

2023

RWE Green Bond Report

RWE





RWE is a leading renewable player globally with vast experience in the business.

20+ years in the Offshore & Onshore Wind and Solar business



**#2 Global Offshore
#4 US Wind & Solar
#4 Europe Wind & Solar**



30+ projects at all stages of the green hydrogen value chain



> 10 battery projects with a total of > 1 GW in operation or under construction



More information about RWE and its Growing Green strategy



Annual Report 2022



Sustainability Strategy Report 2022



Credit Investor Presentation



Green Financing Framework



Second-Party-Opinion

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Growing Green - Our Strategic Roadmap to 2030

Since its presentation in 2021 RWE's investment and growth strategy "Growing Green" has started to push the energy transition to a new level.

2022 was a very demanding year for the European energy system, however, RWE weathered the energy crisis very well. We delivered on our Growing Green Strategy by commissioning 2.4 gigawatts (GW) and were even able to accelerate the transformation of our company by agreeing to exit coal in 2030 and hence taking an important step towards compliance with the 1.5-degree CO₂ reduction pathway.

In addition, we broadened our strategic footprint and balanced our portfolio through attractive acquisitions, which added 4.5 GW of operating assets and more than 1.6 GW of green generation pipeline. Particularly noteworthy is our acquisition of Con Edison Clean Energy Businesses, which made us one of the leading solar producers in the US. With our success in the offshore auctions in the US and the Netherlands and attractive acquisitions in Europe, RWE also managed to further extend its substantial offshore pipeline.

Attractive investment opportunities are key for our growth programme. We delivered €4.4 billion net investments in 2022 and we are keeping up the pace to ensure profitable future growth as well. In 2022 alone, RWE successfully completed more than 30 projects in 11 countries and currently has more than 7 GW of green capacity under construction.



Green Finance

Green Use of Proceeds Bonds (“Green Bonds”) are RWE’s preferred financing tool to channel investments to projects that demonstrate climate benefits and thereby contribute to the achievement of the Paris Climate Agreement and the United Nations’ Sustainable Development Goals (SDGs), which are fundamental elements for RWE. As part of its Growing Green Strategy¹, RWE intends to invest large amounts of cash on its path to building out its renewables generation fleet in the coming years. The Green Bond has become a highly attractive instrument to raise capital to fund such investments.

The market for green capital has established itself in the past years, and market participants have grown in sophistication. The clear and transparent story behind RWE’s Growing Green strategy perfectly matches investors’ requirements for green funding instruments.

RWE issued its first Green Bond in June 2021 and has so far issued seven tranches of green bonds totalling €4.85 billion. Thereby, RWE has established itself as an active and reliable participant in the green Eurobond market.

Latest highlights

In February 2023, we issued two Green Bond tranches of €500 million each with maturities in 2029 and 2035. The transaction was well perceived by investors delivering evidence for the clear and comprehensive application of the proceeds to sustainable investments of RWE.

In June 2023, we published our new “Green Financing Framework”, which fully complies with the requirements of the EU Taxonomy and other international financing guidelines for sustainable investments. The focus of projects eligible for green financing is being expanded to include battery storage and green hydrogen projects, in addition to wind and solar projects already included in the previous Green Bond Framework. Future Green Bonds of RWE will be issued under this new framework.

¹ www.rwe.com/ir/presentations

The table below shows Green Bonds issued to date under our RWE Green Bond Framework 2020 and the respective amount allocated to eligible investments. As can be seen, all green bonds issued by RWE to the date of this report have been allocated to eligible investments.

Overview of RWE's Green Bonds (in order of issue date)

ISIN	Bond type	Volume (€ million) ²	Issue date	Maturity date	Coupon	Allocated proceeds to date (€ million) ²	Unallocated proceeds to date (€ million) ^{2,3}
XS2584685031	Green Senior	500	13.02.2023	13.02.2029	3.625%	Fully allocated	
XS2584685387	Green Senior	500	13.02.2023	13.02.2035	4.125%	Fully allocated	
XS2482936247	Green Senior	1,000	24.05.2022	24.05.2026	2.125%	Fully allocated	
XS2482887879	Green Senior	1,000	24.05.2022	24.05.2030	2.750%	Fully allocated	
XS2351092478	Green Senior	500	11.06.2021	11.06.2031	0.625%	Fully allocated	
XS2412044567	Green Senior	750	26.11.2021	26.11.2028	0.500%	Fully allocated	
XS2412044641	Green Senior	600	26.11.2021	26.11.2033	1.000%	Fully allocated	
Total		4,850				4,850	0

² Gross proceeds.

³ Proceeds to be allocated to eligible investments in 2023 and subsequent years.

Eligible investments

The RWE “Green Bond Framework 2020” defines what we consider eligible investments to which our Green Bond proceeds are allocated. Eligible investments, in the way we define them, not only form an essential part of our Growing Green Strategy⁴, but can unquestionably be considered green investments. Thereby, it is safeguarded that bond proceeds are applied to the investors’ green intentions.

According to our Green Bond Framework 2020, the definitions of eligible investments are as follows:



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, increase substantially the share of renewable energy in the global energy mix



To keep up with best market practice and to strengthen its commitment to sustainable economic development, RWE has aligned in its new Green Financing Framework 2023 the new eligibility criteria with the technical screening criteria, the requirements of the do no significant harm assessment and the minimum (social) safeguards of the EU Taxonomy Regulation⁵. Bonds issued after publication of this Green Bond Report 2023 will be allocated based on the new criteria.

⁴ www.rwe.com/ir/presentations

⁵ [EU Taxonomy/technical screening criteria](https://europa.eu/european-council/en/eu-taxonomy/technical-screening-criteria)



RWE's Eligible Technologies

Offshore wind

Strong wind is one of the most powerful natural forces for generating climate-friendly energy. Therefore, RWE is investing several billion euros in the expansion of offshore wind power as part of its Growing Green strategy.

Offshore wind farms are considered more efficient than onshore wind farms thanks to the higher wind speed and greater consistency at sea. In areas with a depth below 60 metres, the turbines are anchored to the seabed by using fixed bottom foundations. Sea depths of 60 metres or more require floating foundations. From the sea the electricity is then transported to the onshore substation where it can be fed into the public grid.

With more than 20 years of experience in the development of offshore wind farms, RWE continues to set new standards for the industry in innovations and research, especially in the fields of floating offshore wind and the world's first recyclable rotorblade developed by Siemens Gamesa, which is currently being tested at our Kaskasi offshore wind farm.

RWE currently owns and operates offshore wind turbines throughout Europe representing a total of more than 3 GW. The company is therefore uniquely positioned and predestined to drive the energy transition forward, as well as to play a leading role in the sector at an international level. By taking part in additional auctions in Europe, the Americas and the Asia-Pacific region, RWE has a number of complex offshore projects ahead of it.





Onshore wind

Wind energy is the backbone of the energy transition, and RWE is making a decisive contribution to this. Our company has an impressive track record of over 25 years of developing, constructing and operating onshore wind farms in the US and Europe. With more than 8 GW of installed capacity, we rank among the global leaders.

One of the benefits of onshore wind is that it is quick to build and easily scalable compared to other energy production technologies. The design and approval process for onshore wind facilities also differs in a number of aspects from projects on the open sea. It is also a very local business. That is why we are strongly expanding our presence in all regions. RWE develops and builds these projects with a view to operating them over a long period of at least twenty years. Accordingly, the quality and local acceptance of the projects are particularly important to us.

RWE is also well known for voluntarily going far beyond the minimum legal standards to take all possible beneficial actions with regard to conservation and wildlife protection. We believe there is significant potential in supporting wildlife on the ground at our wind farms. That also includes protecting flying creatures potentially at risk from the turbines or creating an overarching system of linked habitats for wild bees, butterfly species, reptiles or amphibians to support biodiversity.





Solar

Solar energy is a key component in both the energy transition and RWE's strategy, as it serves as a strong complement to wind energy and storage systems.

Unlike other renewable energy sources, the construction of a solar farm requires comparatively little time. As soon as the basic arrangements and planning stages have been completed, the construction phase can start. The installation of the solar panels plays a key role, since these are the centrepiece of the entire facility. Once the solar farm has been completed, it can operate for many years and thus help to maintain a sustainable energy supply system.

RWE sees huge potential for locations internationally, especially in Europe, the US and Australia, and is actively involved in project development, construction and operation in those locations.

Our own development activities have been complemented by strategic acquisitions. First and foremost, the acquisition of the PV specialist firm Con Edison Clean Energy Businesses in March 2023 gave a significant boost to our US solar business and has made us one of the leading solar power producers in the US. We have added more than 3 GW of operating solar capacity and complemented our portfolio by a development pipeline of more than 7 GW.

RWE currently operates a capacity of approximately 4 GW in solar power and continuously develops smart solar solutions. In addition to traditional utility-scale photovoltaic projects, RWE is focusing more strongly on innovative solutions such as the construction of floating photovoltaic projects on lakes and other bodies of water, and on agri-PV projects. We are also concentrating on hybrid projects, involving a combination of photovoltaics and other technologies such as onshore wind, batteries and hydrogen to be able to respond more flexibly to the challenge posed by the energy transition.



Investment Evaluation and Selection

It is the common understanding of the members of the Green Bond Committee (its constitution as described in the Green Bond Framework 2020) that all investments made by RWE Group in the technologies of onshore and offshore wind as well as solar energy are considered eligible according to our Green Bond Framework 2020. This approach to evaluating and selecting investments is justified by the fact that all investments in the wind and solar technologies, including co-located battery storage published in the RWE 2022 Annual Report⁶, are considered sustainable and therefore fully meet the eligibility criteria of the Green Bond Framework 2020, as they increase the share of renewable energy in the global energy mix.

Use of proceeds

According to the RWE Green Bond Framework 2020⁷, investments, to which green bond proceeds will be invested, can clearly be assigned to investments in or expenditures for, the acquisition, conception, construction, development and installation of renewable energy production units. Renewable energy production units refer to offshore and onshore wind energy and solar energy (photovoltaic and solar heat).

⁶ www.rwe.com/ir/annual-report

⁷ www.rwe.com/Green-Financing-Framework-2020

Management of proceeds

RWE strives to reach full allocation of bond proceeds in a timely manner. In this year's reporting cycle, we have included eligible investments until the year end of 2022, which means that bond proceeds raised in 2023 are allocated with a lookback. Bond proceeds might be allocated at the time of issuance, however, as reporting is done retrospectively, proceeds may appear unallocated. Effectively unallocated bond proceeds are temporarily held in cash or cash equivalents until full allocation. It should be noted at this point that RWE has fully exited from all coal-related investment activities. All funding flows are consistent with a pathway towards a low-carbon energy future and hence support and accelerate the energy transition.

Allocation

The table below displays investments in the Eligible Green Project Portfolio by generation technology made by RWE per year.

All of RWE's 2022 investments in the respective technologies are included in the allocation as opposed to a selection of specific eligible projects as it has been practiced in the previous allocation process reported in the RWE Green Bond Report 2022. This report covers investments between 2019 and 2021.

The Eligible Green Project Portfolio 2022 corresponds to all net cash investments made in the technologies of on- and offshore wind and solar energy. Net cash investments for the period 2022 in this report are defined as capital expenditures in property, plant and equipment, and intangible assets, net of proceeds from disposals of property, plant and equipment, and intangible assets. The Eligible Green Project Portfolio 2019–2021 corresponds to net cash investments in major eligible projects in line with our Green Bond Framework (for the years 2019–2022 “Eligible Green Project Portfolio”). These net cash investments are defined as capital

expenditures in property, plant and equipment, and intangible assets net of proceeds from disposal of property, plant and equipment, and intangible assets and net of external funding arrangements, such as tax equity funds received from investors. The definition of net cash investment for 2022 differs from the previous year's definition because tax equity is not deducted as it is not considered project funding but rather a form of subsidy.

Cash has been invested in various countries and regions and for the purpose of this reporting amounts in foreign currencies have been translated in euros as of the respective reporting date.

The nominal green bond proceeds of RWE to the date of this report amount to €4.85 billion⁹, of which €2.27 billion had already been allocated to eligible investments made by the company up to 31 December 2021. The remaining proceeds of €2.58 billion are now being allocated to investments made in the financial year 2022. As can be seen in the table below, the investments of €2.604 billion made in 2022 outsize the bond proceeds, resulting in full allocation.

Eligible Green Project Portfolio by generation technology (€ million)					
Project Category	2019	2020	2021	2022	Total ⁸
Offshore Wind	32	201	477	1,029	1,739
Onshore Wind	215	339	345	725	1,624
Solar	199	73	389	850	1,511
Total	446	613	1,211	2,604	4,874 ✓

All figures in this report are rounded.

⁸ For the period January 1 2019 to December 31 2022.

⁹ Overview of RWE's Green Bonds (in order of issue date) on page 6.

Independent Practitioner's Limited Assurance Report

To RWE Aktiengesellschaft, Essen

We have been engaged to perform a limited assurance engagement on the disclosures related to the use of proceeds for eligible green project portfolio (hereafter the **“Use of Proceeds”**) and denoted with “√” in the section **“Allocation”** of the **“2023 RWE Green Bond Report”** (hereinafter the **“2023 RWE Green Bond Report”**) of RWE Aktiengesellschaft, Essen, (hereinafter the **“Company”**), for the period from January 1, 2019 to December 31, 2022. Our engagement in this context relates solely to the disclosures related to the use of proceeds denoted with the symbol “√”.

Management's Responsibility for the 2023 RWE Green Bond Report and the Use of Proceeds

Company's Management is responsible for the preparation and presentation of the 2023 RWE Green Bond Report including the disclosures related to the Use of Proceeds as well as for the use of proceeds in accordance with the eligibility criteria as set out in section **“Use of Proceeds”** of the RWE Green Bond Framework as of April 2020 of RWE Aktiengesellschaft, Essen, and in section **“Investment evaluation and selection”** of the 2023 RWE Green Bond Report (hereinafter the **“Eligibility Criteria”**). This responsibility includes: designing, implementing and maintaining internal controls relevant to the proper preparation and presentation of the 2023 RWE Green Bond Report including the disclosures related to the Use of Proceeds as well as to the proper use of proceeds and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Audit Firm's Independence and Quality Control

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

The audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (**“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer: “BS WP / vBP”**) as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures related to the Use of Proceeds denoted with “√” in the section **“Allocation”** of the 2023 RWE Green Bond Report based on our work performed.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that, in all material respects, the total amount of the eligible green project portfolio disclosed in the section **“Allocation”** of the 2023 RWE Green Bond Report and denoted with “√” has not been invested in accordance with the Eligibility Criteria.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement of the disclosures related to the Use of Proceeds in the section "Allocation" of the 2023 RWE Green Bond Report considering the Eligibility Criteria. Within the scope of our work, we performed primarily on a test basis amongst others the following procedures:

- We have obtained an understanding of (i) the Eligibility Criteria and of (ii) the projects and investments in the technologies onshore and offshore wind and solar energy for which the proceeds of the Green Bonds have been used (hereinafter the **"Eligible Green Projects"**).
- We have made enquiries of the Company's management, including the Green Bond Committee and those with responsibility for the preparation and presentation of the 2023 RWE Green Bond Report regarding the management and the process of recording and reporting of the disclosures related to the Use of Proceeds in the section "Allocation" of the 2023 RWE Green Bond Report, the systems used in the process and the related internal control system.
- We have obtained a listing prepared by the Company of investments or expenditures incurred in connection with the Eligible Green Projects and agreed the information on the listing with the respective disclosures related to the Use of Proceeds in the section "Allocation" of the 2023 RWE Green Bond Report.
- We have inspected minutes of the Green Bond Committee regarding the consideration and approval of investments or expenditures incurred in connection with the Eligible Green Projects.
- We have,
 - agreed the disclosures related to the Use of Proceeds in the section "Allocation" of the 2023 RWE Green Bond Report to the respective information in the Company's group and project accounting system

and underlying documentation of the Company regarding the use of proceeds in the period from January 1, 2019 to December 31, 2022;

- evaluated whether the investments or expenditures incurred in connection with the Eligible Green Projects were used in accordance with the Eligibility Criteria.
- We have considered the disclosures and presentation of the Use of Proceeds disclosed in the section "Allocation" of 2023 RWE Green Bond Report.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that, in all material respects, the total amount of the eligible green project portfolio disclosed in section "Allocation" of the 2023 RWE Green Bond Report and denoted with "√" has not been invested in accordance with the Eligibility Criteria.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility, duty of care or liability towards any third parties.

Frankfurt am Main, 27 October, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Aissata Touré
Wirtschaftsprüferin
(German Public Auditor)

Tina Bloos
Wirtschaftsprüferin
(German Public Auditor)

Impact Report

As one of the world's leading renewable energy producers, RWE is strenuously building a climate neutral business and transform its asset portfolio and the energy sector in response to the drive to net zero. This means we can help societies to decarbonise and end their reliance on carbon-intensive energy generation systems.

Our commitment in this regard is reflected by our own ambitious plans: we want to be climate neutral by 2040 at the latest, ten years earlier than the EU. Not only does this apply to our own greenhouse gas emissions (referred to as Scope 1), it also covers the upstream and downstream value chain (Scope 2 and Scope 3).

We have also set ourselves ambitious goals for the current decade: by 2030, we want to reduce our carbon emissions by 50% per kWh (Scope 1 and 2) and 30% absolute upstream and downstream GHG emissions (Scope 3) compared to 2019. At the Paris Climate Conference in 2015, the global community committed to limiting the increase in average global temperatures to well below two degrees Celsius compared to pre-industrial levels. Our actions are in line with this target, as was officially confirmed by the independent Science Based Targets initiative at the end of 2020. However, our ambitions do not end there. Moving forward, we have also set our sights on ensuring we adhere to the target of 1.5-degrees Celsius established at the Paris Climate Conference. To create the basis for complying with the 1.5-degree Celsius target, we agreed with the German government and the state of North Rhine-Westphalia that we would phase out German lignite-fired power production by 2030, eight years ahead of the exit date established by law.

The table on the next page provides details on the annual gigawatt hours of electricity generated and the kilotons of CO₂ avoided by the generation technologies that are considered eligible under our Green Bond Framework.

To determine the estimated avoided CO₂ emissions, it is assumed that the electricity produced from eligible capacity replaces electricity that would have been produced from a generic gas-fired power plant with an efficiency factor of about 50% and a specific emission factor of approximately 400g CO₂ / kWh.

The amounts of generated power, and respective estimated avoided emissions in 2020 and 2021, are based on the eligible project portfolio consisting of a selection of specific projects as described in the RWE Green Bond Report 2022. This reduced portfolio is reflected in the limited amounts of generated power and CO₂ avoided for those years, as shown in the table on the next page.

In contrast to 2020 and 2021, the reported numbers for 2022 include all generated power in the respective technology. Generated power and avoided emissions are presented for generation facilities that have been in production in 2022. This has the effect that some production facilities are included in the observed portfolio that have not been installed with Green Bond proceeds. This is, however, consistent with the approach of including all investments in the respective technologies in the allocation of Green Bond proceeds.

The numbers for 2022 are significantly higher than in the previous years for the reasons described above, as well as due to the continuous built-out of renewable production facilities.

Impact	2019		2020		2021		2022	
	Power generated (GWh)	Estimated avoided emissions (ktCO ₂)	Power generated (GWh)	Estimated avoided emissions (ktCO ₂)	Power generated (GWh)	Estimated avoided emissions (ktCO ₂)	Power generated (GWh)	Estimated avoided emissions (ktCO ₂)
Project category								
Offshore wind	-	-	-	-	-	-	10,203	4,081
Onshore wind	-	-	419	168	1,828	731	17,617	7,047
Solar	-	-	66	26	425	170	1,405	562

Sustainability Ratings and Initiatives



We are committed to sustainability and follow and support the following initiatives:



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Other than information on allocation, the information in this report has not been independently verified.

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