

We subject the ICS to a comprehensive review every year. First, we examine whether the risk situation is presented appropriately and whether suitable controls are in place for the identified risks. Then, we test the effectiveness of the controls. ICS reviews that pertain to accounting-related processes, for example, to the preparation of financial statements or to consolidation, are conducted by employees from the Accounting Department. When it comes to processes handled by service centres on our behalf, for example invoice processing, an auditor certifies the appropriateness and effectiveness of the controls. The representatives of the finance, human resources, procurement, trading and IT functions document whether the agreed ICS quality standards are adhered to by their respective areas. Our Internal Audit & Security Department provides assistance for the ICS reviews. The results of the reviews are documented in a report to the Executive Board of RWE AG. The review conducted in 2022 once again demonstrated that the ICS is effective.

Within the scope of external reporting, the members of the Executive Board of RWE AG take an initial half-year and a full-year balance-sheet oath, confirming that the prescribed accounting standards have been adhered to and that the financial statements give a true and fair view of the net worth, financial position and earnings. When in session, the Supervisory Board's Audit Committee regularly concerns itself with the effectiveness of the ICS. Once a year, the Executive Board of RWE AG submits a report on this to the Committee.

**Notes on the compliance management system.** The RWE Group has established a compliance management system (CMS) that is aligned to its risk exposure and aims to ensure adherence to legal provisions as well as internal guidelines and regulations. With the help of our CMS, we want to enshrine compliance as a core value, solidifying it in the thoughts and actions of our staff and thereby avoiding potential misconduct. In doing so, we are particularly diligent in identifying and avoiding the risk of corruption. Measures taken include consulting in case of isolated incidents and training courses. We also carry out regular compliance risk analyses. Our employees have access to a whistleblower channel – where they can choose to remain anonymous – to notify compliance officers if they witness violations or activity that could damage the business. For more information on our CMS, please refer to page 90 et seqq.

the Non-financial Statement primarily with the topics of strategic relevance to RWE. Previously, we reported above all based on the sustainability components of the remuneration of the Executive Board of RWE AG. This change in approach has resulted in some new topics being addressed by the report.

Section of the Non-financial Statement	Material topic in RWE's sustainability strategy	Section	Aspect according to the German Commercial Code
Environment	Climate change	Clear pledge to protect the climate	Environmental matters
	Innovation	Technologies driving sustainable development	Environmental matters
	Biodiversity and recultivation	Growth in harmony with biodiversity	Environmental matters
	Circular economy	Driving the circular economy	Environmental matters
Social	Diversity, equity and inclusion	Promoting diversity and inclusion within the company	Employee matters
	Occupational health and safety	Staying safe and healthy at RWE	Employee matters
	Social responsibility	Driving change together and justly	Social matters
Governance	Compliance and ethical behaviour	Integrity and legal compliance are pillars of our action	Anti-corruption and combatting bribery; Respect for human rights
	Sustainable investments	EU Taxonomy	

## Environment

**Environmental issues play a prominent role for power producers. Our conventional and green energy assets mean that we have an impact on the climate, nature and environment. In the following sections, we report on our major strategic topics: climate change, innovation, biodiversity and the circular economy. We also comment on our environmental management system as well as how we record environmental events, as these topics represent components of the variable remuneration of the Executive Board.**

**Clear pledge to protect the climate.** We are committed to the goals of the Paris Climate Agreement, which seek to limit global warming to a maximum of 1.5 degrees Celsius above pre-industrial levels. Decarbonisation of the electricity sector is a major factor. The latest reports of the Intergovernmental Panel on Climate Change (IPCC) reveal that urgent action is needed in order to avert the most damaging consequences of global warming. We emit greenhouse gases above all from our conventional power stations. At the same time, however, our capital expenditure on renewable energy is enabling us to switch to climate-friendly electricity production. Our business activities also result in our triggering emissions outside of our own operations, which are referred to as Scope 3 emissions. These stem, e.g. from the production of goods and services which we purchase as well as retail sales of gas and lignite products, which are then fired to generate electricity.

We want to be carbon neutral in all three scopes of the Greenhouse Gas Protocol by 2040. To this end, we are reducing our direct and indirect emissions. Our strategy is also oriented to hitting this target. By rapidly expanding renewable energy, we are making our contribution to decarbonising the electricity system. We will retrofit or close existing fossil-fuelled and conventional generation assets. Our plans envisage making a full exit from lignite-fired power production by 2030. We develop deployment schedules for our existing gas-fired power stations that enable them to generate electricity in a climate-friendly manner. Research in conversion to hydrogen plays a major role in this context, as does carbon capture and storage (CCS) technology in some countries. We are converting our Dutch power plants, which run on hard coal and biomass, to constantly increase the share of biomass firing, so that we can stop generating electricity from hard coal by 2030.

in the Netherlands. Our milestones in 2025 and 2030 provide important guiderails on our road to carbon neutrality. By 2025, we want to scale back our Scope 1 and 2 greenhouse gas emissions per unit of electricity generated by 27 %. With regard to upstream and downstream emissions (Scope 3), we are aiming for a reduction of 15 % relative to the reference year, 2019. Our climate goals for 2030 have been confirmed by the Science Based Targets initiative: a 50 % drop in Scope 1 and 2 emissions per unit of electricity generated and a 30 % decline in Scope 3 emissions. Executive Board members' long-term remuneration contains a key figure which is the average carbon intensity of our power plant fleet expressed in metric tons of carbon dioxide per megawatt of installed capacity for every full-load hour. This key figure enables measurement of carbon dioxide emissions independent of load fluctuations caused by the weather and the market. More detailed information can be found in the Remuneration Report, which is published separately.

Last year, our power stations emitted 83 million metric tons of carbon dioxide, 2.1 million more than in the preceding year. This was due to higher capacity utilisation of our lignite-fired power plants caused by gas shortages. As a result of the increased emissions, our direct Scope 1 emissions also rose, advancing to 89.6 million metric tons of CO<sub>2</sub>e. Conversely, our indirect Scope 2 and 3 emissions remained essentially unchanged in 2022. The rise in Category 1 Scope 3 emissions is in part a result of a change in calculation methodology. Furthermore, this also reflects a higher purchasing volume. Carbon intensity, i.e. Scope 1 and 2 emissions per unit of electricity generated, grew to 0.57 owing to the rise in power plant emissions. The significant decline in generation volume from nuclear energy also came to bear here.

<b>CO<sub>2</sub> emissions of our power stations<sup>1</sup></b> million mt CO <sub>2</sub>	2022	2021	+ / -
RWE Group	83.0	80.9	2.1

1 Excluding CO<sub>2</sub> emissions of generation assets owned by third parties that we can use based on long-term use agreements.

<b>Greenhouse gas emissions (according to the Greenhouse Gas Protocol)<sup>1</sup></b> million mt CO <sub>2</sub> e	2022	2021	+ / -
<b>Direct greenhouse gas emissions - Scope 1<sup>2</sup></b>	<b>89.6</b>	<b>86.9</b>	<b>2.7</b>
<b>Indirect energy-related greenhouse gas emissions - Scope 2 (location based)</b>	<b>2.8</b>	<b>2.7</b>	<b>0.1</b>
<b>Indirect upstream and downstream greenhouse gas emissions as the sum of the following categories - Scope 3</b>	<b>22.1</b>	<b>22.7</b>	<b>-0.6</b>
Category 1: Purchased goods and services <sup>4</sup>	1.5	0.9	0.6
Category 2: Capital goods <sup>4</sup>	1.2	1.4	-0.2
Category 3: Combustion fuel and energy-related emissions <sup>2</sup>	5.9	6.5	-0.6
Category 4: Upstream transmission and distribution	0.4	0.3	0.1
Category 5: Waste <sup>5</sup>	0.2	0.1	0.1
Category 6: Business travel	< 0.1	< 0.1	-
Category 7: Commuting by employees	< 0.1	< 0.1	-
Category 9: Downstream transmission and distribution	< 0.1	< 0.1	-
Category 10: Processing of sold products	0.1	0.1	-
Category 11: Use of sold products <sup>6</sup>	12.8	13.4	-0.6

1 Our emissions reporting for the categories shown is carried out in accordance with the Greenhouse Gas Protocol. Further information at [www.rwe.com/emissions](http://www.rwe.com/emissions).

2 Our electricity generation amounted to 162,612 GWh in the 2022 reporting year, (2021: 166,560 GWh). Direct emissions of contract power plants are included in CO<sub>2</sub> and electricity figures, but not in other figures, e.g. Scope 1. However, indirect emissions of power stations we do not own are disregarded, e.g. purchased goods and services or waste, water or input materials.

3 It cannot be ruled out that proportions of Scope 2 emissions in data used for in-house consumption have already been considered in Scope 1 emissions.

4 Greenhouse gas emissions were calculated using input / output modelling based on our procurement volume. Further emission factors were optimised in the 2022 reporting year. Since 2021, we have been making increasing use of public libraries such as DEFRA and the GHG Scope 3 Evaluator.

5 Emission factors used do not take account of radiative forcing.

6 Includes, e.g. gas sold to end customers. Excludes commercial transactions without delivery to the end customer.

## Social

**RWE seeks to maintain good relationships and be regarded as a reliable partner. We report on some of these groups in this chapter, amongst other things as we comment on our approach to diversity, health and social responsibility. To us, the last of these topics encompasses engaging with local communities and municipalities.**

**Promoting diversity and inclusion within the company.** Every day, more than 18,000 employees give their all to ensure our company's success. The breadth of experience, backgrounds and talent in our company is what makes us unique and we believe this is an asset that helps our company grow. This highlights how important diversity is for RWE. Moreover, we are subject to statutory regulations in many markets, such as in relation to the number of women in managerial positions and antidiscrimination.

It is important to us to create a working environment that enables all our employees to reach their full potential at every stage of their career. Diversity, inclusion and antidiscrimination are enshrined throughout the Group in our Code of Conduct. We expressly oppose all forms of discrimination. In 2022, we reinforced this pledge in the RWE Antidiscrimination Policy. In addition to the Corporate Diversity & Inclusion team, which prepares objectives and measures, companies within the Group are also accountable for spurring activities going above and beyond this. Diversity champions are nominated for this. As regards employees, many groups and networks are active at RWE, including the advocate group for the disabled, the Women's Network, the LGBT\*IQ & Friends Network, Diversity Ambassadors and the Empower Network for Disability, Neurodiversity and Mental Health. In addition to the network members, a large number of further employees actively helps to take measures and implement a lived, inclusive corporate culture. To promote gender diversity, the general rule at RWE is that all leadership and management positions shortlist a woman. Additional initiatives are carried out at the operational level. For example, hiring measures include a variety of one-on-ones with the aim of overcoming systemic bias. We raise awareness through campaigns and purpose-designed measures in the fields of personnel development, training, employment and health as well as suitable workplace designs and accessibility.

RWE has set itself goals regarding various aspects of diversity. Information on targets imposed on supervisory boards and management by law in Germany can be found in the Corporate Governance Declaration, which has been published at [www.rwe.com/corporate-governance-declaration](http://www.rwe.com/corporate-governance-declaration). One objective is to have women in 30 % of managerial positions throughout the Group in the core business (i. e. excluding the Coal / Nuclear segment). This objective only applies to our core business as setting a goal for the Coal / Nuclear segment is not deemed practical given the personnel cuts necessary in this part of our business. In the year under review, we increased the quota to 20.8 % in part by filling vacancies at the management level. At the close of 2022, the 20-member Supervisory Board of RWE AG included seven women, four of whom are employer representatives. The share of women on the Executive Board of RWE AG was 33.3 %. Diversity and inclusion targets in Germany are supplemented by the legally prescribed 5 % quota for severely disabled people.

Women in leadership positions	2022	2021	+/-
%			
RWE Group (core business) <sup>1</sup>	20.8	19.0	1.8

<sup>1</sup> The Coal / Nuclear segment is not part of our core business.

We adopted a new antidiscrimination policy in the year under review. It underpins our ambition to create and nurture an open and integrative working environment devoid of all discrimination and harassment throughout our entire organisation. Amongst other things, the policy establishes how to handle potential incidents of discrimination and harassment within the company. To get our workforce involved in this topic, the Diversity & Inclusion Week was again held as a virtual event and given an international focus. During the week, management board members got together with external guests to demonstrate RWE's commitment to diversity and inclusion. Our networks continue to grow across borders. With over 300 and 600 members in many countries, the LGBT\*IQ & Friends Network and our Women's Network host their own online and offline events. A new focal point is the Diversity Ambassador Community, which operates internationally as a collective of disseminators and allies throughout the entire RWE Group. Furthermore, digital accessibility was spurred groupwide in the year under review. Over 500 apps were reviewed and improvements for

employees with disabilities were initiated. Some examples are real-time subtitling, gaze controls and voice commands.

**Staying safe and healthy at RWE.** The health, safety and wellbeing of our employees are particularly important to us as an employer. To keep an eye on all matters related to the variety of workplaces we have, occupational health and safety (H&S) has become a firm fixture in our corporate policy. The guiding principle 'All accidents are avoidable – we give priority to occupational health and safety' expresses our ambition in this area.

The Chief Human Resources Officer and Labour Director, who sits on the Executive Board of RWE AG, is responsible for the groupwide coordination and assessment of occupational H&S. She is informed, advised and assisted by the Health and Safety Unit of RWE Power AG which, in addition to providing occupational H&S services to RWE AG, also acts centrally in addressing general topics and pools expertise throughout the Group. Group companies have their own units dedicated to H&S. The Occupational Health and Safety Group Policy helps to organise and comply with H&S standards throughout the entire RWE Group. Designated executive board members and managing directors at the Group companies ensure implementation and compliance with H&S regulations. Each Group company is obligated to make at least one member of its executive or management board responsible for occupational H&S. We have established occupational safety management systems in our Group companies to facilitate achieving the company's H&S goals. The systems establish structures, goals and procedures. Corresponding guidelines and processes are monitored systematically and constantly improved adhering to the plan-do-check-act cycle. Furthermore, Group companies are advised to obtain external certification for their occupational safety management systems (e.g. ISO 45001). Tasks performed as part of the health management system satisfy the legal requirements in the relevant country. In Germany, these tasks primarily consist of services rendered by company physicians and

emergency medical technicians, the continued development of measures to promote health and prevent illness and injury, ergonomic workplace design and counselling. The International Health Standard (IHS) of the RWE Group specifies the health products and services that must be offered to every RWE employee such as counselling to assist them in overcoming professional and personal challenges, referrals to specialised physicians and emergency care on business trips.

We aim to optimise the safety of every employee's workplace, be it in an office, at a wind farm, in an opencast mine or at one of our power stations. The object of our health management work is to offer staff members measures tailored to their needs through which they can maintain and promote their physical, mental and social health and wellbeing. Occupational safety is of central importance to the RWE Group and is thus linked to executive and management board remuneration. The key performance indicator established for occupational safety is the number of work-related accidents among in-house and contract staff resulting in at least one day of absence for every 1 million work hours (lost time incident frequency – LTIF). The target within the RWE Group is 1.9. This figure was exceeded in 2021, but the LTIF dropped back down to 1.5 in 2022. The LTIF for RWE personnel was 1.1 and also dropped compared to the preceding year. Our objective remains to allow not a single fatal work-related accident among our staff or the employees of our partner companies. Unfortunately a contract worker had a fatal accident while cleaning a cooling system at one of our power plants in November 2022.

Lost Time Injury Frequency (LTIF)	2022	2021	+ / -
RWE Group	1.1	1.5	-0.4
RWE Group including contract workers	1.5	2.0	-0.5

Fatal work-related accidents	2022	2021	+ / -
Number			
RWE Group	0	0	-
RWE Group including contract workers	1	1	-

As always, the incident is being investigated by conducting a root cause analysis. This method is applied to systematically identify the reasons for events with a view to developing measures and strategies to prevent them in the future. All fatal accidents and events that are very likely to lead to serious or fatal injuries are subjected to systematic investigations. Prevention programmes aiming to ensure responsible behaviour among executives are implemented in Group companies in order to convey the main elements of occupational H&S in the context of managing employees. The RWE Group stopped imposing international minimum standards for protective measures relating to the coronavirus in February 2022, transferring this responsibility to the operating companies. At present, Group companies and locations take measures to prevent corona from spreading in line with risk assessments made on site. These may include hygiene and social distancing rules, mandatory masks, mobile working, restrictions imposed on business travel, events and meetings as well as free corona tests.

**Driving change together and justly.** Our company is undergoing a process of transformation. This is affecting both our employees and local communities. Despite the differences between these stakeholder groups, it is very important to us to interact with them honestly to enable just change. After all, the transformation of the working world 2.0 along with the challenging demographics and shortage of skilled labour it brings will change the way in which people work. As plants are decommissioned, sites that have often been operated for years will have to be closed down. This will affect employees, suppliers, partners

and local communities. At the same time, the construction and expansion of new power generation technologies will open the door to myriad opportunities and possibilities. As a company, it is incumbent upon us to shape this change transparently and in a socially acceptable manner. We strive to be a good employer, no matter where our employees work. Maintaining a dialogue to involve and communicate with them early on is important for us.

RWE interacts with a large number of stakeholders on a daily basis. We take their interests into account to ensure that their views are considered in our goals and plans, from project planning and execution to operation. Accountabilities vary within the Group from one set of stakeholders to the next.

RWE AG and its HR team create the framework for employees. The operating companies have their own HR departments, which implement independent processes and measures in areas such as career development and recruitment while taking account of regional needs.

Operating functions manage their own contacts with local municipalities and communities in the areas in which they operate, paying due regard to national regulations and local requirements. This enables us to cater to local needs and expectations.

It is our ambition to make a positive contribution to the communities in which we operate. To ensure a just transition, we stand by those of our employees whose jobs are affected by the energy transition and come up with socially acceptable solutions and prospects for them. To us, a just transition translates into treating employees, partners and communities both fairly and responsibly especially whenever disruptive steps are unavoidable. In our company, we want to offer a working environment that attracts new talent, promotes existing potential and provides fair, performance-based pay. The engagement index is an important indicator when it comes to measuring our success in this area. The index is compiled at the Group level, which ensures comparability with other industrial groups. Motivation reflecting the workforce's general perspective is polled once a year and has been documented in a groupwide survey since 2021. Four of the 24 questions expressly relate to the engagement

index. The indices and figures are determined applying the top 2 logic. This involves calculating the percentage share of people responding to questions by selecting one of the first two options ('I agree entirely' and 'I agree'). In the year being reviewed, the engagement index rose to 84%, up 3% compared to 2021 and surpassing the 78% target. Therefore, all key indicators improved, based on a participation rate of 74% (compared to 67% in 2021).

Engagement index %	2022	2021	+ / -
RWE Group	84	81	3

There is no general indicator that would enable progress in local engagement to be measured. Due to the differences in approach, a variety of formats is evaluated by the responsible units to establish whether they are fit for purpose.

We are supporting the company's transformation by taking measures for our employees. Whereas the growth business involves recruiting new staff, we are confronted with necessary decommissioning activities in the Coal / Nuclear segment. Despite the manpower required for dismantling, in the next few years, thousands of jobs will have to be cut in a socially acceptable manner and existing staff will have to be transferred to new positions. The announced accelerated exit from lignite will have significant ramifications for many employees. We will need more personnel in the short term to operate power plants longer than envisaged during the European energy crisis caused by the continuing war in Ukraine. However, job cuts will pick up considerably towards the end of the decade. As before, RWE plans to **carry out the personnel adjustment to the new decommissioning roadmap in a socially acceptable manner. One objective is to provide younger employees, who cannot take early retirement, with prospects within the company or with other employers. Extensive qualification and retraining measures will underpin the adjustment path. RWE AG's HR organisation was rearranged in the year under review to support the continued** growth strategy. A focal point of the new structure will primarily consist of creating and improving services and processes, for instance when onboarding new staff members, identifying talent

or recruiting new employees. For RWE, it is important to attract new talent and retain skilled labour while increasing the staff's identification with our company. To this end, an employer brand under the motto 'Our energy has impact' and an employer value proposition were developed and launched in the year being reviewed. One improvement relates to the ways in which talent and interested individuals come across job offers. RWE's central career website was revamped extensively and now accepts applications without prior registration. Furthermore, the internal job board has been made uniform, enabling vacancies to be searched across borders. In the reporting year, all internal onboarding, offboarding and job change processes were reviewed, harmonised and standardised both groupwide and around the globe. These improvements guarantee uniform quality throughout the Group, paving the way for automation. This increases the efficiency of HR processes, provides everyone involved with an optimal experience and supports the growth strategy of our company. We are currently preparing for new ways of working in our offices, and work started on a pilot for hybrid offices in 2022. A pilot concept including office equipment and furnishings is being worked on at several locations. This mainly involves redesigning team rooms and offices in order to create a more comfortable working environment and create a balance between individual work stations and work spaces designed for interaction, in which colleagues can collaborate more effectively than in the past.

In addition to our employees, the people who live in the areas adjacent to and surrounding our facilities are important, and we involve them early on and – if possible – share the value added by our plants with them. Payments continued to be made via community funds in 2022. In the year under review, through wind farms operated by RWE in the UK and Ireland, we invested over €5 million in local communities. In Germany, we decided to give all communities in which an RWE wind farm or ground-mounted solar system is located a share of the profit in accordance with the German Renewable Energy Act. The 'RWE Climate Bonus' went into effect on 1 January 2023 and generally applies to existing facilities as well as future RWE assets once they are commissioned.



## Governance

**Entrepreneurial action in accordance with applicable laws and values is of great importance to us. Good company management and adequate corporate governance are indispensable in terms of achieving our growth goals and creating value for our stakeholders. In this chapter, we set out our approach and progress made in compliance and ethics.**

**Integrity and legal compliance are pillars of our action.** We seek to grow in adherence to applicable laws while staying true to our own values and principles. In this context, we believe our priority topics compliance and ethics translate into preventing corruption and bribery while being guided by our values when working with our vendors and partners. They must meet the standards we impose on ourselves.

All our business activities and decisions meet pre-established compliance requirements. Corruption and all types of compliance infractions are not tolerated. As a preventive measure, we set up a Compliance Management System (CMS) for the RWE Group, which is regularly reviewed in accordance with the IDW 980 Audit Standard of the Institute of Public Auditors in Germany and was last subjected to a review in 2021. Overarching control of the system is handled by the Chief Compliance Officer. Furthermore, Group companies in Germany and abroad have designated compliance officers, who work to ensure uniform implementation of groupwide compliance. The compliance officers report to the Chief Compliance Officer of RWE AG, who keeps the Executive Board and the Supervisory Board's Audit Committee abreast of relevant issues such as developments in legislation, the refinement of the CMS and leads on potential compliance violations.

The main objective of the CMS is to permanently ingrain compliant behaviour in the mindset and actions of all staff members and strengthen the compliance culture within the Group in a sustainable manner. A regular compliance risk analysis is an integral component of the CMS. Departments and operating units are covered by the risk assessment conducted by the Compliance Department, which starts by identifying and assessing the key compliance risk fields and ends by deriving from the analysis any necessary measures. Our employees attend

training sessions to learn about specific behaviours and measures, in particular to avoid corruption and the appearance thereof. Mandatory compliance training is conducted once a year on a web-based platform with variable points of focus. Furthermore, employees attend in-person training sessions depending on the risks to which their work is exposed. The training concept also includes the Executive Board. We support our employees in notifying their superiors, the appropriate compliance officers / managers and / or the Chief Compliance Officer of RWE AG of potential breaches of our Code of Conduct and other non-compliant behaviour. In addition, throughout the Group our employees have access to a web-based whistleblower system. With the option of remaining anonymous, whistleblowers can use this system to report incidents, e.g. violations of our Code of Conduct or the German Basic Data Privacy Regulation, white-collar offences and actions that harm the company. Furthermore, our staff members and external entities such as vendors and other business partners can get in touch with an independent external contact via the phone or e-mail. We treat received tips confidentially and, if so desired, anonymously. We protect whistleblowers by all means necessary from the potential fallout of their notification. When following leads, we protect the justified interests of individuals affected by a notification. We investigate all tips pointing at potential compliance infractions. These are recorded by the Compliance Department and reviewed by the Group functions in charge of the investigation. Thereafter, if necessary, remedies are initiated as part of a systematic follow-up process. Necessary and appropriate measures are set in motion for all confirmed compliance violations committed by employees and / or business partners.

The Group's purchasing teams have established structures and processes to minimise the risk of bad business practices by our partners and vendors and to ensure ethical and responsible action. Various procurement teams were involved in purchasing transactions throughout the Group until the end of the year under review. The common basis for purchases is our Group Procurement Policy, which establishes the principles of procurement applicable throughout the Group. A reorganisation planned during the reporting year became effective at the beginning of 2023. The Code of Conduct is a binding element of contracts the Group signs with suppliers. By entering into these agreements, vendors pledge to observe our ethical and environmental principles and to put them into practice in their supply chains. We



review business relations with partners whenever it becomes public knowledge that they have violated the principles of the UN Global Compact and take all measures necessary and appropriate from our point of view. When purchasing energy fuel and derivatives on trading markets, we also apply standards in an effort to minimise risks to us and to sustainability aspects. All potential trading partners are reviewed before we engage in business relations with them on the wholesale market and purchase coal, gas or biomass for use as fuel from them. This is done as a standardised, multi-stage process. We consult global databases and information systems to determine whether there are any indications of misconduct, irrespective of the purchasing volume contracted from the trading partner in question. Every trading partner is evaluated under application of the established know-your-customer (KYC) process and reviewed by RWE Supply & Trading.

It is important to us to have a strong compliance culture throughout the Group. All managers are obliged to report on the implementation of the Code of Conduct within their sphere of responsibility. Referred to as 'executives' compliance reporting', this is conducted once a year starting in the autumn, in order to create transparency with respect to adherence to the Code of Conduct and to provide an overview of compliance awareness at RWE. The feedback rate of this executives' compliance reporting serves as an indicator of attention to compliance. We aim for a feedback rate of 100%, which was achieved yet again in 2022.

Feedback rate of the executives' compliance survey %	2022	2021	+ / -
RWE Group	100	100	-

We aim to back all purchases from suppliers and partners with contracts including our Code of Conduct as an element. We also aim for this full contractual coverage of our business partners via our KYC process when sourcing fuel. We recorded another year of full coverage for both key figures in 2022.

Coverage of contracts with suppliers of which the Code of Conduct is an element %	2022	2021	+ / -
RWE Group	100	100	-

Fuel trade partners audited by the KYC process %	2022	2021	+ / -
RWE Group	100	100	-

In our efforts to avoid corruption, we concentrated on sensitising our workforce in 2022 once again. The compulsory annual compliance training via a web-based programme focused on dealing with business partners. In addition, our employees are regularly informed via in-house media of further compliance matters such as breaking developments, existing and new Group policies, the requirements of compliant behaviour, and potential risks arising from infractions.

In 2022, we reviewed our responsibilities and processes in place to ensure due diligence in relation to human rights against the backdrop of the German Supply Chain Due Diligence Act. From 2023 onwards, this law will oblige certain companies to observe due diligence obligations relating to human rights and environmental matters within their supply chains in a reasonable manner. In the year being reviewed, a risk management system was introduced to ensure adherence to due diligence obligations and was institutionalised for all material business transactions. This enables potential human rights and environmental risks to be detected and minimised while avoiding, ending or minimising the scope of human rights violations and breaches of environmental duties. Risk management also involved publishing a policy statement adopted by the Executive Board and designating a human rights officer. Once the law is enacted, this role will be assigned to the Head of the Strategy & Sustainability Department. The Human Rights Officer assists the sustainability

team, monitors risk management and keeps the Executive Board updated on these issues. This occurs in close co-operation and agreement with the purchasing units and further units within the Group. In addition, each segment has established responsibilities for due diligence with regard to human rights. Within the scope of our risk management procedures, we performed a risk analysis to identify human rights and environmental risks in our business activities and at our direct suppliers in 2022 for the first time. The risk assessment did not reveal any substantial risks in our business operations. A few potential risks were detected at our direct suppliers and are being analysed further. Building wind and solar farms as well as battery storage systems requires some raw materials which may have to be mined under conditions that are critical in terms of human rights. Therefore, we also give high priority to monitoring the supply chains of these raw materials, which is a very challenging task. Through our human rights risk management system, we analyse critical commodities for human rights risks, create transparency in our supply chains and take measures to reduce risks.

## EU Taxonomy

**Only by transforming the economy can sustainability goals be achieved. This requires substantial investments in climate and environmentally friendly technologies. The EU Taxonomy provides a system for classifying sustainable investments in the European Union.**

With the introduction of the European Green Deal, the European Commission seeks to make the economy modern, resource-efficient and competitive, to enable zero net greenhouse gas emissions and decouple economic growth from resource consumption by 2050. The EU Taxonomy is a key element of the European Green Deal. It forms a system for a uniform classification of environmentally sustainable company activities. Business activities are analysed for their contribution to six defined environmental goals (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems). We published information on the first two environmental goals in the reporting year. Our investigation of the contribution made to achieving the aforementioned environmental goals revealed that our activities as an energy company, which predominantly consist of the production and storage of renewable energy, and thus reduce carbon dioxide emissions, make a major contribution to achieving the goal of climate change mitigation.

Since 2021, we have been applying the provisions of Regulation (EU) 2020/852 of the European Parliament and of the Council dated 18 June 2020 about setting up a framework for facilitating sustainable investments and for amending Regulation (EU) 2019/2088 (hereinafter referred to as EU Taxonomy). Last year, we applied the existing simplification rules and reported exclusively on the taxonomy-eligible activities. In the year being reviewed, we applied the regulations on reporting our taxonomy-aligned activities for the first time. Furthermore, we apply the regulations pursuant to Delegated Regulation (EU) 2021/2139 of the European Parliament and of the Council dated 9 March 2022 in relation to business activities in certain energy sectors and pursuant to Delegated Regulation (EU) 2021/2178 in relation to special disclosure duties for these business activities. This is a regulation

We took a systematic approach at the Group level to goal 2 (climate change adaptation), which applies to all activities, and conducted the first cross-portfolio climate risk assessment for our taxonomy-aligned business activities in this reporting year. The assessment focused on climate projection scenarios that are the best possible fit for the lifetimes of our newest assets. In so doing, we also considered long-term scenarios. All the predefined and evaluable climate hazards listed in annex 2 to the delegated legal act were considered. The climate models do not contain any projection data relating to climate hazards caused by solid matter or certain serious events such as hailstorms. Projected changes to climate variables were identified using a group of global climate models. Various sources of uncertainty are mitigated by taking account of various driver scenarios, amongst other things. The first result of the assessment reveals a higher relevance for assets that are planned, under construction, or have recently been commissioned. In addition, as a rule, technology-dependent climate data were also analysed for material identified risks and adaptation solutions were implemented, some of which were extensive. Examples are flood protection for run-of-river power stations and retaining basins for plants with water-based cooling systems. The first step of the vulnerability assessment revealed, among other things, changes in wind, sunshine, precipitation and drought duration as being technology-specific climate hazards. The next step will involve looking at further specific data such as the age and service life of individual assets to concretise vulnerability.

According to the delegated legal act, activities that help achieve goal 3, 'sustainable use and protection of water and marine resources', must satisfy criteria regarding the impact of their construction and operation on existing bodies of water. Our offshore wind, hydropower and hydrogen production activities meet these criteria. The criteria that must be met are proven at the project and asset level by means of permit applications, environmental impact assessments, studies, and permit requirements in relation to bodies of water in co-ordination with the relevant authorities. Goal 4, 'transition to a circular economy', is being pursued systematically and is not significantly jeopardised. The transition to a circular economy is an element of our sustainability strategy. Associated processes are implemented throughout the Group. In addition, we prove that requirements are met by taking measures specific to the circular economy at the project and asset level. The only

requirements defined for goal 5, 'pollution prevention and control', and proven via investigations are those for the activity 'hydrogen production'. The delegated legal act defines criteria for all our activities in relation to goal 6, 'protection and restoration of biodiversity and ecosystems'. Here, taxonomy alignment is achieved through compliance with requirements imposed by approval procedures and is proven at the asset level. This is done, e.g., by furnishing proof of environmental impact assessments and studies.

As regards the 'minimum safeguards', we lean on the report of the platform for sustainable finance on minimum safeguards and have focused our screening and proof of alignment on key topics for which honouring minimum guarantees at the company level based on EU and international standards have been defined as relevant. Human rights, corruption and bribery, taxes, competition and antitrust law and data privacy. Overall, we ensure minimum safeguards.

When it comes to human rights, notable mention should be made of RWE's Code of Conduct, which provides a general explanation of human rights and the main labour standards of the International Labour Organisation (ILO). This Code of Conduct is binding on all employees and is an element of the contracts entered into by the purchasing teams. We have supplemented the Code with a policy statement on our human rights strategy.

To combat corruption and bribery, RWE has a compliance management system designed to detect corruption, which has been institutionalised in several Group regulations, among other things. The management system is regularly audited by an external auditing firm. Our staff members have a groupwide web-based whistleblower system and external contacts at their disposal.

## 4.6 Notes

### Basis of presentation

RWE AG, recorded in Commercial Register B of the Essen District Court under HRB 14525 and headquartered at RWE Platz 1 in 45141 Essen, Germany, is the parent company of the RWE Group ('RWE' or 'Group'). RWE generates electricity from renewable and conventional sources, primarily in Europe and the USA. RWE also trades primarily in gas and electricity.

The consolidated financial statements for the period ended 31 December 2022 were approved for publication on 3 March 2023 by the Executive Board of RWE AG. The statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable in the European Union (EU), as well as in accordance with the supplementary accounting regulations applicable pursuant to Sec. 315e, Para. 1 of the German Commercial Code (HGB). The previous year's figures were calculated according to the same principles.

A statement of changes in equity has been disclosed in addition to the income statement, the statement of comprehensive income, the balance sheet and the cash flow statement. The Notes also include segment reporting.

Several balance sheet and income statement items have been combined in the interests of clarity. These items are stated and explained separately in the Notes to the financial statements. The income statement is structured according to the nature of expense method.

The consolidated financial statements have been prepared in euros. Unless specified otherwise, all amounts are stated in millions of euros (€ million). Due to calculation procedures, rounding differences may occur.

These consolidated financial statements were prepared for the fiscal year from 1 January to 31 December 2022.

The Executive Board of RWE AG is responsible for the preparation, completeness and accuracy of the consolidated financial statements and the Group review of operations, which is combined with the review of operations of RWE AG.

We employ internal control systems, uniform groupwide directives and programmes for basic and advanced staff training to ensure that the consolidated financial statements and combined review of operations are adequately prepared. Compliance with legal regulations and the internal guidelines as well as the reliability and viability of the control systems are continuously monitored throughout the Group.

In line with the requirements of the German Corporate Control and Transparency Act (KonTraG), the Group's risk management system enables the Executive Board to identify risks at an early stage and take countermeasures, if necessary.

The consolidated financial statements, the combined review of operations and the related independent auditors' report are discussed in detail by the Audit Committee and at the Supervisory Board's meeting on financial statements with the auditors present.

### Scope of consolidation

In addition to RWE AG, the consolidated financial statements contain all material German and foreign companies which RWE AG controls directly or indirectly. In determining whether there is control, in addition to voting rights, other rights in company, inter-company, consortial and management contracts, and potential voting rights are also taken into consideration.

Material associates are accounted for using the equity method, and principal joint arrangements are accounted for using the equity method or as joint operations.

Associates are companies on which RWE AG exercises a significant influence on the basis of voting rights of 20% up to and including 50% or on the basis of contractual agreements. In classifying joint arrangements which are structured as independent vehicles, as joint operations or as joint ventures, other facts and circumstances – in particular delivery relationships between the independent vehicle and the parties participating in such – are taken into consideration, in addition to the legal form and contractual agreements.

Investments in subsidiaries, joint ventures, joint operations or associates which are of second-order importance from a Group perspective are accounted for in accordance with IFRS 9.

The list of Group shareholdings pursuant to Sec. 313, Para. 2 of the German Commercial Code (HGB) is presented on pages 210 et seqq.

The following summaries show the changes in the number of fully-consolidated companies as well as associates and joint ventures accounted for using the equity method:

Number of fully consolidated companies	Germany	Abroad	Total
<b>1 Jan 2022</b>	<b>55</b>	<b>205</b>	<b>260</b>
First-time consolidation	3	197	200
Deconsolidation	-2	-4	-6
Mergers	-2	-3	-5
<b>31 Dec 2022</b>	<b>54</b>	<b>395</b>	<b>449</b>

Number of companies accounted for using the equity method	Germany	Abroad	Total
<b>1 Jan 2022</b>	<b>11</b>	<b>20</b>	<b>31</b>
Disposals		-1	-1
Other changes		2	2
<b>31 Dec 2022</b>	<b>11</b>	<b>21</b>	<b>32</b>

As in the previous year, two companies are presented as joint operations. Of these, Greater Gabbard Offshore Winds Limited, Reading, UK, is a material joint operation of the RWE Group. Greater Gabbard holds a 500 MW offshore wind farm, which RWE operates together with Scottish and Southern Energy (SSE) Renewables Holdings. RWE owns 50% of the shares and receives 50% of the power generated (including green power certificates). The wind farm is part of the Offshore Wind segment.

First-time consolidation and deconsolidation generally take place when control is obtained or lost.

Sales of shares which led to a change of control resulted in sales proceeds from disposals amounting to €5 million, which were reported in other operating income (previous year: €186 million).