innogy SE
A RESPONSIBLE INVESTMENT

innogy SE · November 2018
Agenda

1. innogy at a glance
   → page 3

2. Economic and ESG performance today
   → page 5

3. Material aspects of sustainability
   → page 13

4. Green Bond
   → page 14

5. Ratings and Engagement
   → page 17
innogy is a stable business with a platform for growth

innogy is active along the energy value chain in three divisions

**Sustainable generation of electricity**

**Renewables**
- Wind
- Hydro
- Solar

**Efficient distribution of energy**
- 3.6 GW installed capacity
- Grid Assets
- Grid+
- Broadband

**Customer products and services**
- 18m customers

**Grid & Infrastructure**
- €13.5bn regulated asset base

**Retail**
- Commodity Energy+

**Targeted leverage factor of ~4.0x**

**Targeted payout ratio of 70% - 80% of adjusted net income**

- Market cap at around €22bn (as of 12 Nov 2018)
- 36,841 employees (as of 30 Sep 2018)

1 Accounting view. 2 Excluding UK Retail.
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Performing with an excellent carbon footprint

innogy ESG KPIs

- **10.2 TWh**
  Power generation from renewables

- **0.056**
  Metric tons of CO$_2$ per produced MWh of electricity

- **90%**
  Share of renewable energy in power production

- **€3.5 billion planned capex**
  In the renewables division for 2018-2020

- **3.9**
  Training days per employee

- **2.19**
  LTIF$^2$

- **13.4 minutes**
  SAIDI$^3$

- **Between 63/100 and 85/100**
  Customer satisfaction index$^4$

**Share of women in the company**

<table>
<thead>
<tr>
<th>Share of women in the company</th>
<th>Share of women industry average</th>
</tr>
</thead>
<tbody>
<tr>
<td>34.6%</td>
<td>26.7%</td>
</tr>
</tbody>
</table>

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1 If not stated otherwise, figures are as of 2017. 1 LTIF = Lost Time Incident Frequency (sum of all accidents resulting in at least one day of absence per million hours worked). 2 LTIF = Lost Time Incident Frequency. 3 SAIDI = System Average Interruption Duration Index. 4 Depending on market. 5 Women in the innogy management in 2017: 19.2%. 5 Source: selected innogy peers, annual reports and sustainability reports 2017.
Our economic and ESG performance today

Economic performance
- Security of supply
- Grid
- Customers
- R&D

Social performance
- Diversity
- Data protection & Cyber security
- Occupational safety
- Customer satisfaction
- Secure energy supply
- Corporate volunteering

Governance performance
- ESG / HS&E Governance
- Strategic, operational and financial independence
- Management incentives
- Compliance
- Code of Conduct

Environmental performance
- Emissions
- Decarbonisation
- Natural resources and biodiversity
- Energy saving

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## Highlights of our economic performance

### Security of supply
- Our goal is to guarantee availability and distribution of energy
- In 2017, SAIDI (System Average Interruption Duration Index) was 13.4 minutes in our electricity distribution grid in Germany and 75.5 minutes per year and customer in our Eastern European grids (average for Germany: 15.1 minutes; in Europe, the member states have an average SAIDI that ranges between 10 and 1,100 minutes\(^1\))

### Grid
- With 456,000 km for electricity and 117,000 km for gas one of the most powerful and advanced distribution grids in Europe (as of 31 Dec 2017)

### Customers
- 12.9 million electricity customers and 4.6 million gas customers (as of 30 Sep 2018)

### R&D
- We have a diverse innovation ecosystem and therefore the innogy Innovation Hub is expected to play an essential role in structuring the energy system transformation
- Registered patents on 68 inventions in 2017
- 200 R&D projects in 2017. Example: the project ‘Designetz’ aims to jointly develop a robust overall concept for integrating renewable energies into the supply system

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Project Designetz – Blueprint for the future Energy System

Combining many energy assets located decentrally via a huge data system to offer ‘flexibility’ for integrating more renewable energy into the grid. This leads to a sustainable solution regarding decarbonisation, decentralisation and digitisation.

The testing region has a pioneering character for many other regions due to its mix of PV and wind as well as partially high renewables surplus and nearby load centers.

Bringing together 47 experienced partners from different areas (municipalities, commercial partners and science)

EUR ~ 30m\(^1\) funding
EUR ~ 66m\(^1\) project volume

1 Over the whole duration of the project and including all partners.

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Examples of sustainable R&D work

**Energy grids**
- **EU-SysFlex**: EU-SysFlex will find out the right mix of flexibility and system services meeting the needs of a European energy system with a renewable share of more than 50%.

**Gas grids**
- **HYPOS**: Investigating innovative concepts for coupling the sectors gas and electricity with the aim to make green hydrogen economically viable.

**Renewables**
- **OVER – fish bypass**: Intensive trials in a real water channel to improve the protection of fish through bypass systems in hydro power plants.

**Retail**
- **District heating**: Piloting a heat pump installation that feeds waste heat from a combined heat and power plant into a district heating grid.

**eMobility**
- **Metro eStation**: Testing a new kind of electric charging station that combines solar on the roof, fast charging and a battery storage.

**Energy systems**
- **Greenfuel**: Demonstrating the entire value chain of green methanol to show what the clean future of energy can look like without oil.
## Highlights of our governance performance

### ESG and HS&E Governance
- Covered by the Corporate Responsibility and HS&E department
- Objective: make innogy healthier, more secure, environmentally friendly, adaptable and efficient
- Health, Safety & Environment offers trainings for all innogy’s employees

### Strategic, operational and financial independence
- High degree of strategic, operational and financial independence
- Supervisory board structure: 20 members, thereof 10 shareholder and 10 employee representatives
- RWE AG represented by one management board member
- Frank Bsirske and Šárka Vojíková are personal union members as supervisory board and deputy chairman for RWE AG and innogy SE
- Audit committee mainly consisting of independent board members, one seat held by RWE AG

### Management incentives
- Individual annual bonus scheme based on economic development of the company, individual and collective performance, performance with regards to corporate responsibility\(^1\) and employee motivation
- Long-term incentive plan: conditional right to receive a pay-out following a period of four years. Pay-out dependent on a ‘3-year IPO business plan’ and total shareholder return

### Compliance
- Comprehensive Compliance Management System to prevent corruption
- Trainings on anti-competitive behaviour

### Code of Conduct
- In 2017 99.7% compliance with the requirements of our Code of Conduct in the entire Group

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\(^1\) The five CR performance indicators are: 1. Increase in the capacity (GW%), 2. Lost Time Injury Frequency (LTIF incl. employees of contractors), 3. System Average Interruption Duration Indicator (SAIDI), 4. Customer loyalty index (CLI), 5. Rank in reputation index (RPI).
### Highlights of our social performance

#### Diversity
- Share of women in the company: 34.6%\(^1\) (as of 31 Dec 2017)
- Inclusiveness: 4.4%\(^2\) of employees have disabilities (as of 31 Dec 2017)
- Assistance and aid for refugees
- Non-discriminatory working environment assured through compliance with the Code of Conduct and the Social Charter. Foundation of innogy LGBT&friends network in 2017 to support LGBT-rights in the innogy-community

#### Data protection & Cyber security
- No data protection breaches
- In 2018 innogy will offer cyber security trainings in cooperation with CyberGym Europe to educate employees of other energy suppliers in dealing with cyber attacks on the energy infrastructure

#### Occupational safety
- LTIF\(^3\) was 2.19 in 2017\(^4\)
- Health & Safety Training for all employees working on construction sites

#### Customer satisfaction
- Satisfaction index between 63/100 and 85/100\(^5\) across all countries of operation
- Customer loyalty index increased to 76/100 in 2017

#### Secure energy supply
- Efforts to avoid power cuts for households with difficult financial backgrounds in cooperation with Jobcenter
- Security regulations and emergency preparations to secure the supply for customers

#### Corporate volunteering
- In 2017, more than 1,240\(^6\) employees participated in about 850 volunteer projects

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1 Industry average of selected peers: 27.1%. 2 Same percentage as in 2016. 3 LTIF = Lost Time Incident Frequency (sum of all accidents resulting in at least one day of absence per million hours worked). 4 In 2016: 2.1. 5 Satisfaction Index in 2016 between 60/100 and 85/100. 6 In 2016 about 1,750 employees volunteered.
## Highlights of our environmental performance

### Emissions
- Low CO\textsubscript{2} Scope 1 emissions because of innogy’s focus on generation from renewable energies (0.627 million mega tons in 2017, in accordance with EU ETS)
- Air purification measures resulting in emissions below the statutory limits for mercury, SO\textsubscript{2}, NO\textsubscript{x} and dust
- Promotion of electric mobility with advanced charging stations and solutions
- Offering green electricity and gas retail products generated entirely from renewables, e.g. ‘Strom Natur’

### Decarbonisation
- 334,000 renewable energy assets connected to our distribution grid in Europe in 2017, this corresponds to capacity that is directly connected to our grids of 23.5 GW
- 11.3 TWh electricity generation primarily from renewable sources (10.2 TWh) and combined heat and power energy plants
- innogy’s generation capacity totaled to 4.2 GW\textsuperscript{1} (as of 31 Dec 2017) t/o 91% renewable assets

### Natural resources and biodiversity
- Environmental management systems: compliance with ISO 14001 by 85% of which 43% were externally certified
- Protection of habitats and indigenous plants and animals: through environmental impact assessments, animal protection measures, downstream monitoring measures and landscape management planning
- Waste management in accordance to the principles of avoidance, recovery and disposal

### Energy saving
- We support our customers to save energy with energy efficient products (e.g. smart meter, light bulbs, heat pumps, etc.)

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1 Accounting view.
We develop value-accrative growth options

Capacity in operation, under construction and under development\(^1\)
GW, pro-rata

<table>
<thead>
<tr>
<th></th>
<th>Onshore</th>
<th>Offshore</th>
<th>Hydro</th>
<th>Solar/other</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2018</td>
<td>3.5</td>
<td>0.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COD 2018-2019</td>
<td></td>
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<tr>
<td>2018-2019</td>
<td></td>
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<tr>
<td>2020-23</td>
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<tr>
<td>Post 2023</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total pipeline</td>
<td>3.0</td>
<td>2.7</td>
<td>9.3</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>currently under development(^2)</th>
<th>0.3</th>
<th>1.6</th>
<th>1.9</th>
<th>3.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>thereof depending on successful auction results:</td>
<td>0.3</td>
<td>1.6</td>
<td>1.9</td>
<td>3.8</td>
</tr>
</tbody>
</table>

1 As of 30 June 2018. Ramp-up only includes Renewables division. 2 Based on planned commissioning dates, excluding M&A activities and project-specific auctions.

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innogy addresses the material aspects of sustainability

<table>
<thead>
<tr>
<th>Material Aspects</th>
<th>Relevance for the financial development, performance, position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable energy development</td>
<td></td>
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<tr>
<td>Greenhouse gases</td>
<td></td>
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<tr>
<td>Customer satisfaction</td>
<td></td>
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<tr>
<td>Reliability and availability</td>
<td></td>
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<tr>
<td>Data security</td>
<td></td>
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<tr>
<td>Digitalization</td>
<td></td>
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<td>Innovation management</td>
<td></td>
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<td>Sustainable infrastructure development</td>
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<td>Corporate governance</td>
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<td>Compliance</td>
<td></td>
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<tr>
<td>Attractive employer</td>
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<td>Addressing social challenges</td>
<td></td>
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<tr>
<td>Diversity &amp; inclusion</td>
<td></td>
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<tr>
<td>Demographic change</td>
<td></td>
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<tr>
<td>Land use &amp; biodiversity</td>
<td></td>
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<tr>
<td>Stakeholder dialogue</td>
<td></td>
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<td>Occupational health and safety</td>
<td></td>
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<tr>
<td>Safety</td>
<td></td>
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<tr>
<td>Security of facilities</td>
<td></td>
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<tr>
<td>Environmental management systems</td>
<td></td>
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<tr>
<td>Climate change impacts</td>
<td></td>
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<tr>
<td>Human rights</td>
<td></td>
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<tr>
<td>Labor conditions</td>
<td></td>
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<tr>
<td>Water</td>
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<tr>
<td>Hazardous substances</td>
<td></td>
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<tr>
<td>Air pollutants</td>
<td></td>
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<tr>
<td>Noise emissions</td>
<td></td>
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<tr>
<td>Corporate citizenship</td>
<td></td>
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<tr>
<td>Resource efficiency</td>
<td></td>
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<tr>
<td>Social responsibility</td>
<td></td>
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<tr>
<td>Diversity &amp; inclusion</td>
<td></td>
</tr>
<tr>
<td>Demographic change</td>
<td></td>
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<td>Environment</td>
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<tr>
<td>Corporate citizenship</td>
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</tr>
<tr>
<td>Resource efficiency</td>
<td></td>
</tr>
</tbody>
</table>

This is a new evaluation of material aspects of sustainability for the company based on our materiality assessment in 2017.

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innogy’s Green Bond Framework follows the Green Bond Principles¹

1. Use of Proceeds
Green Bonds are exclusively used to finance or refinance Eligible (Green) Projects of the following three categories:

- Renewable energy projects
- Energy efficiency projects
- Clean Transportation projects

2. Project evaluation and selection
- Business units propose projects and provide information.
- The Green Bond Committee³ (GBC) verifies and finally selects Eligible Projects.

3. Management of Proceeds
- Internal monitoring of the Eligible Projects and tracking of the outstanding proceeds.
- In case of divestment/cancellation reallocation to other Eligible Projects.
- Unallocated proceeds will be invested in e.g. money market products and/or marketable securities.

4. Reporting
- Prior to issuance of each bond, disclosure of relevant Eligible Projects and expected climate and environmental impact.
- Annual reporting of the following information:
  - The total amount of proceeds allocated
  - The amount of unallocated proceeds (if any)
  - Climate and/or environmental benefits

² Disbursements not earlier than 2014.
³ The GBC consists of representatives from Corporate Responsibility, Treasury, and on case by case basis members of business units involved.
Distribution System Operators are the enabler of the Energiewende. More than 90% of all renewable capacity is directly connected to it.

Investments to connect renewables

Grid investments related to the Energiewende

Smart meter investments
## Focused financing - innogy’s inaugural Green Bond

### Term and conditions

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launch date</td>
<td>12.10.2017</td>
</tr>
<tr>
<td>Issuer</td>
<td>innogy Finance BV</td>
</tr>
<tr>
<td>Guarantor</td>
<td>innogy SE</td>
</tr>
<tr>
<td>Issue ratings</td>
<td>A-/Baa2/BBB (F/M/S&amp;P)</td>
</tr>
<tr>
<td>Format</td>
<td>DIP; senior, unsecured green bond</td>
</tr>
<tr>
<td>Second Opinion</td>
<td>Sustainalytics</td>
</tr>
<tr>
<td>Structural advisors</td>
<td>ABN AMRO, Societe General</td>
</tr>
<tr>
<td>Other banks</td>
<td>DZ-Bank, HSBC, LBBW, MUFG</td>
</tr>
<tr>
<td>Amount</td>
<td>€850 million</td>
</tr>
<tr>
<td>Maturity date</td>
<td>19.10.2027</td>
</tr>
<tr>
<td>Coupon</td>
<td>1.25%</td>
</tr>
<tr>
<td>Yield / Price</td>
<td>1.359% / 98.987%</td>
</tr>
<tr>
<td>Spread</td>
<td>47bps</td>
</tr>
<tr>
<td>IPT</td>
<td>65bps area</td>
</tr>
<tr>
<td>Guidance</td>
<td>50bps +/- 3</td>
</tr>
<tr>
<td>NIP</td>
<td>c. -3bps</td>
</tr>
</tbody>
</table>

**Green Bond proceeds to refinance eligible G&I projects**
We are rated and ranked with good results

2017¹
- B-
- As part of RWE Group rating

2017²
- B-
- Prime status
- Top 15% of industry

2018
- 53/100
- Silver recognition level
- Above average

2017²
- 71/100
- Average performer
- Relative position: 44/199

2018
- A
- Above average

¹ innogy participated in 2018 separately   ² New results have not been published yet.
innogy’s contribution to achieving the SDGs

The four SDGs we currently have the most influence on:

SDG 7: Affordable and Clean Energy
With our energy generation from renewable sources we are making a significant contribution to increasing the share of renewable energies in the electricity mix to make clean and affordable energy available to all by 2030. Energy efficiency is an important factor in further reducing emissions.

SDG 9: Industry, Innovation and Infrastructure
Sustainable innovation and building a reliable infrastructure for the energy system transformation aligns with our goals. The expansion and modernization of our networks plays an important role for us and we invest in innovation and research to make the energy landscape of the future more sustainable.

SDG 12: Responsible Consumption and Production
Our contribution to SDG 12 is a combination of various activities including raising awareness for sustainability in our company’s workforce, resource efficiency and reducing our impact on the environment with our waste management. We continuously search for new ideas to improve our customers’ and our own actions towards the planet.

SDG 13: Climate Action
At innogy, we contribute to climate protection through sustainable energy generation from wind, water and the sun. We continue to focus on the expansion of renewable energies, develop efficient energy solutions and promote additional projects for the benefit of the environment.
We adhere to standards and sustainability networks

Certification

• 85% coverage for environmental management systems that comply with ISO 14001
• Some of innogy’s grid companies were audited in 2017 in accordance with ISO 50001. Others are working towards introducing an energy management system. Some companies no longer require certification in conformity with ISO 50001 because they have already been validated pursuant to EMAS¹.

Commitments and Memberships

Note: UN Global Compact membership currently covered via RWE.
¹ European Union Eco-Management and Audit Scheme.
OPENNESS CREATES TRUST.
We make our actions transparent.
Contact

Corporate Responsibility

www.innogy.com/responsibility

Dr. Henning Rentz
T +49 201 12-15818
henning.rentz@innogy.com

Investor Relations

www.innogy.com/ir

Dr. Holger Perlwitz
T +49-162 2843044
holger.perlwitz@innogy.com

Marisa Weiskirch
T +49-152-57938737
marisa.weiskirch@innogy.com

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Backup
### innogy’s CO₂ emissions and scopes

<table>
<thead>
<tr>
<th>Scope 1</th>
<th>0.6 million tons&lt;sup&gt;1&lt;/sup&gt;</th>
<th>CO₂ emissions from electricity generating plants that are subject to trading with certificates in the EU ETS. They include emissions from power plants which are not owned by innogy but which can deploy at our discretion on the basis of long-term agreements.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.3 million tons&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.4 million tons&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Insufficient allowance of CO₂ certificates</td>
<td>1.2 million tons&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Direct CO₂ emissions from in-house sources. These include the following items:</td>
</tr>
<tr>
<td><strong>Scope 1</strong></td>
<td></td>
<td>• Emissions in accordance with EU ETS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Emitted CO₂ volumes from renewable electricity and heat generation plants (for example biomass/biogas)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Emissions from energy consumption by real estate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Emissions from the use of vehicles in the company fleet</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• CO₂ equivalents of methane and SF₆ emissions from leakages</td>
</tr>
</tbody>
</table>

<sup>1</sup> Rounded figures.
innogy’s CO₂ emissions and scopes

<table>
<thead>
<tr>
<th>Scope 2</th>
<th>7.5 million tons(^1)</th>
<th>Indirect CO₂ emissions from the transmission and distribution of electricity procured from third parties (national power mix) and losses in our own distribution grid.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in accordance with the GHG Protocol)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scope 3</th>
<th>207.0 million tons(^1)</th>
<th>Indirect CO₂ emissions generated by suppliers and customers in upstream and downstream value chains. These include the following items:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in accordance with the GHG Protocol)</td>
<td></td>
<td>• CO₂ emissions produced through the generation of electricity procured from third parties for resale and upstream supply chain (sourcing of coal and natural gas)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• CO₂ emissions from the consumption of gas sold to our customers and its upstream supply chain</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• CO₂ emissions from new renewables plants connected to the grid during the course of the reporting year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• CO₂ emissions from business travel</td>
</tr>
</tbody>
</table>

\(^1\) Rounded figures.
Notice

This document contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management, and are based on information currently available to the management. Forward-looking statements shall not be construed as a promise for the materialisation of future results and developments and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting the Company, and other factors. Neither the Company nor any of its affiliates assumes any obligations to update any forward-looking statements.