

Second-Party Opinion

RWE Green Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the RWE Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds, Renewable Energy Generation and Storage, Hydrogen Production and Storage are aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.



PROJECT EVALUATION AND SELECTION RWE's Treasury and Investor Relations Department in association with RWE's operational units is responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. RWE's Green Finance Committee, which comprises members from RWE's Strategy and Corporate Responsibility, Finance and Credit Risk, and Investor Relations departments, is responsible for final approval of the selected projects and for reviewing the green projects portfolio on a regular basis to ensure alignment with the Framework criteria. RWE has established a risk management system which enables the Company to identify, minimize and manage social and environmental risks. Sustainalytics considers the project evaluation and selection process and risk management systems in place to be in line with market practice.



MANAGEMENT OF PROCEEDS RWE's Finance and Credit Risk department will be responsible for the management of proceeds using an internal tracking and accounting system. RWE intends to achieve full allocation of net proceeds within 24 months of issuance. Pending full allocation, unallocated proceeds will be held in RWE's liquidity portfolio and temporarily invested in cash and cash equivalents. Sustainalytics considers this process to be in line with market practice.



REPORTING RWE intends to report on the allocation of proceeds and corresponding impact on its website on an annual basis until full allocation. Allocation reporting will include information such as EU taxonomy environmental objective mapping at category or technology level, project portfolio breakdown by technology (wind, solar, storage, hydrogen), total green project portfolio amount, total amount of proceeds allocated and amount of unallocated proceeds. Subject to availability of information, impact reporting will include relevant impact indicators. Sustainalytics considers this process to be in line with market practice.

EU Taxonomy

Sustainalytics has assessed RWE's Green Financing Framework for alignment with the EU Taxonomy. The two use of proceeds criteria of the Framework map to five EU activities. Sustainalytics is of the opinion that all activities are aligned with the applicable Technical Screening Criteria ("TSC") in the EU Taxonomy; in addition, all activities fully align with the applicable Do No Significant Harm Criteria. No categories were determined to be not aligned. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Second-Party Opinion

Reviewed by:

MORNINGSTAR

SUSTAINALYTICS



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Report Sections

Introduction.....	2
Sustainalytics' Opinion	3
Appendices	11

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Introduction

RWE AG ("RWE" or the "Company") is an energy utility company with a portfolio that includes offshore and onshore wind, solar, hydrogen, batteries, and biomass energy projects. The Company had an installed capacity of approximately 39.3 GW as of December 2022.¹ Headquartered in Essen, Germany, the Company employs approximately 19,275 people, as of March 2023 across Europe, North America and the Asia-Pacific region.

RWE has developed the RWE Green Financing Framework (the "Framework") under which it intends to issue bonds, hybrid bonds², Schuldscheine, private debt placements, loans and other debt instruments³, and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to create positive environmental impact in the EU, the UK and the US. The Framework defines eligibility criteria in two areas:

1. Renewable Energy Generation and Storage
2. Hydrogen Production and Storage

Sustainalytics notes that RWE will finance hydrogen production and storage projects based only within the EU.

RWE engaged Sustainalytics to review the RWE Green Financing Framework, dated June 2023, and provide a second-party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)⁴ and Green Loan Principles 2023 (GLP).⁵ The Framework will be published in a separate document.⁶

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁷ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, as administered by ICMA;
- The Framework's alignment with the Green Loan Principles 2023, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The use of proceeds criteria alignment with the EU Taxonomy 2021 Delegated Act; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.13, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of RWE's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. RWE representatives have confirmed (1) they understand it is the sole responsibility of RWE to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

¹ RWE, "Sustainability Management Report 2022", at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/cr-berichte/sustainability-management-report-2022.pdf>

² RWE has communicated to Sustainalytics that hybrid bonds issued under the Framework are limited to subordinated debt.

³ RWE has communicated to Sustainalytics that other debt instruments will exclude convertibles, derivatives and commercial papers. Sustainalytics has only reviewed the instruments specified in the Framework.

⁴ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf>

⁵ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#>

⁶ The RWE Green Financing Framework is available on RWE's website at: www.group.rwe/en/investor-relations/bonds-and-rating/green-financing.

⁷ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and RWE.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, RWE is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that RWE has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the RWE Green Financing Framework

Sustainalytics is of the opinion that the RWE Green Financing Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the RWE Green Financing Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy Generation and Storage and Hydrogen Production and Storage – are aligned with those recognized by the GBP and GLP.
 - The Framework has defined a look-back period of three years for refinancing of projects, which Sustainalytics considers to be aligned with market practice.
 - Under the Renewable Energy Generation and Storage category, RWE may finance and refinance expenditures related to the construction, development, acquisition, maintenance and operation of solar photovoltaic, and offshore and onshore wind energy installations and facilities. The Company may also finance or refinance battery storage systems co-located with renewable energy facilities and large-scale batteries.
 - RWE has communicated to Sustainalytics battery storage systems funded will be connected to renewables or grids that support over 90% of renewable electricity.
 - Under the Hydrogen production and storage category, RWE may finance and refinance:
 - i) manufacture of hydrogen; ii) operation of hydrogen storage facilities; and iii) construction of hydrogen storage facilities or conversion of existing gas storage facilities into storage dedicated to hydrogen.
 - Hydrogen produced or stored at facilities operated by the Company will adhere to a life cycle GHG emissions threshold of 3 tCO₂e/tH₂.
 - RWE has communicated to Sustainalytics that production of hydrogen and operation of storage facilities funded under the Framework will be exclusively through electrolysis powered by renewable energy sources.

Sustainalytics considers expenditures under this category to be aligned with market practice.

- Project Evaluation and Selection:
 - RWE's Treasury and Investor Relations Department in cooperation with its operational units is responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. RWE's Green Finance Committee (the "Committee"), which comprises members from RWE's Strategy and Corporate Responsibility, Finance and Credit Risk, and Investor Relations

departments, is responsible for final approval of the selected projects and for reviewing the green projects portfolio on a regular basis to ensure alignment with the Framework's eligibility criteria.

- RWE aims to align all projects financed or refinanced under the Framework with the Do No Significant Harm (DNSH) and Minimum Safeguards criteria of the EU Taxonomy. RWE has established project screening criteria focused on social risks such as human rights, corruption and bribery, taxes, competition and anti-trust law and data privacy. RWE has also established a risk management system which enables the Company to identify, minimize and manage social and environmental risks. RWE also intends to perform a periodic risk assessment of social and environmental risks faced by the Company as well as by its suppliers. For additional details, refer to Section 2.
- Based on the project evaluation and selection process, and environmental and social risk management systems in place, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - RWE's Finance and Credit Risk department will be responsible for the management of proceeds and will do so in accordance with the Company's internal tracking and accounting systems. RWE intends to achieve full allocation of net proceeds within 24 months of issuance. Pending full allocation, unallocated proceeds will be held in RWE's liquidity portfolio and temporarily be invested in cash and cash equivalents.
 - RWE has communicated to Sustainalytics that instruments issued under the Framework may include multi-tranche loan facilities. The Company intends to label only those tranches whose proceeds will be allocated according to the eligibility criteria in the Framework.
 - Based on the use of an internal tracking system and the disclosure of the temporary allocation of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - RWE intends to report on the allocation of proceeds and corresponding impact on its website on an annual basis until full allocation.
 - Allocation reporting will include information such as EU taxonomy environmental objective mapping at category or technology level, project portfolio breakdown by technology (wind, solar, storage, hydrogen), total green project portfolio amount, total amount of proceeds allocated and amount of unallocated proceeds.
 - Subject to availability of information, impact reporting will include relevant impact indicators such as renewable energy capacity (measured in MW), renewable energy production (measured in MW), estimated annual CO₂ emissions avoided (measured in tCO₂), electricity storage capacity added and hydrogen electrolyser capacity added.
 - RWE has communicated to Sustainalytics that if the Company obtains revolving credit facilities under the Framework, it will report on the allocation until loan maturity.
 - Based on RWE's intent to report on allocation and impact, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the RWE Green Financing Framework aligns with the four core components of the GBP and GLP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Alignment with the EU Taxonomy

Sustainalytics has assessed each of the Framework's eligible green use of proceeds criteria against the relevant criteria in the EU Taxonomy and determined their alignment with each of the Taxonomy's three sets of requirements. The results of this assessment are as follows:

1. Technical Screening Criteria (TSC) for Substantial Contribution to an Environmental Objective of the EU Taxonomy
 - The two use of proceeds criteria outlined in the Framework were assessed and are aligned with the applicable TSC of the EU Taxonomy.
2. Do No Significant Harm (DNSH) Criteria

- The Framework’s two use of proceeds criteria were assessed and the corresponding all five activities are aligned with the applicable DNSH criteria.
- 3. Minimum Safeguards
 - Based on a consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy’s Minimum Safeguards requirements will be met.
 - For Sustainalytics’ assessment of alignment with the Minimum Safeguard see Section 2 below.

Table 1 provides an overview of the alignment of RWE’s Framework with the TSC and DNSH criteria for the corresponding NACE activities in the EU Taxonomy

Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy

EU Taxonomy Activities corresponding to Framework Criterion	Alignment with Taxonomy Criteria		Alignment per EU Environmental Objective					
	TSC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
Electricity generation using solar photovoltaic technology	■	■	■	■	–	■	–	■
Electricity generation from wind power	■	■	■	■	■	■	–	■
Storage of electricity	■	■	■	■	–	■	–	■
Manufacture of hydrogen	■	■	■	■	■	■	■	■
Storage of hydrogen	■	■	■	■	■	■	■	■

Legend	
Aligned	■
Partially aligned	□
Not aligned	⊠
No applicable DNSH criteria for this Objective and/or Activity	–
Grey shading indicates the primary EU Environmental Objective	

* The EU Taxonomy has not yet defined TSC for environmental objectives other than Climate Mitigation and Climate Adaptation.

Section 2: Sustainability Strategy of RWE

Contribution to RWE’s sustainability strategy

RWE focuses its sustainability strategy on the transition to clean energy generation and supply.⁸

The Company’s goal is to achieve net zero GHG emissions by 2040 by expanding its offshore and onshore wind power, solar, storage, flexible power backup and hydrogen power capacity. RWE has set targets to reduce its scope 1 and 2 GHG emissions per unit of electricity generated (measured in kWh) by 50% and reduce absolute scope 3 upstream and downstream emissions by 30% by 2030 relative to 2019 levels. These targets

⁸ RWE, “Sustainability Strategy Report 2022”, at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/cr-berichte/sustainability-strategy-report-2022.pdf>

are validated by the Science Based Targets initiative (SBTi).⁹ In May 2023, RWE submitted new CO₂ emissions reductions targets for SBTi validation and aims to align with the 1.5°C scenario.¹⁰ To achieve its targets, RWE focuses on the decarbonization of the electric power system by increasing the share of renewable energy generation and retrofitting or by transitioning away from existing fossil fuel-consuming electricity generation plants by 2030.¹¹ To support its ambition to achieve net zero emissions, RWE decommissioned all hard coal-fired (anthracite coal-fired) power plants in the UK in 2019 and in Germany in 2020. In agreement with the German federal government and the state government of North Rhine-Westphalia, in 2022, RWE committed to phase out energy production using lignite by 2030.¹² To promote the development of green infrastructure, RWE launched its 'Growing Green' strategy in 2021 and made a commitment of investing USD 54 billion (EUR 50 billion) by 2030 in order to expand its green energy portfolio to more than 50GW. Furthermore, the Company is planning to align more than 90% of its capital expenditure with sustainable activities following the EU Taxonomy guidelines compared to 83% of its investments in 2022.¹³

RWE reports annually on its climate-related risks through its annual sustainability management reports and adheres to the reporting guidelines of the following disclosure platforms: i) the Global Reporting Initiative; ii) the Sustainability Accounting Standards Board; and iii) the Task Force on Climate-related Financial Disclosures.¹⁴

The Company has a dual governance system in place, with separate members and roles for the Executive Board and Supervisory Board. The Executive Board is responsible for managing the Company on environmental, social and governance matters whereas the Supervisory Board has a sub-committee that meets regularly to discuss sustainability matters.¹⁵ The Company's Strategy and Sustainability Department is responsible for the development of and steering on sustainability topics, and for reporting on progress. This department works with the RWE's functional divisions to align ambitions, targets and potential sustainability measures, and reports to the Executive Board on progress related to priority sustainability objectives. The Director of the Strategy and Sustainability Department reports directly to the CEO.

Sustainalytics is of the opinion that RWE Green Financing Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's actions on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include those related to land use and biodiversity issues associated with large-scale infrastructure projects; emissions, effluents and waste generated from operations; occupational health and safety; and community relations.

Sustainalytics is of the opinion that RWE is able to manage or mitigate potential risks through implementation of the following:

- To mitigate and manage land use and biodiversity related risks, the Company undertakes environmental impact assessments to identify risks and implement measures to reduce impact during construction. The Company has established a Biodiversity Policy for integrating the protection and promotion of biodiversity in its scope of its business activities.¹⁶ The Biodiversity Policy outlines requirements for RWE's compliance with regulations and necessary precautions from early project development, through the construction, operational and de-commissioning phases.¹⁷ Additionally, during the planning and construction stages, RWE engages with key stakeholders with the aim to reduce impact on habitats and species.¹⁸ RWE aims to minimise the impact of its

⁹ Ibid.

¹⁰ RWE, "RWE sets itself more ambitious climate targets – CO₂ reductions now in line with 1.5-degree path", (2023), at: <https://www.rwe.com/en/press/rwe-ag/2023-05-31-rwe-sets-itself-more-ambitious-climate-targets/>

¹¹ RWE, "Sustainability Management Report 2022", at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/cr-berichte/sustainability-management-report-2022.pdf>

¹² RWE, "RWE sets itself more ambitious climate targets – CO₂ reductions now in line with 1.5-degree path", (2023), at: <https://www.rwe.com/en/press/rwe-ag/2023-05-31-rwe-sets-itself-more-ambitious-climate-targets/>

¹³ Ibid.

¹⁴ RWE, "Sustainability Management Report 2022", at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/cr-berichte/sustainability-management-report-2022.pdf>

¹⁵ RWE, "Sustainability Strategy Report 2022", at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/cr-berichte/sustainability-strategy-report-2022.pdf>

¹⁶ RWE, "Biodiversity Policy", (2022), at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/rwe-biodiversity-policy.pdf>

¹⁷ Ibid.

¹⁸ Ibid.

operations on the biodiversity by restoring and regenerating ecosystems and habitats where its projects are developed and operate.¹⁹

- To address risks related to emissions, effluents and waste, the Company has established an environmental management system in accordance with the ISO 14001:2015 standard,²⁰ focusing on environmental protection.²¹ RWE has put in place an environmental policy which outlines the Company's commitment to environmental protection.²² RWE aims at minimizing end-of-life treatment of materials that includes incineration of waste with or without energy recovery or the disposal of waste in landfills.²³ RWE also aims to reduce the need of new products and reduce the generation of waste to promote circular economy.²⁴
- To manage occupational health and safety risks, RWE has a Health and Safety Policy in place, which outlines the Company's commitment to promote a culture of safety. To address work-related injuries and illnesses of employees and provide safe and healthy workplaces, the Company measures performance using lost-time incident frequency and takes necessary actions such as requiring all employees to go through intensive training for accident-prevention and creating awareness about general safe working conditions.²⁵
- To mitigate risks related to community relations, RWE has put a Social Charter which aims to achieve the following: i) developing its employees' professional skills; ii) promoting safety at workplace; iii) providing adequately equipped workplaces for employees with disabilities.²⁶ RWE engages in local community consultation on the subject of safety and security and keeps them informed about the latest developments at RWE's plant locations its community magazine.²⁷

Based on these policies, standards and assessments, Sustainalytics is of the opinion that RWE has implemented measures to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Alignment with the EU Taxonomy's Minimum Safeguards

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organisation's (ILO) declaration on Fundamental Rights and Principles at Work.

Human Rights and Labour Rights

RWE has implemented the following policies and procedures regarding human rights:

- RWE's policy statement on its human rights strategy highlights its commitment to the International Bill of Human Rights, the ILO's Declaration on the Fundamental Principles and Rights at Work and the UN Guiding Principles for Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Covenant on Civil and Political Rights, the International Convention on Economic, Social and Cultural Rights, the Minamata Convention, the Stockholm Convention and the Basel Convention.²⁸
- RWE has a Human Rights Risk Management system in place which includes: i) a systematic assessment and evaluation of human rights risks; ii) implementation of preventive and mitigation measures; iii) monitoring the effectiveness of risk analysis and measures; and iv) regular and standardized reporting.²⁹
- RWE's Code of Conduct, which applies to all its employees and partners, outlines the Company's commitment to the UN Universal Declaration of Human Rights and the core labour standards of

¹⁹ Ibid.

²⁰ ISO, "ISO 14001:2015 Environmental management systems", at: <https://www.iso.org/iso-14001-environmental-management.html>

²¹ RWE, "Environment Protection", at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/environmental-protection.pdf>

²² Ibid.

²³ RWE, "Circular Economy Policy", (2023) at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/rwe-circular-economy-policy.pdf>

²⁴ Ibid.

²⁵ RWE, "Health and Safety", (2022), at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/occupational-health-and-safety-2022.pdf>

²⁶ RWE, "Social Charter for the RWE Group", at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/rwe-social-charter.pdf>

²⁷ RWE, "Our Neighbourhood", at: <https://www.rwe.com/en/our-neighbourhood/>

²⁸ RWE, "Policy Statement on RWE's Human Rights Strategy", (2022), at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/menschenrechtliche-sorgfaltspflicht/policy-statement-on-rwes-human-rights-strategy.pdf>

²⁹ Ibid.

the International Labour Organization. The Company's Code of Conduct includes RWE's commitment to equal opportunities, social responsibility, diversity, occupational health and safety among others.³⁰

- RWE has also implemented a grievance redressal mechanism through which employees and external third parties can report suspected human rights violations and request assistance. The Company also includes findings from the grievance redressal mechanism in its human rights risk analysis.³¹

Based on the work of its research services and its ESG Risk Rating assessment, Sustainalytics has evaluated RWE's performance related to human and labour rights and has not detected involvement in any relevant controversies which suggests that the above policies and systems are adequate in addressing key risks. Sustainalytics is of the opinion that these measures appropriately safeguard minimum standards on human and labour rights in relation to the activities of the Framework.

Anti-bribery and anti-corruption

RWE has implemented the following policies and procedures regarding anti-bribery and anti-corruption:

- RWE's Code of Conduct outlines the Company's commitment to undertake measures to prevent corruption.³² The Company has established a compliance management system (CMS) to identify potential structural risks associated with corruption. The CMS ensures that necessary measures are implemented to remove or minimize the risks, such as consulting in case of isolated incidents and training courses, which is followed by continuous monitoring to further minimize the impacts.^{33,34}
- RWE has established a group-wide, web-based whistle-blower system for all its employees to anonymously notify the appropriate compliance officers or managers or the Chief Compliance Officer about incidents such as potential breaches of the Code of Conduct or the German Basic Data Privacy Regulation, white-collar offences or actions that may potentially harm the Company. RWE's employees and third parties such as vendors, business partners, etc. have access to an independent external contact to notify about such incidents of violations.³⁵

Sustainalytics has not detected involvement in any relevant controversies which would suggest that the above policies are not adequate in addressing key risks. Sustainalytics is of the opinion that these measures appropriately safeguard anti-bribery and anti-corruption in relation to the activities of the Framework.

Sustainalytics is of the opinion that RWE's policies, guidelines and commitments are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Section 3: Impact of Use of Proceeds

Both use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused on the following where the impact is specifically relevant in the local context.

Importance of financing renewable energy in the EU, UK and US

The EU energy sector accounted for 80% of the bloc's total GHG emissions as of 2021.³⁶ As part of the European Green Deal, the EU has set a goal to become climate neutral by 2050.³⁷ It has also set intermediate targets to reduce its GHG emissions by at least 40% by 2030 relative to 1990 levels and to increase the share of energy usage from renewable sources to at least 32% by 2030.³⁸ To increase clean energy production, the

³⁰ RWE, "Verhaltenskodex", at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/rwe-verhaltenskodex.pdf>

³¹ RWE, "Policy Statement on RWE's Human Rights Strategy", (2022), at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/menschenrechtliche-sorgfaltspflicht/policy-statement-on-rwes-human-rights-strategy.pdf>

³² RWE, "Code of Conduct", at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/rwe-code-of-conduct.pdf>

³³ Ibid.

³⁴ RWE, "Annual Report 2022", at: <https://www.rwe.com/-/media/RWE/documents/05-investor-relations/finanzkalender-und-veroeffentlichungen/2022-GJ/2023-03-21-rwe-annual-report-2022.pdf>

³⁵ RWE, "Annual Report 2022", at: <https://www.rwe.com/-/media/RWE/documents/05-investor-relations/finanzkalender-und-veroeffentlichungen/2022-GJ/2023-03-21-rwe-annual-report-2022.pdf>

³⁶ European Environment Agency, "Annual European Union Greenhouse Gas Inventory 1990-2021 and inventory report 2023", at: <https://www.eea.europa.eu/publications/annual-european-union-greenhouse-gas-2>

³⁷ European Commission, "2030 Climate and Energy Framework", at: https://climate.ec.europa.eu/eu-action/climate-strategies-targets/2030-climate-energy-framework_en

³⁸ Ibid.

European Commission launched the REPowerEU plan in May 2022 through which it aims to install new solar PV systems with a capacity of more than 320 GW by 2025 and almost 600 GW by 2030.³⁹ As part of this plan, the EU aims to reach an installed capacity of 300 GW of offshore wind and 40 GW of ocean energy by 2050, with interim targets to achieve more than 60 GW of offshore wind and 1 GW of ocean energy by 2030.⁴⁰ Additionally, in line with its Hydrogen Strategy for a Climate Neutral Europe, the EU has set an objective to install 40 GW of renewable hydrogen electrolyzers by 2030, with an interim target to install at least 6 GW of renewable hydrogen electrolyzers by 2024.⁴¹

In the UK, energy supply accounted for 24.8% of total CO₂ emissions in 2022,⁴² with fossil fuels making up 40% of the country's sources for electricity generation alone.⁴³ The UK's electricity demand, is projected to increase by 50% by 2035 relative to a 2019 baseline due to increasing demand from the transport, building and industrial sectors.⁴⁴ In line with the UK government's goal to fully decarbonize the British power system by 2035, energy generated from renewable sources is expected to play a key role with wind and solar projected to be "key building blocks of the future generation mix".^{45,46} The UK government aims to increase onshore wind and solar capacity by 12 GW and offshore wind capacity to 40 GW by 2030.⁴⁷ Additionally, to support the development of a low-carbon economy the UK government has set a target to reach 10 GW of low-carbon hydrogen production capacity by 2030 in line with the UK Hydrogen Strategy.⁴⁸

In the US, although the CO₂ emissions increased by only 0.8% in 2022 as compared to 2021, it saw a rise in the natural gas consumption with the emissions by gas increasing by 5.6%.⁴⁹ Coal emissions increased by 14% in 2021 compared to 2020, due to an increase in the share of coal in the electricity generation from 20% in 2020 to 23% in 2021 resulting in this sector becoming the second-largest emitter with 25% of the country's emissions in 2021.^{50,51} As of 2022, renewable energy accounts for only 22% of total electricity generation in the US.⁵² According to the EIA, wind and solar energy are expected to contribute significantly to the increase in the renewables share in the total electricity mix, with solar generation to account for almost 80% of the electricity generation by 2050 in the US.⁵³ In 2021 The US government set a goal to reach carbon-free electricity by 2035.⁵⁴ To achieve its targets, the US plans to install an average of 30 GW of solar capacity per year till 2025 and 60 GW of capacity each year between 2025 and 2030.⁵⁵ The US has also set targets to achieve 30 GW of installed offshore wind capacity by 2030 and 110 GW by 2050.⁵⁶ The adoption of the

³⁹ European Commission, "REPowerEU: affordable, secure and sustainable energy for Europe", at: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repowereu-affordable-secure-and-sustainable-energy-europe_en

⁴⁰ European Commission, "Offshore renewable energy", at: https://energy.ec.europa.eu/topics/renewable-energy/offshore-renewable-energy_en

⁴¹ European Commission, "A Hydrogen Strategy for a Climate-Neutral Europe", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0301>

⁴² UK Department for Energy Security & Net Zero, "2022 UK greenhouse gas emissions, provisional figures", (2023), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147372/2022_Provisional_emissions_statistics_report.pdf

⁴³ UK Department for Energy Security & Net Zero, "Energy Trends – UK, October to December 2022 and 2022", at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147249/Energy_Trends_March_2023.pdf

⁴⁴ Climate Change Committee, "The Sixth Carbon Budget: The UK's path to Net Zero", (2020), at: <https://www.theccc.org.uk/wp-content/uploads/2020/12/The-Sixth-Carbon-Budget-The-UKs-path-to-Net-Zero.pdf>

⁴⁵ Government of the UK, "Net Zero Strategy: Build Back Greener", (2021), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1033990/net-zero-strategy-beis.pdf

⁴⁶ UK Department for Business, Energy & Industrial Strategy, "Energy White Paper: Powering our Net Zero Future", (2020), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945899/201216_BEIS_EWP_Command_Paper_Accessible.pdf

⁴⁷ Ibid.

⁴⁸ Department for Business, Energy and Industrial Strategy, "Hydrogen Strategy Update to the Market: December 2022", at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1123751/hydrogen-strategy-update-to-the-market-december-2022.pdf

⁴⁹ IEA, "CO₂ Emissions in 2022", at: <https://iea.blob.core.windows.net/assets/3c8fa115-35c4-4474-b237-1b00424c8844/CO2Emissionsin2022.pdf>

⁵⁰ Ibid.

⁵¹ US Environmental Protection Agency, "Sources of Greenhouse Gas Emissions", at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

⁵² US Energy Information Administration, "Frequently Asked Questions – What is U.S electricity generation by energy sources?", at: <https://www.eia.gov/tools/faqs/faq.php?id=427&t=3#:~:text=In%202022%2C%20about%204%2C243%20billion,facilities%20in%20the%20United%20States.&text=About%2060%25%20of%20this%20electricity,%2C%20petroleum%2C%20and%20other%20gases.>

⁵³ U.S Energy Information Administration, "EIA Projects Renewable Share of U.S Electricity Generation Mix will Double by 2050", at: <https://www.eia.gov/todayinenergy/detail.php?id=46676>

⁵⁴ The White House, "FACT SHEET: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies", (2021), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/>

⁵⁵ US Department of Energy, "The United States' Clean Energy Goals", at: https://www.renewable-ei.org/pdfdownload/activities/01_Key_AlejandroMoreno.pdf

⁵⁶ Ibid.

Inflation Reduction Act in 2022 is expected to boost the range of clean-energy technologies through the provision of USD 370 billion for energy security and investments to mitigate the effects of climate change.⁵⁷

Based on the above, Sustainalytics is of the opinion that RWE's financing of renewable energy projects is expected to contribute to reducing energy-related GHG emissions and increase the share of renewables in the EU, UK and US.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the RWE Green Financing Framework are expected to help advance the following SDG and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy Generation and Storage	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Hydrogen Production and Storage	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

RWE has developed the RWE Green Financing Framework under which it will issue green debt instruments including bonds, hybrid bonds, Schuldscheine, private debt placements, loans and other debt instruments whose use of proceeds will finance Renewable Energy Generation and Storage, Hydrogen Production and Storage. Sustainalytics considers that the projects funded by the proceeds of the green debt instruments are expected to have positive environmental impact.

The RWE Green Financing Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the RWE Green Financing Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that RWE has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects financed or refinanced under the Framework.

Sustainalytics has assessed RWE's Green Financing Framework for alignment with the EU Taxonomy and mapped the criteria in the Framework's use of proceeds categories to five activities in the EU Taxonomy. Sustainalytics is of the opinion that all activities are aligned with the applicable Technical Screening Criteria and the applicable Do No Significant Harm Criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Based on the above, Sustainalytics views RWE to be well positioned to issue green debt instruments and views the RWE Green Financing Framework to be robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

⁵⁷ IEA, "World Energy Outlook", (2022), at: <https://iea.blob.core.windows.net/assets/c282400e-00b0-4edf-9a8e-6f2ca6536ec8/WorldEnergyOutlook2022.pdf>

Appendices

Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant NACE⁵⁸ activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its alignment assessment with the Taxonomy's applicable Technical Screening Criteria (TSC) and Do No Significant Harm (DNSH) criteria. Sustainalytics' assessment involves two steps:

1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics' assessment process involves mapping each criterion in the Framework to a relevant and applicable NACE activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one NACE activity and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not completely map to a NACE activity. In such cases, Sustainalytics has mapped to the NACE activity that is most relevant with respect to the primary environmental objective and impacts.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some activities are not yet covered by the Taxonomy, and some categories which are traditionally included in green bonds may not be associated with a specific economic activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

The outcome of Sustainalytics' mapping process for RWE Framework is shown in Table 2 below.

2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the TSC and DNSH criteria is usually based on the specific criteria contained in the issuer's Framework and may in many cases (especially DNSH criteria) also be based on management systems and processes and/or regulatory compliance. To assess alignment with the EU Taxonomy's Minimum Safeguards, Sustainalytics has reviewed policies, management systems and processes applicable to the use of proceeds and examined the regulatory context in the geographical location in which the issuer will finance activities and projects. This assessment is included in Section 2, above.

In cases where the Framework criteria describe projects which are intended to advance EU environmental objectives other than Climate Mitigation or Climate Adaptation, the Taxonomy does not include relevant TSC. In these cases, Sustainalytics has assessed the activity for alignment with the DNSH criteria across all objectives.

Sustainalytics' detailed assessment of alignment is provided in Appendix 2.

⁵⁸ The EU Taxonomy is based on economic activities defined in NACE (Nomenclature des Activités Économiques dans la Communauté Européenne). The Taxonomy currently lists 70 economic activities which have been chosen due to their ability to substantially contribute to climate change mitigation or adaptation.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU / NACE Activity	NACE Code	Primary EU Environmental Objective	Refer to Table
Renewable energy generation and storage	Expenditures relating to the construction, development, acquisition, maintenance, operation and /or storage of renewable energy installations, assets facilities or equipment of solar energy	4.1. Electricity Generation Using Solar Photovoltaic Technology	D35.11 and F42.22	Mitigation	3
	Expenditures relating to the construction, development, acquisition, maintenance, operation and /or storage of renewable energy installations, assets facilities or equipment offshore wind energy	4.3. Electricity Generation from Wind power	D35.11, F42.23	Mitigation	4
	Expenditures relating to the construction, development, acquisition, maintenance, operation and /or storage of renewable energy installations, assets facilities or equipment of onshore wind energy		D35.11, F42.24	Mitigation	4
	Expenditures relating to the construction, development, acquisition, maintenance, operation and /or storage of renewable energy installations, assets facilities or equipment including any integrated power storage component	4.10. Storage of Electricity	No dedicated NACE code	Mitigation	5
Hydrogen production and storage	Expenditures relating to the manufacture of hydrogen and operation of hydrogen storage facilities where the hydrogen complies with the life-cycle GHG emissions savings requirement of 73.4 % for hydrogen [resulting in 3tCO2eq/tH2].	4.12 Storage of Hydrogen	No dedicated NACE code	Mitigation	6
		3.10. Manufacture of Hydrogen	C20.11	Mitigation	7
	Expenditures relating to the construction of hydrogen facilities or conversion of existing gas storage facilities into storage dedicated to hydrogen	4.12 Storage of Hydrogen	No dedicated NACE code	Mitigation	6

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of Issuer's Framework criteria with the EU Taxonomy's TSC and DNSH criteria for the relevant NACE activity.

Table 3

Framework Activity assessed		Renewable Energy Generation and Storage	
EU Activity		4.1. Electricity Generation Using Solar Photovoltaic Technology	
NACE Code		D35.11 and F42.22	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The activity generates electricity using solar PV technology.	The Framework includes financing of solar power projects using solar PV technology, which is eligible by default.	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate change adaptation	Refer to the assessment set out in Appendix 3, Table 8		Aligned
Transition to a circular economy	The activity assesses availability of and, where feasible, uses highly durable and recyclable components and equipment, that are easy to dismantle and refurbish.	RWE has Circular Economy Policy in place which focuses on the following core principles to i) reduce consumption and increase inflow of circular materials; ii) enhance material (re)use and lifetime; and iii) minimize end-of-life treatment.⁵⁹ RWE has communicated to Sustainalytics that its assets are designed for a long to very long service life and that RWE services and maintains the assets with the intent to extend their useful lifetime. At the end of their service lifetime, assets are considered for reuse or re-powering. Most components and materials still have a monetary value and are partly refurbished or re-used as spare parts. Due to high amounts of steel, recycling remains as the last opportunity. For components, where reuse and recycling opportunities are still not standard, RWE has existing partnerships and cooperations with suppliers to foster continuous improvement.	Aligned

⁵⁹ RWE, "Circular Economy Policy", (2023), at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/rwe-circular-economy-policy.pdf>

Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 9	Aligned
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Table 4

Framework Activity assessed	Renewable energy generation and storage		
EU Activity	4.3. Electricity generation from wind power		
NACE Code	D35.11, F42.23 and F42.24		
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The activity generates electricity from wind power.	The Framework includes financing of onshore and offshore wind energy generation facilities, which is eligible by default.	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate change adaptation	Refer to the assessment set out in Appendix 3, Table 8		Aligned
Sustainable use and protection of water and marine resources	For the construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC. Any risks or impacts that were identified are mitigated or prevented, specifically relating to descriptor 11 (Noise/Energy) in accordance with EU 2017/848.	RWE conducts Environmental Impact Assessments (EIAs) for all projects under this category. Due to variation in size and impact of the assets, the process of EIAs may vary depending upon the national legislation, since EIAs are conducted on the request of the respective authorities. For projects outside of the EU or in the country where the EU-legislation or any corresponding EIA legislation is not applicable, RWE takes reference of IFC Performance Standards⁶⁰ or World Bank General EHS guidelines.⁶¹ RWE has communicated to Sustainalytics that it is also applying newer techniques such as a bubble curtain during the offshore piling process to reduce known impacts.	Aligned
Transition to a circular economy	The activity assesses availability of and, where feasible, uses highly durable and recyclable components and equipment, that are easy to dismantle and refurbish.	RWE has a Circular Economy Policy in place which focuses on the following core principles to: i) reduce consumption and increase	Aligned

⁶⁰ World Bank Group, IFC, "IFC Performance Standards on Environmental and Social Sustainability", at: https://www.ifc.org/wps/wcm/connect/c02c2e86-e6cd-4b55-95a2-b3395d204279/IFC_Performance_Standards.pdf?MOD=AJPERES&CVID=kTjHBzk

⁶¹ IFC, "Environmental, Health, and Safety (EHS) Guidelines", at: <https://documents1.worldbank.org/curated/en/157871484635724258/pdf/112110-WP-Final-General-EHS-Guidelines.pdf>

		inflow of circular materials; ii) enhance material (re)use and lifetime; and iii) minimize end-of-life treatment.⁶² RWE has communicated to Sustainalytics that its assets are designed for a long to very long service life and that RWE services and maintains the assets with the intent to extend their useful lifetime. At the end of their service lifetime, assets are considered for reuse or re-powering. Most components and materials still have a monetary value and are partly refurbished or re-used as spare parts. Due to large amounts of steel, recycling remains as the last opportunity. For parts such as wind turbine blades, where reuse and recycling opportunities are still not standard, RWE has existing partnerships and cooperations with suppliers to foster continuous improvement. With a view to reduce carbon emissions, RWE uses wood in the production of wind turbines instead of conventional steel and concrete wind turbine towers. RWE currently tests wooden piles which contribute to the production of these wind turbines to reduce the quantity of raw materials used.	
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 9		Aligned

⁶² RWE, "Circular Economy Policy", (2023), at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/rwe-circular-economy-policy.pdf>

Table 5

Framework Activity assessed		Renewable energy generation and storage	
EU Activity		4.10. Storage of electricity	
NACE Code		No dedicated NACE Code	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The activity is related to the construction and operation of electricity storage including pumped hydropower storage. Where the activity includes chemical energy storage, the medium of storage (such as hydrogen or ammonia) complies with the criteria for manufacturing of the corresponding product specified in Sections 3.7 to 3.17 of this Annex. In case of using hydrogen as electricity storage, where hydrogen meets the technical screening criteria specified in Section 3.10 of this Annex, re-electrification of hydrogen is also considered part of the activity.	RWE has confirmed to Sustainalytics that under the Framework financing will be limited to the construction and operation of electricity storage, specifically battery storage systems.	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate change adaptation	Refer to the assessment set out in Appendix 3, Table 8		Aligned
Sustainable use and protection of water and marine resources	In case of pumped hydropower storage not connected to a river body, the activity complies with the criteria set out in Appendix B in the Annex of the Climate Delegated Act. In case of pumped hydropower storage connected to a river body, the activity complies with the criteria for DNSH to sustainable use and protection of water and marine resources specified in Section 4.5 (Electricity production from hydropower).	RWE has confirmed to Sustainalytics that pumped hydropower storage projects will not be funded under the Framework.	Not Applicable
Transition to a circular economy	A waste management plan is in place and ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.	RWE has Circular Economy Policy in place which focuses on the following core principles to i) reduce consumption and increase inflow of circular materials; ii) enhance material (re)use and lifetime; and iii) minimize end-of-life treatment.⁶³ RWE has a waste management plan for all energy storage facilities funded under the Framework and ensures maximal reuse, remanufacturing, or recycling at end of life including in contractual agreements with waste management partners. Most of battery storage facility with RWE uses leased batteries which comes with a buyback policy. In case of owned battery storages, RWE's contracts contain the ownership and future responsibility to recycle the batteries.	Aligned

⁶³ RWE, "Circular Economy Policy", (2023), at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/rwe-circular-economy-policy.pdf>

Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 9	Aligned
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Table 6

Framework Activity assessed		Hydrogen production and storage	
EU Activity		4.12 Storage of Hydrogen	
NACE Code		No dedicated NACE code	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The activity is one of the following: (a) construction of hydrogen storage facilities; (b) conversion of existing underground gas storage facilities into storage facilities dedicated to hydrogen-storage; (c) operation of hydrogen storage facilities where the hydrogen stored in the facility meets the criteria for manufacture of hydrogen set out in Section 3.10. of the Annex of the Climate Delegated Act.	RWE has confirmed that it complies with one of the following criteria: (a) construction of hydrogen storage facilities; (b) conversion of existing underground gas storage facilities into storage facilities dedicated to hydrogen-storage; (c) operation of hydrogen storage facilities where the hydrogen stored in the facility meets the criteria for manufacture of hydrogen set out in Section 3.10. of the Annex of the Climate Delegated Act which is detailed in Appendix 3, Table 7.	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate change adaptation	Refer to the assessment set out in Appendix 3, Table 8		Aligned
Circular economy	A waste management plan is in place and ensures maximal reuse, remanufacturing, or recycling at end of life, through contractual agreements with waste management partners, reflection in financial projections or official project documentation.	RWE has in place a policy for circular economy which aims to: i) reduce consumption and increase inflow of circular materials; ii) enhance material (re)use and lifetime; and iii) minimize end-of-life treatment.⁶⁴ RWE has confirmed that it has contractual agreements in place to recycle and reuse end of life wastes.	Aligned
Pollution prevention and control	In the case of storage above five tonnes, the activity complies with Directive 2012/18/EU of the European Parliament and of the Council.	RWE confirmed that it ensures compliance with Directive 2012/18/EU of the European Parliament and of the Council in case of storage systems above five tonnes. Presently, RWE does not have any projects for storage of hydrogen and doesn't have any	Aligned

⁶⁴ RWE, "Circular Economy Policy", (2023), at: <https://www.rwe.com/-/media/RWE/documents/09-verantwortung-nachhaltigkeit/rwe-circular-economy-policy.pdf>

		plans to install hydrogen storage facilities in the future at locations outside of EU.	
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 9		Aligned

Table 7

Framework Activity assessed		Hydrogen production and storage	
EU Activity		3.10 Manufacture of Hydrogen	
NACE Code		C20.11	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The activity complies with the life-cycle GHG emissions savings requirement of 73.4% for hydrogen, resulting in life-cycle GHG emissions lower than 3tCO₂e/tH₂ and 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94g CO₂e/MJ in analogy to the approach set out in Article 25(2) of and Annex V to Directive (EU) 2018/2001. Life-cycle GHG emissions savings are calculated using the methodology referred to in Article 28(5) of Directive (EU) 2018/2001 or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018. Quantified life-cycle GHG emission savings are verified in line with Article 30 of Directive (EU) 2018/2001 where applicable, or by an independent third party. Where the CO₂ that would otherwise be emitted from the manufacturing process is captured for the purpose of underground storage, the CO₂ is transported and stored underground, in accordance with the technical screening criteria set out in Sections 5.11 and 5.12, respectively, of this Annex.	RWE has confirmed to Sustainalytics that the life cycle GHG emissions for hydrogen and hydrogen-based synthetic fuels will be lower than 3 tCO₂e/tH₂. RWE has also confirmed to Sustainalytics that it issues a Product Carbon Footprint analysis using ISO 14067 for the manufacture of hydrogen. Quantified life cycle GHG emissions savings are verified through a Product Carbon Footprint analysis by TUV Nord, an independent third party which follows the ISO 14067 standard. RWE has communicated to Sustainalytics that no carbon capture is planned for the current hydrogen plants in the development or construction process.	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate change adaptation	Refer to the assessment set out in Appendix 3, Table 8		Aligned

Sustainable use and protection of water and marine resource	The activity complies with the criteria set out in Appendix B to the Annex of the Climate Delegated Act. <i>Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC of the European Parliament and of the Council and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.</i> <i>Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.</i>	RWE has communicated to Sustainalytics that it ensures compliance with the criteria set out in Appendix B of the Annex of the Climate Delegated Act by following comprehensive processes with the respective authorities that grant water permits, which includes conducting environmental impact assessments, carrying out public participations and undertaking mitigating measures. Further, RWE has also communicated to Sustainalytics that the current hydrogen plants that are in development and construction phases, have already obtained water permits.	Aligned
Pollution prevention and control	Building components and materials used in the construction comply with the criteria set out in Appendix C to Annex of the Climate Delegated Act. <i>The activity does not lead to the manufacture, placing on the market or use of:</i> <i>(a) substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council, except in the case of substances present as an unintentional trace contaminant;</i> <i>(b) mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 of the European Parliament and of the Council</i> <i>(c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council</i>	Regarding building components and materials used in the construction, RWE has confirmed to Sustainalytics that hydrogen plants currently in development or construction phase, do not result in any emissions of air pollutants. Additionally, RWE also confirmed that it has a detailed waste management plan in place to ensure appropriate management of waste during construction phase. Further, as the activity is limited to production of hydrogen via electrolysis using renewables only, it would not lead to manufacture, placing in market or use of mercury, toxic chemicals, ozone depleting substance, and hazardous electrical waste. In terms of compliance with the EU regulations outlined in criteria a) to g), as the activity involves production of hydrogen from renewable energy sources, RWE ensures compliance to all applicable EU regulations, including Regulation (EU) 2019/1021⁶⁵, Regulation (EU) 2017/852⁶⁶, Regulation (EC) No 1005/2009,⁶⁷ Directive 2011/65/EU,⁶⁸ and Regulation (EC) 1907/2006;⁶⁹ which	Aligned

⁶⁵ Regulation (EU) 2019/1021, at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R1021&from=en>

⁶⁶ Regulation (EU) 2017/852, at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0852&rid=7#:~:text=This%20Regulation%20establishes%20measures%20and,of%20protection%20of%20human%20health>

⁶⁷ Regulation (EC) 1005/2009, at: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:286:0001:0030:EN:PDF#:~:text=This%20Regulation%20lays%20down%20rules,market%20and%20use%20of%20products>

⁶⁸ Directive 2011/65/EU, at: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:174:0088:0110:en:PDF>

⁶⁹ Regulation (EC) 1907/2006, at: [https://osha.europa.eu/en/legislation/directives/regulation-ec-no-1907-2006-of-the-european-parliament-and-of-the-council#:~:text=27%2F04%2F2021-Regulation%20\(EC\)%20No%201907%2F2006%20%2D%20Registration%2C%20Evaluation,and%20Restriction%20of%20Chemicals%20\(REACH\)&text=The%20purpose%20of%20this%20regulation,Community%20workplace%20and%20environmental%20legislation](https://osha.europa.eu/en/legislation/directives/regulation-ec-no-1907-2006-of-the-european-parliament-and-of-the-council#:~:text=27%2F04%2F2021-Regulation%20(EC)%20No%201907%2F2006%20%2D%20Registration%2C%20Evaluation,and%20Restriction%20of%20Chemicals%20(REACH)&text=The%20purpose%20of%20this%20regulation,Community%20workplace%20and%20environmental%20legislation)

	(d) substances, whether on their own, in mixtures or in an articles, listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council³³¹, except where there is full compliance with Article 4(1) of that Directive (e) substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006 of the European Parliament and of the Council, except where there is full compliance with the conditions specified in that Annex (f) substances, whether on their own, in mixtures or in an article, meeting the criteria laid down in Article 57 of Regulation (EC) 1907/2006 and identified in accordance with Article 59(1) of that Regulation, except where their use has been proven to be essential for the society; (g) other substances, whether on their own, in mixtures or in an article, that meet the criteria laid down in Article 57 of Regulation (EC) 1907/2006, except where their use has been proven to be essential for the society. Emissions are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set out in the relevant best available techniques (BAT) conclusions, including: (a) the best available techniques (BAT) conclusions for the production of chlor-alkali and the best available techniques (BAT) conclusions for common waste water and waste gas treatment/management systems in the chemical sector¹²²; (b) the best available techniques (BAT) conclusions for the refining of mineral oil and gas. No significant cross-media effects occur	can be assumed to be transposed into national legislation for EU member states. RWE does not have plan to have any projects for manufacturing of hydrogen in locations outside of the EU. RWE has confirmed to Sustainalytics that the best available techniques, as set out in the technical screening criteria are applied and used in construction. RWE confirm that no significant cross-media effects occur.	
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 9		Aligned

Appendix 3: Criteria for Do No Significant Harm (“DNSH”) to Climate Change Adaptation and Protection and Restoration of Biodiversity and Ecosystems

Table 8

Criteria for DNSH to Climate Change Adaptation		
DNSH Criteria	Alignment with DNSH Criteria	
The physical climate risks that are material to the activities mentioned above have been identified by the Issuer by performing a robust climate risk and vulnerability assessment.⁷⁰ The assessment must be proportionate to the scale of the activity and its expected lifespan, such that: - for investments into activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections; - for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments. The issuer has developed a plan to implement adaptation solutions to reduce material physical climate risks to the selected activities under the Framework. - For new activities the Issuer ensures that adaptation solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. - For activities that involve upgrading or altering existing assets or processes, the Issuer must implement adaptation solutions identified within five years from the start of the activity. In addition, selected adaptation solutions must not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts.	In 2022, RWE implemented a climate risk assessment as a systemic and scalable approach across its portfolio. For newly built projects, RWE has implemented this assessment which focusses on climate projection scenarios that are the best possible fit for the lifetime of these new assets.⁷¹ As part of this assessment, all the predefined and evaluable climate hazards listed in annex 2 to the delegated legal act were considered and projected changes to climate variables were identified using a group of global climate models. The first result of this assessment revealed a higher relevance for the assets that are planned, under construction or have been recently commissioned. Further, technology-dependent climate data were analysed for material identified risks and adaptation solutions were also implemented for example, flood protection for run-of-river power stations and retaining basins for plants with water-based cooling systems. In the next step, this assessment will consider further specific data such as the age and service life of individual assets to concretise vulnerability. RWE's assets and projects currently under development or construction phase have an expected lifespan of more than 10 years and hence the Company has implemented the process that will allow it to cover the requirements considering different scenarios for at least 30 years into the future, using the CMIP6⁷² (Coupled Model Intercomparison Project - phase 6) data, an initiative to analyse the impact of future climate change. Regarding the implementation of an adaptation plan, RWE has to date investigated likely risks based in historical data during the project development stage. This investigation is conducted as part of the site suitability assessments to check for extreme weather events based on long-term data available from the past and to develop and implement mitigating measures such as cooling	Aligned

⁷⁰ The EU Delegated Act identifies several climate related risk and classifies them into chronic or acute risks, Chronic risks include -changing temperature (air, freshwater, marine water), changing wind patterns, changing precipitation patterns and types, coastal erosion, heat stress, ocean acidification, sea-level rise, and solifluction. Acute risks pertain to – heat/ cold wave, wildfire, cyclone, hurricane, tornado, storm, drought, landslide, flood, and glacial lake outburst. For a complete list of climate related risk please refer to Section 2 of Appendix E of EU's draft delegated regulation (Annex 1), at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW

⁷¹ RWE, “Annual Report 2022”, at: <https://www.rwe.com/-/media/RWE/documents/05-investor-relations/finanzkalender-und-veroeffentlichungen/2022-GJ/2023-03-21-rwe-annual-report-2022.pdf>

⁷² CMIP (Coupled Model Intercomparison Project) is an initiative by World Climate Research Program (WCRP) used to understand climate changes arising from natural, unforced variability or in response to changes in radiative forcing in a multi-model context. The CMIP is now its 6th Phase (CMIP6). For more details, refer: <https://pcmdi.llnl.gov/CMIP6/>

	systems or cold weather packages, ice warning systems, solar modules for higher temperatures, retaining basins. This assessment is also conducted to include certain risks in the revenue calculation for example, lack of water for run-of-river plants. Currently, this existing process is now systematically updated to use climate projections and across all its relevant technologies. RWE ensures that all significant adaptation measures undertaken by the Company are required to be verified by the respective local authorities and are usually part of the permit procedures for smaller assets also. RWE applies general risk awareness and environmental standards which are valid for the respective project and the environment as part of its mitigation measures. Additionally, RWE also considers national and regional adaptation efforts through the exchange with the local authorities. RWE's most of the projects require public consultation and hence ensures that the likelihood of not considering any substantial frame conditions will be low. Moreover, to avoid any inconsistencies RWE actively drives public consultation, community engagement initiatives and maintains good relationships with the local authorities. For the existing projects, RWE is in the process of implementing the systemic climate risk analysis and the derivation of the additional and asset-specific measures. The Company considers these measures on a case-to-case basis also accounting for the economic aspects of the projects.	
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Table 9

Criteria for the Protection and Restoration of Biodiversity and Ecosystems		
DNSH Criteria	Alignment with DNSH Criteria	
- An Environmental Impact Assessment (EIA) or screening has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards. - Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. - For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.	RWE confirmed that for all countries, where its projects (with aligned assets) are located, require Environmental Impact Assessment (EIA) which are comparable to the EU requirements, in accordance with Directive 2011/92/EU. RWE confirmed to Sustainalytics that all measures, as a result of the EIAs, and any additional measures required are summarized in the respective authorities' permit and are subject to ongoing review. The Company further confirmed that it implements measures as per the requirements of the permits and provides evidence showcasing adherence to the authorities, if required. Additionally, in case of an event of upgrading the asset or substantial technical	Aligned

	change, the respective authorities can review the permit and implement any further obligations if significant harm can be assumed. RWE confirms that in adherence to the legislations, assessment to identify and implement necessary mitigation measures, for sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas) forms, part of the EIA or the permit procedure. As a result, RWE ensures necessary measures including compensating areas, relocation of animals, etc. have been implemented till date and will continue to implement in the future as well.	
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Appendix 4: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	RWE
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	RWE Green Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	June 09, 2023
Publication date of review publication:	
Original publication date [please fill this out for updates]:	May 1, 2020

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds, Renewable Energy Generation and Storage, Hydrogen Production and Storage are aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| ☒ Renewable energy | ☐ Energy efficiency |
| ☐ Pollution prevention and control | ☐ Environmentally sustainable management of living natural resources and land use |
| ☐ Terrestrial and aquatic biodiversity conservation | ☐ Clean transportation |
| ☐ Sustainable water and wastewater management | ☐ Climate change adaptation |
| ☐ Eco-efficient and/or circular economy adapted products, production technologies and processes | ☐ Green buildings |
| ☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | ☒ Other (<i>please specify</i>): Hydrogen Production and Storage |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

RWE's Treasury and Investor Relations Department in association with RWE's operational units is responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. RWE's Green Finance Committee, which comprises members from RWE's Strategy and Corporate Responsibility, Finance and Credit Risk, and Investor Relations departments, is responsible for final approval of the selected projects and for reviewing the green projects portfolio on a regular basis to ensure alignment with Framework criteria. RWE has established a risk management system which enables the Company to identify, minimize and manage social and environmental risks. Sustainalytics considers the project evaluation and selection process and risk management systems in place to be in line with market practice.

Evaluation and selection

- | | |
|--|---|
| ☒ Credentials on the issuer's environmental sustainability objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Green Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☒ Summary criteria for project evaluation and selection publicly available | ☐ Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| ☒ Evaluation / Selection criteria subject to external advice or verification | ☐ In-house assessment |
| ☐ Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

RWE's Finance and Credit Risk department will be responsible for the management of proceeds using an internal tracking and accounting system. RWE intends to achieve full allocation of net proceeds within 24 months of issuance. Pending full allocation, unallocated proceeds will be held in RWE's liquidity portfolio and temporarily invested in cash and cash equivalents. Sustainalytics considers this process to be in line with market practice.

Tracking of proceeds:

- | |
|---|
| ☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| ☐ Other (please specify): |

Additional disclosure:

- | | |
|--|---|
| ☐ Allocations to future investments only | ☒ Allocations to both existing and future investments |
| ☐ Allocation to individual disbursements | ☒ Allocation to a portfolio of disbursements |
| ☐ Disclosure of portfolio balance of unallocated proceeds | ☐ Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

RWE intends to report on the allocation of proceeds and corresponding impact on its website on an annual basis until full allocation. Allocation reporting will include information such as EU taxonomy environmental objective mapping at category or technology level, project portfolio breakdown by technology (wind, solar, storage, hydrogen), total green project portfolio amount, total amount of proceeds allocated and amount of unallocated proceeds. Subject to availability of information, impact reporting will include relevant impact indicators. Sustainalytics considers this process to be in line with market practice.

Use of proceeds reporting:

- | | |
|---|--|
| ☐ Project-by-project | ☒ On a project portfolio basis |
|---|--|

- ☐ Linkage to individual bond(s) ☐ Other (please specify):

Information reported:

- ☒ Allocated amounts ☐ Green Bond financed share of total investment
- ☐ Other (please specify):

Frequency:

- ☒ Annual ☐ Semi-annual
- ☐ Other (please specify):

Impact reporting:

- ☐ Project-by-project ☒ On a project portfolio basis
- ☐ Linkage to individual bond(s) ☐ Other (please specify):

Information reported (expected or ex-post):

- ☒ GHG Emissions / Savings ☐ Energy Savings
- ☐ Decrease in water use ☒ Other ESG indicators (please specify):
- Renewable energy capacity (measured in MW); Renewable energy production (measured in MW); Estimated annual CO₂ emissions avoided (measured in tCO₂); Electricity storage capacity added; Hydrogen electrolyser capacity added

Frequency

- ☒ Annual ☐ Semi-annual
- ☐ Other (please specify):

Means of Disclosure

- ☐ Information published in financial report ☐ Information published in sustainability report
- ☐ Information published in ad hoc documents ☒ Other (please specify): Information published on website.
- ☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| ☐ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification / Audit | ☐ Rating |
| ☐ Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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