EU to reduce its demand for gas in the statement, the ERT also <i>supported</i> increased fossil gas production and infrastructure. ■ Hydrogen Europe: The EUObserver reported in June 2021 that Hydrogen Europe directly advocated to the EU Commission President Ursula von der Leyen and Vice President Frans Timmermans to <i>weaken</i> the EU's Renewable Energy Directive (RED) to enable loopholes for hydrogen produced by fossil fuels. Furthermore, in a February 2022 Recharge News report, Hydrogen Europe CEO Jorgo Chazimarkakis <i>did not support</i> the additionality principle within the Delegated Act on renewable fuels of non-biological origin (RFNBO) within the RED revision.
<p>Best Practice</p>	<p><i>Enel</i> is the only company to meet investor expectations in this area, identifying all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's database, although the company does not disclose additional details of why they are not fully aligned. InfluenceMap analysis indicates that most companies have missed key cases of misalignment with industry associations lobbying counter to the goals of the Paris Agreement.</p>

Monitor & Review

To meet investor expectations under this indicator: The company has to publish a review of industry associations on an annual basis, commit to do so at least once a year, or commit to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company's alignment and engagement with the industry association concerning these activities.

E.ON	E.ON committed to regularly publishing an updated version of its industry association review, and to continuously reviewing its alignment with its stakeholders. However, the company does not commit to annually publishing a review, or to disclosing regular updates on its alignment process. The company has published one review to date.
Best Practice	<i>Shell</i> publishes detailed assessments of its industry association memberships at two-year intervals, with detailed updates on misaligned industry associations each year. Shell has published two full reviews of its industry associations (2019, 2021) and two review updates (2020, 2022). The review updates include actions taken within each industry association, key changes to the associations' climate positions, and detailed next steps. Shell has committed to publish its next update in 2023.

Act

To meet investor expectations under this indicator: The company has to show evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap's *database* on corporate lobbying. The investor expectations outlined by *PRI*, *IIGCC* and *Ceres* include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

E.ON	E.ON has shown no evidence of action to address specific cases of misalignment with its industry associations. E.ON does not appear to have addressed key cases of potential misalignment with the Paris Agreement identified by InfluenceMap's database (see Identify & Assess).
Best Practice	No companies have met investor expectations in this area by showing evidence of action to address all cases of misalignment identified by InfluenceMap's database, although some companies have made more progress. <i>Total</i> announced in January 2021 that it had decided not to renew its membership to the American Petroleum Institute due to divergences on climate positions. <i>BHP</i> suspended its membership to Queensland Resources Council in 2020 following its 'Vote Greens Last' advertising campaign and outlined detailed actions to be taken at four "partly aligned" industry associations. <i>Chevron</i> has not left any industry associations but has disclosed its engagement on specific climate change policy issues with seven industry associations, including details of the results of this engagement. Similarly, <i>General Motors</i> has disclosed that it has not financially contributed to advocacy campaigns against the Build Back Better Act by the Business Roundtable and US Chamber, and has publicly advocated a supportive position to ensure its stance is differentiated from them.

Appendix A: Methodologies for Assessment

Scoring Disclosures and Policy-Alignment

Key	Explanation
	Has broadly met investor expectations in this area.
	Has made some progress on investor expectations in this area, but with significant deficiencies.
	Has fallen short of investor expectations in this area.

Assessing Disclosures

Since BHP's 2017 industry association review, around 60 major global corporates have delivered similar, specific disclosures on their industry association links in response to investor pressure. This positive momentum is undermined, however, if the resulting disclosures are of poor quality.

In its *'Investor Expectations on Corporate Climate Lobbying'* report, the PRI highlights the need for disclosure on the company's positions and activities on climate change policy engagement, as well as the positions and activities of the industry groups it supports. The PRI further requests information on the governance processes and actions taken to ensure alignment between these activities and the company's stated climate goals. *IIGCC* and *Ceres* articulate similar expectations, also requiring companies to disclose a material impact assessment of lobbying by an organization that opposes their public position. InfluenceMap uses the following assessment criteria to test the clarity, accuracy and scope of information provided by companies against four key issues.

Disclosure Item	Score	InfluenceMap's Assessment Criteria
Corporate climate policy positions and influencing activities		The company has disclosed a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates.
		The company has disclosed a breakdown of its own climate policy positions and influencing activities. However, the company's description of its positions and policy engagement activities on specific items of regulation and legislation lacks detail, and/or the company has not disclosed its position and engagement activities on key items of regulation and legislation which are material to its operations, business sector, and/or the region(s) in which it operates.

		The company has made no attempt to disclose its climate policy positions and influencing activities, or the company's disclosure is limited to a brief overview of its 'top-line' climate statements and operational commitments without reference to specific items of regulation and legislation.
Industry association climate policy positions and influencing activities		The company has disclosed a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.
		The company has disclosed an account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, beyond 'top-line' statements. However, the disclosure lacks detail on positions and policy engagement activities on specific items of regulation and legislation, and/or does not disclose evidence of negative climate lobbying by one or more of its industry associations.
		The company has not disclosed the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, and/or the company's disclosure is limited to a brief overview of 'top-line' climate statements without reference to specific items of regulation and legislation.
Alignment assessment method		The company has: (1) disclosed a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently applied this framework across <i>all</i> industry associations; and (3) provided a clear and detailed explanation behind each evaluation.
		The company has disclosed a framework for assessing alignment with its industry associations but the disclosure lacks detail regarding <i>one</i> of the above steps (1-3).
		The company has not disclosed a framework for assessing alignment with industry associations, or it has disclosed a framework but the disclosure lacks detail regarding <i>more than one</i> of the above steps (1-3).
Framework for addressing misalignment		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.
		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps, but there is no clear deadlines for industry associations which do not amend misaligned practices
		The company has not disclosed a framework for addressing misalignments with its industry associations, or the company has disclosed a framework but the steps are ambiguous and lack sufficient detail.

Assessing Policy Alignment Process

As well as transparent disclosures on industry group links and lobbying activities, the investor expectations communicated by IIGCC, CERES and the UN PRI also set out the need for robust processes to ensure alignment between the company's stated policy positions and the positions and lobbying activities of their industry groups. These processes consist of the following three elements:

Alignment Process	Score	InfluenceMap's Assessment Criteria
Identify & Assess	Green	The company has identified all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.
	Yellow	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss up to three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
	Red	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss one case of misalignment (industry associations with Organization Scores 0-50) or more than three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
Monitor & Review	Green	The company has published a review of industry associations on an annual basis, has committed to do so at least once a year, or is/has committed to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company's alignment and engagement with the industry association concerning these activities.
	Yellow	The company has committed to publish an update to its review of industry associations but not an annual basis or not specified a timeframe.
	Red	The company has not committed to any follow-up processes as part of its review of industry associations.
Act	Green	The company has shown evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap's <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
	Yellow	The company has shown some evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, but has not addressed key cases of misalignment or "potential" misalignment identified by InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75 in InfluenceMap's database. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
	Red	The company has shown no or limited evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, missing key cases of misalignment or potential misalignment identified in InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Action will be scored under this category if it does not include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

To assist this assessment, InfluenceMap will be applying its database on corporate and industry group climate change lobbying. This tracks in real-time the detailed climate policy lobbying of around 400 companies and 175 industry associations globally, allowing like-for-like comparisons of organizations' positions on climate policy that are compared to a benchmark of Paris-aligned climate policy. This system can track the evolution of corporate and industry group climate lobbying positions over time.