

Press Release

## RWE's Major Shareholder Amundi Calls on Management to Exit Coal More Quickly

7th biggest RWE investor sees company "at odds" with Paris Climate Target  
Energy utility wants to keep lignite coal plants running until 2038  
Study: Ongoing destruction of villages in lignite mining areas unnecessary

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Essen | June 26th 2020

On the day of RWE's annual general meeting, Amundi, the utility's 7th biggest investor<sup>1</sup> and one of the world's biggest asset managers, has criticised the company's coal phase-out strategy as **"at odds" with the 1.5°C Target** of the Paris Climate Agreement. This criticism is part of a letter seen by Urgewald and its partner NGO Reclaim Finance that is addressed to RWE's **CEO Rolf Martin Schmitz** and his designated successor and **CFO Markus Krebber**.

In the letter, Amundi states: **"...we want to express our surprise at RWE's plans to maintain most of its lignite-fired electricity production in Germany until 2038, well beyond Crédit Agricole's Group 2030 deadline."** The letter continues that this would not only contradict the climate necessities but also RWE's plan to *"become a leader in the energy transition"*. Amundi expects RWE to provide a coal phase-out plan *"fully compliant with the recommendations of climate science"*.

Lucie Pinson, Director of the NGO Reclaim Finance, comments:

***"Just recently, the Norwegian Government Pension Fund has announced an end of its RWE investments. The fact that now even one of the world's biggest asset managers is so outspoken against the company's course shows how much trust the management has lost already. RWE must consider this call and urgently adapt its energy strategy."***

Katrin Ganswindt, Energy and Finance Campaigner at Urgewald, says:

***"With the support of the Paris Agreement on paper, RWE only pays lip service to calm its investors. In reality, the company's actions remain a big threat to***

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<sup>1</sup> Source: Europe Beyond Coal, July 2020 [forthcoming], Fool's Gold report, Date of data retrieval: February 2020; Available from: <https://beyond-coal.eu/>

***the Paris Climate Accord. We hope that Amundi's example will also make other major shareholders like Blackrock and Deutsche Bank demand a change. While governments can set the cornerstones of the energy transition, creditors and investors need to get companies on course or otherwise divest."***

While the investor pressure increases, a big NGO coalition across Europe is calling the German energy utility RWE to speed up its exit from coal and to **stop destroying further villages** with its ongoing lignite activities. Today, **digital and local protest actions** are taking place by German and international NGOs, including a joint protest action of several climate, anti-coal and anti-nuclear groups in front of RWE's headquarters in Essen.

### **Background on RWE's coal phase-out plan and government compensation**

Following talks with the German government, RWE presented a coal phase-out plan in January. The company claims that it has „stretched to the limit“<sup>2</sup>, but in fact **RWE plans to close only loss-making and already mostly idle coal units over the next three years**, which will not contribute to an urgently needed CO2 reduction. RWE plans to wait with further coal closures until late 2028 and 2029 and wants to keep more than **3 GW** of especially climate-damaging lignite capacity operating until the end of 2038.<sup>3</sup>

RWE is about to receive **2.6 billion € in government compensation** for closing its lignite plants as a result of the company's negotiations with the German government. Given that RWE's coal phase-out plan is far from being ambitious, it seems **questionable whether the EU Commission will approve the compensation payments.**

Katrin Ganswindt from Urgewald says: ***"2038 as final closure date for coal in Germany is too late to fulfill Germany's and Europe's commitments under the Paris Climate Agreement. So far, the company only closes coal assets when it is forced to do so, either by new laws or by the market. It is bizarre that RWE receives billions in public compensation for a plan that will create further climate risks. A Paris-compliant business strategy would include a coal phase-***

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<sup>2</sup> <https://www.group.rwe/en/press/rwe-ag/2020-01-16-rwe-stretches-to-the-limit-by-agreeing-to-coal-phase-out-proposal/>

<sup>3</sup> RWE: Overview of agreement on RWE's lignite phase-out, Jan 2020, p.3; see download option under the press release here: <https://www.group.rwe/en/press/rwe-ag/2020-01-16-rwe-stretches-to-the-limit-by-agreeing-to-coal-phase-out-proposal/>

***out by 2030, under which closed power plants are replaced by renewables only."***

### **Massive harm for villagers due to ongoing lignite mining**

The slow coal phase-out creates massive threats, especially for villages in RWE's lignite mining areas in Western Germany. Despite Germany's planned coal exit, RWE's lignite mines are slated to destroy further **seven villages**, large amounts of agricultural land, untouched nature and **four churches** in order to extract the dirtiest form of coal. Many of the almost **1,000 people** still living in the affected region resist their resettlement.

A **recently published study** by the German Institute for Economic Research (DIW) and the Technical University of Berlin shows that the **displacement of further villages is unnecessary** for a stable energy supply and can be avoided, even under a scenario of a late coal exit by 2038.<sup>4</sup>

David Dresen, speaker of the action group of affected villagers "Alle Dörfer bleiben!" ("All Villages Remain!"), comments:

***"Several villagers have already informed RWE that under no circumstances will they sell their land. They will go all the way to the Federal Constitutional Court to enforce their property rights. For RWE to be able to continue its open-cast mining as planned, the judges would have to grant the right to expropriate people for lignite mining. In the light of the climate crisis it is more questionable than ever, if RWE will receive these grants. This could bring the expansion of the Garzweiler II mine pit to a halt and convert it not only into a reputational, but also into an economic risk for the company."***

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<sup>4</sup> DIW, 2020: Garzweiler II: Examination of the energy economic necessity of the opencast mine (German), p.40-42:  
[https://www.diw.de/documents/publikationen/73/diw\\_01.c.790055.de/diwkompakt\\_2020-150.pdf](https://www.diw.de/documents/publikationen/73/diw_01.c.790055.de/diwkompakt_2020-150.pdf)