



RWE



**RWE Green Bond
Framework**

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1. Introduction: Our Energy for a Sustainable Life

RWE has reliably supplied people and companies with electricity for more than 120 years. As a leading energy provider with ~43 GW of generation portfolio and almost 20,000 employees, we want to be a driving force in the transformation of energy supply. Modern society's demand for electricity is increasing, and RWE is committed to providing clean, secure and affordable electricity for a sustainable life.

In 2018 we announced an asset swap including the takeover of the renewable energy business from E.ON and innogy. Once completed in 2020, RWE will become Europe's second largest business for renewable energy and the world's number two in offshore wind.

In September 2019, we have embraced the ambitious goal of achieving carbon neutrality by 2040, by consistently and responsibly withdrawing from fossil energy sources while investing globally in energy production from wind and solar (with planned net investment of 1.5 – 2 billion euros per annum) as well as in high-capacity, economically viable energy storage technologies. Currently, we own around 9 GW of installed wind and solar capacity with more than 20 GW in development. In addition, installed capacity in flexible generation assets such as hydro, biomass and gas, to complement renewables, amount to roughly 19 GW. These approximately 28 GW of green and flexible generation capacity exhibit a CO₂ intensity of below 300 grams per kilowatt hour, which is expected to come down even further with the build out of renewables. Compared to 2012, RWE has reduced its CO₂ emissions by 51% or more than 90 million tonnes – equivalent to the carbon dioxide emitted by 45 million cars per year. By 2030 we target a reduction of 75% versus 2012 and to be carbon neutral by 2040.

In addition, RWE is in the process of decommissioning nuclear power stations, as well as lignite-fired power plants, with active efforts to re-cultivate mining areas.

In parallel with our environmental protection initiatives, we are also relentlessly working to maintain high social standards in the relationships with our employees, customers, suppliers and other stakeholders, and to foster diversity in our corporate culture. The RWE Group has been a signatory of the UN Global Compact since January 2004, as a signal of our continued commitment to promoting human and labour rights.¹

RWE is a supporter of the UN Sustainable Development Goals ("SDGs"), having identified seven goals to which we expect to contribute materially through our various business activities:



At RWE, we set our commitments to be measurable and transparently traceable: this is why we have developed an online tool, available on our website, where stakeholders can observe KPIs for our financial and ESG performance in real time (<http://rwe-datatool.com/>).

¹ RWE is a founding member of the Bettercoal initiative, supporting the improvement of mining and working conditions in coal producing countries.

2. RWE Green Bond Framework

In line with RWE’s objective to provide sustainable energy and promote environmental protection, we have established this Green Bond Framework (“Framework”), which has been developed according to the ICMA Green Bond Principles (GBP) 2018.²

Use of Proceeds

Under this Framework, RWE Group intends to issue Green Bond(s) to finance or refinance,³ in whole or in part, projects that comply with the green eligibility criteria presented below (“Eligible Projects”), together forming the “Eligible Project Portfolio”:

Eligible Project Category	Eligibility Criteria	SDG Alignment
Renewable Energy	Investments in, or expenditures for, the acquisition, conception, construction, development and installation of renewable energy production units. Renewable energy sources include: <ul style="list-style-type: none"> • Onshore and offshore wind energy • Solar energy (photovoltaic and solar heat) 	7.2 By 2030, substantially increase the share of renewable energy in the global energy mix 

Project Evaluation and Selection

RWE has set up a Green Bond Committee (“Committee”) to oversee the project evaluation and selection process and ensure selected projects comply with the eligibility criteria defined in the Use of Proceeds section and with RWE’s corporate responsibility strategy.

The Committee will be composed of representatives from RWE’s Corporate Responsibility, Finance & Credit Risk, Investor Relations and Controlling departments.

The Committee will be responsible for:

- Reviewing and validating the selection of Eligible Projects based on the selection criteria defined in the Use of Proceeds;
- Monitoring the Eligible Project Portfolio, throughout the life of the Bond(s);
- Removing from the Eligible Project Portfolio any projects that no longer meet the eligibility criteria, and replacing them with new Eligible Projects as soon as feasible.

The criteria set out in this Framework have been defined according to RWE’s corporate responsibility policies and environmental standards applicable to our business processes.

² <https://www.icmagroup.org/green-social-and-sustainability-bonds/>

³ RWE intends to limit refinancing to projects originated within a maximum lookback period of three years.

Management of Proceeds

RWE's Finance & Credit Risk department will allocate an amount equivalent to the net proceeds from the Green Bond(s) to the Eligible Project Portfolio as defined in this Framework and under recommendation from the Committee. Proceeds will be managed according to RWE's internal tracking and accounting systems.

RWE will then strive to maintain a level of allocation for the Eligible 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.

Any unallocated balance of net proceeds will be temporarily held in RWE's liquidity portfolio and invested in cash and cash equivalents, and it will be re-allocated to Eligible Projects as soon as feasible.

Reporting

RWE will produce and keep readily available, on RWE's website at <https://www.group.rwe/en/investor-relations/bonds-and-rating/green-financing>, reporting on the allocation of net proceeds to the Eligible Project Portfolio and, wherever feasible, reporting on the impact of the Eligible Project Portfolio, at least at the Eligible Project category level, starting a year after the issuance of the applicable Green Bond and 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.

Allocation Reporting

Information on the net proceeds allocation will include at least the following details:

- The total amount of investments and expenditures allocated to Eligible Projects;
- The proportion of new and existing projects funded;
- Any unallocated balance of net proceeds.

Impact Reporting

RWE will also strive to report on the estimated environmental impact of the Eligible Project categories financed through Green Bond(s), based on the following indicative metrics:

Eligible Project Category	Impact Indicators
Renewable Energy	<ul style="list-style-type: none">• Annual energy generation in kWh of green funded investments• Estimated annual CO₂ emissions avoided (tCO₂)

In addition, RWE may provide qualitative descriptions of the outcomes and impacts of selected Eligible Projects funded. Where relevant, information will be provided on the impact assessment and data reporting methodologies applied by RWE.

3. External Verification

RWE has appointed Sustainalytics to provide an independent Second Party Opinion report (“SPO”) on this Framework. The SPO will be made publicly available on RWE’s website at

<https://www.group.rwe/en/investor-relations/bonds-and-rating/green-financing>

In addition, starting one year after issuance of any Green Bond and until full allocation of the net proceeds, an independent external party will confirm disbursements made to Eligible Projects are consistent with criteria and processes set out in this Framework.

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