‘GREEN’ MULTINATIONALS EXPOSED

E.ON

HEADQUARTERS

Essen, Germany

MAIN SHAREHOLDERS[1]

- RWE AG — 15.00%
- Canada Pension Plan Investment Board — 7.86%
- Norges Bank Investment Management — 1.67%
- DWS Investment GmbH — 1.66%
- Capital Research & Management Co. (Global Investors) — 1.62%
- E.ON SE — 1.17%
- Capital International Ltd — 1.03%
- The Vanguard Group, Inc. — 0.91%
- Massachusetts Financial Services Co. — 0.61%
- Capital Research & Management Co. (World Investors) — 0.59%

PROFITS

- US$2.86 billion in 2022
- US$13.68 billion between 2016 and 2022

TOP SALARIES AND BONUSES

US$2.28 million for CEO Leonhard Birnbaum (2022)[2]

DIVIDEND PAY-OUTS AND SHARE BUYBACKS

- US$1.40 billion in dividend payouts in 2022; US$7.88 billion between 2016 and 2022
- US$0.01 billion in share buybacks in 2022; -US$0.52 billion in share buybacks between 2016 and 2022[3]

RENEWABLE GENERATION

20.90 GW, including biomass, as of 2022[4]

	2022	2021	2020	2019	2018	2017	2016
NET PROFIT (€ BILLION)	2.73	2.50	1.64	1.54	1.51	1.43	0.90
NET PROFIT (US$ BILLION)	2.86	2.95	1.87	1.72	1.78	1.54	0.96
DIVIDENDS (€ BILLION)	1.33	1.28	1.23	1.20	0.93	0.65	0.41
DIVIDENDS (US$ BILLION)	0.07	0.00	0.00	0.60	0.73	0.57	0.69
SHARE BUYBACKS (€ BILLION)	No data	No data	No data	No data	No data	No data	No data
SHARE BUYBACKS (US$ BILLION)	− 0.01	0.58	− 2.73	− 0.38	0.01	1.54	0.48

* Exchange rate based on IRS annual values: https://www.irs.gov/individuals/international-taxpayers/yearly-average-currency-exchange-rates

E.ON was established in 2000 by the merger of VEBA (Vereinigte Elektrizitäts und Bergwerks Aktiengesellschaft) and VIAG (Vereinigte Industrie-Unternehmungen Aktiengesellschaft) — two major German utilities.[6] Both VEBA and VIAG were founded in the 1920s and have been primarily state owned for much of their history.[7] Historically, VEBA played a major role in mining coal and fossil fuel power generation.[8] E.ON continued this tradition in 2002 by buying up the assets of Powergen, which owned several major UK fossil fuel plants such as the 2,000 megawatt Ratcliffe-on-Soar power station and the 1,380 megawatt Connah's Quay power plant.[9] In 2003, E.ON acquired the assets of Ruhrgas,[10] a German company that pioneered the supply of gas from the Soviet Union (later Russia). E.ON was fined a record €553 million in 2009 for a secret agreement made between Ruhrgas and GDF Suez in 1975 — an agreement stipulating that these firms would not compete against each other in the sale of gas transported by the MEGAL pipeline across southern Germany.[11]

In recent years, however, E.ON has rebranded itself to focus on renewables and power distribution.[12] In order to achieve this, **in 2016, E.ON spun off its fossil fuel power generation business into a new company named Uniper**[13] **(a 2020 Sky News investigation found that Uniper was the third largest producer of carbon emissions in the UK).**[14] A couple of years later, E.ON began the acquisition of Innogy, the renewable energy division of German multinational RWE, to expand its renewable energy portfolio.[15] In 2022, the German government decided to buy Uniper,[16] which presents the German public with the opportunity to demand that their government urgently wind down its fossil fuel operations. Today, E.ON is the second largest supplier of electricity in the UK and ranks in the top four suppliers of electricity in Germany.[17]

E.ON helped build and operate the 4 megawatt Blyth offshore wind farm off the Northumberland coast in 2000, the UK's first offshore wind farm.[18] E.ON was also a partner in developing the 60 megawatt Alpha Ventus offshore wind park in the North Sea, 45 kilometres north of the German island of Borkum. This is Germany's first offshore wind farm, and began operations in August 2009.[19]

Since then, E.ON has developed a number of offshore wind power projects by taking advantage of the UK government's Renewables Obligation scheme, which was authorised under the Utilities Act 2000.[20] This scheme helped finance the construction of the 630 megawatt London Array off the Kent coast, which was the world's largest operational offshore wind farm when it was completed in 2013.[21] (E.ON had a 20 per cent share in the London Array, later revised to 30 per cent.) [22] The Renewable Energy Foundation, an anti-wind farm group, claims that the price guarantees resulted in the London Array receiving a £285 million 'subsidy' in 2020 alone.[23]

E.ON also benefited from a similar scheme in Germany called 'einspeisetarif' (feed-in tariffs), instituted in 2000 under the Renewable Energy Sources Act.[24] This guaranteed a fixed price for renewable energy production over a given period of time, typically two decades.[25] The subsidy was paid for by a surcharge on electricity consumers, which amounted to €24 billion in extra income for all energy suppliers in Germany in 2020.[26]

Likewise, in the United States, E.ON has developed a number of wind farms in Texas in return for over an estimated US$784 million in subsidies (largely in the form of tax credits) from the US government over the last 20 years.[27] This scheme helped E.ON pay for the 781.5 megawatt Roscoe wind farm, the 458 megawatt Panther Creek wind farm and the 180 megawatt Papalote Creek wind farm.[28]

In 2009, E.ON was accused of greenwashing for claiming that it was using an 'integrated' technology approach after installing a few solar panels on top of the Ratcliffe-on-Soar coal-fired power station in Nottinghamshire, England.[29] The panels were estimated to have saved 6.3 tonnes of CO_2 emissions a year, which works out at less than one millionth of the emissions from the power plant itself.[30]

In 2019, E.ON claimed that all its 3.3 million customers in the UK were being switched to 100 per cent renewable energy plans.[31] This marketing claim was based on the fact that under the rules issued by the UK Office of Gas and Electricity Markets (Ofgem),[32] E.ON is allowed to label as 'renewable' any kind of electricity (including electricity produced by coal or gas by Uniper) that it supplies to customers if it also pays for Renewable Energy Guarantees of Origin (REGO) certificates.[33] Good Energy, a rival electricity company, summed up the matter succinctly: 'E-ON is moving its customers to a 52% renewable, 48% greenwash tariff" (at the time, E-ON's UK renewable portfolio added up to just 48 per cent of the power that it was selling customers.) [34] **An April 2021 report by Baringa estimated that only 49 per cent of E.ON's power was actually renewable.**[35]

In 2020, E.ON announced plans to go carbon neutral by 2040.[36] However, an analysis of company data by Carbon Market Watch revealed that the company was only pledging to convert emissions that it controlled or purchased.[37] This was despite the fact that 93 per cent of the company's reported emissions did not fall into either category in 2020.[38] For example, the burning of the fuel that it supplies to customers is not included in the target.[39]

In 2022, E.ON mailed out socks to 30,000 customers who had taken part in an energy saving campaign, stapled together with a suggestion that they could turn down their heating to cut their carbon emissions.[40] The company was forced to make a public apology for the insensitive nature of the campaign, given that customers were faced with the highest energy bills on record and faced escalating levels of fuel poverty.[41] Months later, **the company declared an annual profit of €2.728 billion (US$2.86 billion) for 2022.**[42]

This isn't the first time that E.ON has been accused of poor customer service and backhanded approaches to squeezing more money out of their customers. **The company has often been accused of charging huge (incorrect) bills and of taking legal action against customers, without checking whether they have the correct details or person.**[43] This has negatively affected their customers' credit rating, making it hard for them to get loans and forcing them to pay higher mortgage rates.[44] A quick online search shows pages of legal and other support sites filled with requests for guidance from people experiencing this problem. In 2023, E.ON was ordered to pay a £5 million fine for poor service by the UK energy watchdog, Ofcom.[45] Some 500,000 customers were scheduled to receive £4 million of this payout — an average of £8 per customer.[46]

The Ukraine war had an impact on E.ON because of its 15.5 per cent stake in the Nord Stream gas pipeline, worth €1.2 billion in 2022.[47] After choosing to write off €700 million, the company was still able to post a (relatively) modest profit boost of approximately 10 per cent in 2022.[48]

CORE CONTROVERSIES

- **Instead of closing down its fossil fuel operations, E.ON moved its fossil fuel power generation business to its new company, Uniper. In 2020, Uniper was the third biggest producer of carbon emissions in the UK.**
- **Since 2000, E.ON has taken advantage of public subsidies in Germany, the US (US$784 million) and the UK (at least £285 million), through use of renewable subsidy schemes.**
- **E.ON has been carrying out a range of greenwashing tactics. In 2019 they falsely told customers that they would receive 100 per cent renewable electricity, despite a 2021 report demonstrating that only 49 per cent of their power production was renewable.**
- **An analysis of E.ON's carbon neutral plans revealed that its 2040 pledge only covers 7 per cent of its emissions, and excludes the burning of the fuel that it supplies to customers.**
- **E.ON made huge profits in 2022, a year when people across the UK were struggling to afford to keep the lights on due to rising energy bills.**

The company was invited to send factual corrections to these findings but did not respond to our inquiry.

ENDNOTES

1. Please note, this data changes regularly. Source: MarketScreener (n.d.) 'EON SE'. https://www.marketscreener.com/quote/stock/EON-SE-3818998/company/ Last accessed: 24 October 2023
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3. Vaidya, D. (n.d.) 'Negative Shareholders Equity | Examples | Buyback | Losses'. https://www.wallstreetmojo.com/negative-shareholders-equity/ Last accessed: 24 October 2023
4. E.ON (2023) 'Integrated Annual Report 2022', 15 March. https://www.eon.com/content/dam/eon/eon-com/eon-com-assets/documents/investor-relations/en/annual-report/GB2022_gesamt_EN_final.pdf Last accessed: 1 November 2022; According to E.ON's 2022 Annual Report its total power sales in 2022 were 261.7 GW (p. 115) of which 8 per cent is categorised as 'other (includes solar, wind and biomass' (p. 359). 8 per cent of 261.7 GW is 20.90 GW. However, E.ON's use of Renewable Energy Guarantees of Origin (REGO) certificates makes it unlikely that all its power sales are based on its own generation. We reached out to the company for a more exact figure, but have not received any response.
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For over a century, energy multinationals have been wrecking the planet and exploiting people in pursuit of profit. Now, power producers and technology manufacturers are marketing themselves as 'green' to boost their reputation and benefit from public subsidies, grabbing lands, violating human rights and destroying communities along the way. Our investigation of fifteen 'green' multinationals conclusively shows that financial returns, not decarbonisation, is their primary business. 'Green' capital has taken over the energy transition, dictating its pace and blocking climate policies that hamper its profits. It is time to take on these greenwashing corporations and reclaim the entire energy sector through public ownership and democratic governance.

Download the full report and the 14 other company profiles on https://www.tni.org/GreenMultinationals.

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