



# Our Responsibility 2019

**Carbon neutral  
by 2040**

**€5 billion** net investment for  
approx. 4 GW wind and solar power by 2022



Wind



Sun

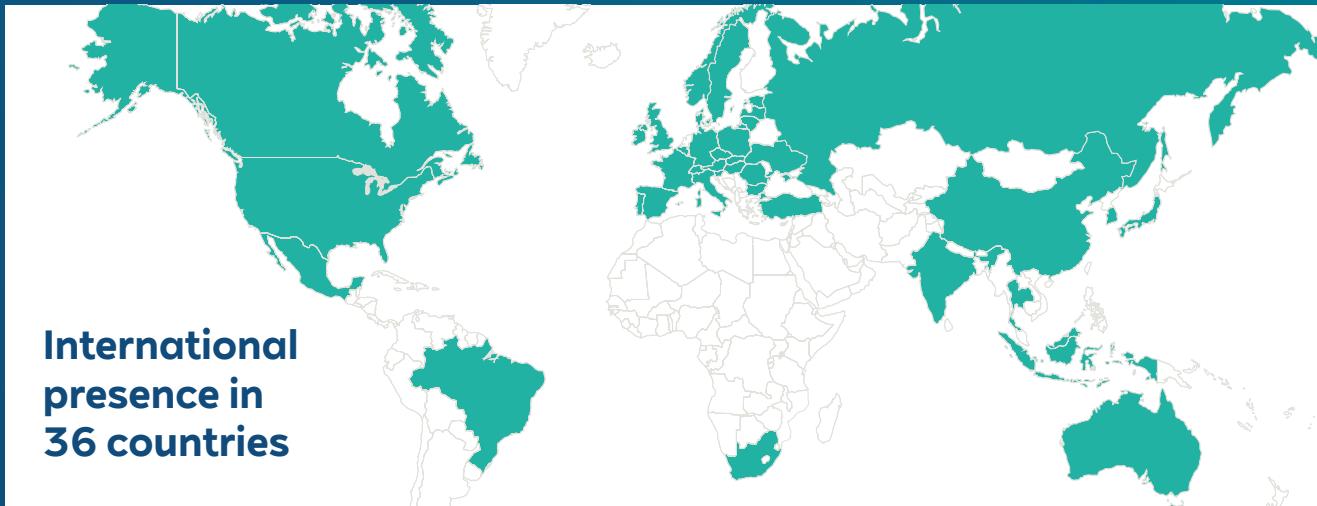


Water



Biomass

**International presence in  
36 countries**



### Environment

RWE has established one of the most ambitious programmes in the industry for reducing CO<sub>2</sub> emissions.



**10.7%**

share of renewable energy in electricity generation



**23%**

share of coal in external sales



**3,000**

species of animal and  
**1,500** species of plant in  
recultivation areas



**100%**

coverage through environmental  
management system

### Employees

Committed and motivated employees are a key factor for the corporate success of RWE.



**19,792**

employees,  
of which **568** are  
new colleagues



**15.8%**

share of women in management positions



**93.2%**

health quota



**1,070**

patents and patent applications

### Society

Corporate Responsibility is part of RWE's contribution to sustainable development and responsible business.



**15**

years of  
Code of Conduct



Around  
**600**

social and community projects



WE SUPPORT



PARIS2015  
CONFÉRENCE DES NATIONS UNIES SUR LES CHANGEMENTS CLIMATIQUES  
COP21-CMP11



We support the Paris Climate Agreement, the UNGC and the SDGs

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# Our Responsibility 2019

Non-financial Report

# Non-financial Report

The CSR Directive Implementation Act (CSR-RUG) obliges large capital-market oriented companies to draw up and publish a Non-financial Declaration (NfD) in the Management Report or a separate Non-financial Group Report (NfR). The aim is to provide information that is necessary to understand the business performance, business results, position and also impacts of the activity of the company on the environment and society. RWE has decided to publish a separate Non-financial Group Report as a section in the Corporate Responsibility Report (CR Report).

In the Non-financial Report, we have used the GRI Standards 2016 (Global Reporting Initiative) as a framework for the description of the concepts.

Up until September 2019, innogy SE and its subsidiary companies (innogy or the innogy Group) were part of the RWE Group. As a result of the transaction announced in March 2018, the shares held by RWE in innogy SE were transferred to E.ON on 18 September 2019. A part of innogy – the sections for electricity generation from renewable energy – are being transferred back to RWE in the course of 2020. “innogy – continuing operations” will therefore remain part of our (financial) reporting, although from a legal perspective they will temporarily belong to E.ON. The sections remaining with E.ON will be designated as “discontinued innogy operations”. Where possible from a systems perspective, we will recognise innogy – continuing operations for the complete reporting year 2019 in the non-financial reporting of the RWE Group. The designation “RWE stand-alone” relates to the RWE Group without the renewable energy business. Contrary to the situation in the RWE Annual Report 2019, we will also recognise in the Non-financial Report the discontinued innogy operations for the first three quarters of 2019 as far as possible. This relates to time-dependent indicators. As far as the management approaches are concerned, we refer to the key differences between the approaches adopted by RWE and innogy on the corresponding topics. Furthermore, we are reporting Operations acquired from E.ON with effect from 1 October 2019. In the case of data relating to a defined reference date, we report in accordance with the group of consolidated companies as at 31 December 2019.

The components of the Non-financial Report are based on the performance indicators relating to Corporate Responsibility (CR), which are reflected in the performance-related remuneration of the Executive Board. Owing to the transition phase in the Group restructuring, in the course of which the renewable energy business of E.ON has already been transferred to RWE and the Renewables business of innogy is to be

transferred to RWE in 2020, the activities of renewable electricity generation have not been reflected in the performance-related compensation of the Executive Board.

The Non-financial Report was audited and approved by the Supervisory Board of RWE AG. The audit was carried out by professional services firm PwC, see  [Assurance Report on page XVII](#).

## Business model

We report on our business model and our markets in the review of operations in the  [RWE Annual Report 2019 in section 1.1 Strategy](#).

Over recent years, RWE has reinvented itself from the ground up. Up to now, we have covered all stages of the value chain in the energy sector through our Group companies (including innogy). The new RWE will concentrate on electricity generation from conventional and renewable sources, and on energy trading. The platform for this is the transaction with E.ON, which both companies agreed in March 2018 and which is being implemented in the years 2019 and 2020. On 18 September 2019, E.ON acquired 76.8% of the shares in innogy, which up to then had belonged to RWE AG. On 18 September 2019, RWE took over the renewable energy business from E.ON and the non-controlling interests of E.ON in the nuclear power plants Emsland and Gundremmingen operated by RWE. The takeover of the renewable energy business of innogy and its holding in the Austrian energy utility Kelag will follow in 2020. Furthermore, RWE has also taken a 16.7% shareholding in E.ON..

## Non-financial risks

Identifying, assessing and managing risks at the earliest possible stage are the function of the Risk Management Department at RWE AG. This includes our Group-wide reporting and controlling systems. It also encompasses our guidelines on handling risks, and risk analysis within the scope of strategic, planning and controlling processes. The activities of the Risk Committees and Internal Auditing are also fundamental tenets of this work alongside reporting on the basis of the Act on Control and Transparency of Enterprises (KonTraG).

Internal Auditing ensures compliance with the RWE Code of Conduct in the course of the audits carried out. The principles of the Code of Conduct are included in the audit criteria. The Chief Compliance Officer regularly reports on this matter to the Executive Board of RWE AG and to the Audit Committee of the Supervisory Board.

Potential risks were discussed for the relevant non-financial aspects of environment, employee, and social concerns, and human rights and corruption/bribery additionally arising from sustainability perspectives. These risks could result from our own business activity or from business relationships and for the company itself, as well as for the company environment and its stakeholders, and which extend beyond reporting on the basis of the Act on Control and Transparency of Enterprises (KonTraG), see [► Risk Report in the review of operations, page 84](#). In the course of reporting, no significant risks were identified by the Corporate Responsibility Team for the fiscal year 2019.

### **Development of the Corporate Responsibility Strategy of RWE**

We can only be successful over the long term if we uphold our corporate responsibility and as a result ensure our acceptance within society. The importance of Corporate Responsibility is greater today than ever before. It relates to various environmental, economic and social aspects and therefore extends significantly beyond the reduction of greenhouse gas emissions. Environment, employment, human rights, the new RWE – these are only some of the aspects that are particularly relevant for our stakeholders and were topics of conversations or themes at events. The findings from these dialogues are also channelled into the ongoing development of our new corporate responsibility strategy.

### **Aspects**

(GRI 102-47)

The components of the Non-financial Report were selected on the basis of the performance indicators relating to Corporate Responsibility (CR), which are reflected in the performance-related remuneration of the Executive Board. This means that meeting CR targets exerts a direct influence on the compensation of the Executive Board of RWE AG.

The selection of the topics for the Non-financial Report was carried out in consultation with the Executive Board and the Supervisory Board, and it also reflects the assessments of the stakeholders.

In relation to the aspects of the Non-financial Report, the topics of Emissions (greenhouse gas emissions) and Compliance (environment) constitute the contribution to the aspect environmental concerns, occupational accidents from the overarching topic of Occupational Health and Safety constitute the contribution to the aspect of employee concerns, and the topic of Procurement deals with a number of areas including the aspect of protecting human rights. Anti-corruption and combatting bribery are also addressed in the eponymous section of the Non-financial Report. Social concerns such as dialogue with our local stakeholders were not taken account of in the CR components of remuneration for the Executive Board and are not a constituent element of the Non-financial Report, see [► Non-financial Report, page II](#). Owing to the requirements of the CSR Directive Implementation Act (CSR-RUG) for reporting on the aspects required in this act, we explain that no concept is being pursued for social concerns because this aspect is currently not classified as material.

<b>Topics for the Non-financial Report</b>	
<b>Statutory aspects pursuant to Article 289c Section 2 German Commercial Code (HGB)</b>	
Respect for human rights	Topics
Anti-corruption and combatting bribery	Procurement practices
Environmental concerns	Anti-corruption
Employee concerns	Greenhouse-gas emissions, environmental compliance
Social concerns	Health and safety
	The aspect of social concerns is currently not material for RWE in accordance with the materiality provision in the German Commercial Code (HGB).

# Respect for human rights

## Procurement practices

Ethical and lawful procurement is an important topic for us. In order to comply with this principle, we align our supply chain taking into account local framework conditions, national or pan-national regulations and international standards. The procurement practices at RWE are essentially divided into two categories. This relates on the one hand to the procurement of energy sources, i.e. combustion fuels such as hard coal and gas. On the other hand, we also procure goods, plant components and services. These two categories are presented separately below in order to provide a better overview.

### Procurement of goods, plant components and services

#### Challenges

Up to now, we have sourced a substantial proportion of goods, plant components for conventional power plants and services from our business partners who – like us – are based in the European Union. These businesses therefore operate within the robust legal framework that is in place in the EU. We have also implemented management and controlling instruments in order to ensure the best possible compliance with legislation and safeguarding standards relating to environmental, labour and social concerns, human rights, and prevention of corruption. Nevertheless, we are ultimately unable to fully guarantee that all possible negative impacts are completely excluded as a result of our efforts. We are therefore working continuously on improvements and we cooperate in this process with other companies and organisations to address the challenges.

National and international standards are becoming increasingly concrete in relation to the expectations for sustainable supply chain management. For example, national action plans for business and human rights are already in place, or such plans are being prepared. These regulations relating to the duty to respect human rights refer in particular to the UN Guiding Principles on Business and Human Rights. The Modern Slavery Act in the United Kingdom requires us to do everything possible to prevent modern slavery occurring in our supply chains. We are committed to upholding human rights throughout RWE.

#### Organisation and management

Group Procurement manages the procurement relationships centrally. Group Procurement is assigned organisationally to RWE Power AG and reports to its Chief Financial Officer. The platform for procurement activities is provided by our Group Procurement Guideline. This defines uniform principles applicable throughout the Group for carrying out procurement.

The compliance rules and principles must be complied with for all procurement transactions alongside the RWE Code of Conduct. The supplier or service provider is obliged to adhere to these regulations. We review business relationships with business partners if it becomes known in the public domain that they have breached the principles of the UN Global Compact. We then take appropriate measures that we consider necessary and put them into action.

A key factor relates to compliance with our regulations on occupational health and safety especially when we commission third parties to carry out aspects of the maintenance work on our plants or to handle hazardous substances.

Up until September 2019, innogy SE and its subsidiary companies (innogy and the innogy Group) were part of the RWE Group. During the year under review, innogy operated independently of RWE also in relation to the management of material topics for non-financial reporting. However, the standards applied for the procurement of goods and services in relation to respect for human rights are similar. Consequently, innogy ensures that suppliers acknowledge their own Code of Conduct and like RWE uses coverage for the procurement volume as an indicator. Re-integration of procurement processes for innogy – continuing operations in Central Group Procurement has commenced and it is projected for completion at the beginning of 2020. Central Group Procurement has been responsible for the procurement of indirect requirements for Operations acquired from E.ON since 1 October 2019. The procurement of direct, business-specific requirements for the renewable energy business is carried out by a separate Purchasing Department, which is situated within the organisation of the renewable energy business and procures in accordance with the same principles as Central Group Procurement.

## **Code of Conduct as a constituent element of all contractual relationships of the central Purchasing Department**

The production of goods and the provision of services in our supply chains should take place under comparable conditions to those prevailing in our own company. We expect partners in a business relationship with RWE to accept the principles of our Code of Conduct as a basis for cooperation. This is implemented by integrating the RWE principles for behaviour. These principles address issues including the topics of human rights, labour standards, the environment, anti-corruption, and money laundering. The principles for behaviour are part of our Code of Conduct.

Supplier management is a key building block within the tactical procurement process for Group-wide procurement. One of the objectives of supplier management is safeguarding and improving the supplier service and identification and management of supplier risks. If there are any problems in relation to the business relationship, we involve our suppliers and work together with them to generate improvements. For example, we have implemented an escalation process for incidents in the area of occupational safety in order to develop suppliers. Suppliers can also be suspended if there is a repeat and depending on the severity of the incidents.

## **Measures and performance measurement**

### **Code of Conduct as a constituent element of all contractual relations**

Central Group Procurement bears responsibility for procurement procedures of RWE stand-alone and since 1 October 2019 it has also been responsible for the indirect requirements of Operations acquired from E.ON. More than 9,000 suppliers are registered in our supplier portfolio for procurement of goods, plant components and services within the framework of business and plant operation. Some 300 of these suppliers are strategically relevant. Around 15,000 suppliers were registered for the procurement processes of innogy which were carried out independently by innogy.

We use an initial appraisal of potential suppliers based on a self-assessment to gather information on matters including environmental protection, occupational safety and compliance. We are in regular and close communication with strategically relevant suppliers.

All the business partners accredited for our trading operations were reviewed for compliance with our Code of Conduct before engaging in business relationships. The following individual trading processes are based on standard contracts usual in the market.

During the year under review, Group Procurement purchased goods, services and plant components with a volume of around € 1.9 billion (2018: € 1.7 billion, data for RWE stand-alone). At innogy, the procurement volume of goods and services for innogy – continuing operations in 2019 amounted to € 0.5 billion and for discontinued innogy operations for the period Q1–Q3/2019 amounted to some € 2.5 billion. We regularly monitor the proportion of the purchase volume in which the requirements of our Code of Conduct are a constituent element of the contractual relationship. During the year under review, the corresponding level of coverage of RWE Group Procurement met its target value of 100% in relation to the procurement volume for goods and services. In 2019, the proportion of the purchase volume for innogy – continuing operations covered by acknowledgement of the innogy Code of Conduct was 100%. In the first three quarters of 2019, the level of coverage for discontinued innogy operations was 97.5%.

## **Declarations on the UK Modern Slavery Act**

Our Group companies RWE Supply & Trading GmbH and RWE Generation SE also operate in the United Kingdom. They therefore regularly publish a Statement of Compliance relating to the UK Modern Slavery Act on their national Internet pages.

## **Procurement of fuels**

### **Challenges**

The challenge is also to exclude the possibility of money laundering or financing terrorism when procuring fuels and derivatives in trading markets. The challenges of complex value chains and corresponding supplier relationships are also present for the procurement of fuels – similar to the procurement of goods, plant components and services. The standards already referred to in respect of the duty to respect human rights are also applicable here.

Regarding the renewable energy business of innogy and E.ON, the procurement of fuels is not material because electricity generation is based on renewable energy sources and these resources do not come under the procurement procedures addressed here. In 2019, the procurement volume for energy sources purchased by RWE Supply & Trading for the operation of conventional power plants was some € 4.1 billion (2018: € 4.2 billion).

## Organisation and management

### Review of trading partners on the wholesale markets

Key elements of our value chain are the procurement of hard coal, gas, liquefied natural gas (LNG) and biomass, as well as trading in combustion fuels. Raw materials are traded as standardised products with defined quality attributes on international wholesale markets. These markets are the most important source of procurement. Raw materials traded in these markets often change ownership several times after they have been first offered for sale by the producers. Generally, it is only possible for us to identify the immediate upstream owner, while the precise geographical origin of the raw material is not known when a transaction is concluded. There are therefore only limited direct supplier relationships between RWE and the producers. This means we are only able to exert indirect influence on the production conditions.

Before we enter into any business relationships in the wholesale market, we review all potential trading partners. The review takes place in a standardised and multistage process. All business partners are expected to accept and follow the RWE Code of Conduct, or if they have their own equivalent Code of Conduct to comply with this. We use international databases and information systems in order to see whether there is any potential misconduct. A review of trading partners is carried out independently of the purchase volume. The Code of Conduct for the RWE Group defines our expectations for our own working practices, the standards for cooperation with contractual partners and the joint basis for establishing contractual relationships. Each supply company is evaluated using a fixed procedure in the form of the "Counterparty Approval Process" (CAP). Each supplier is reviewed for negative reporting about the company in the media and more in-depth investigations are then carried out as necessary. The audit and further investigations are performed by the

Compliance Team of RWE Supply & Trading. A date for the next audit is also defined in the course of this process. The timing depends on the risk identified with the party investigated. This is a continuous process which ensures that audits are carried out on a regular basis and not just at the beginning of a business relationship. Since 2014, we have also had access to the information garnered in the Bettercoal Initiative for the procurement of hard coal.

## Promotion of standards in the hard-coal supply chain

In the context of procurement of energy sources, the conditions for extraction of the hard coal imported for our power plants are a top priority alongside their impacts on the local population.

In order to support sector-wide development of standards, RWE already joined forces with other large purchasers of hard coal to launch the Bettercoal Initiative in 2012. The objective of Bettercoal is continuous improvement of the conditions under which hard coal is produced and transported. To this end, Bettercoal developed a globally recognised standard for production of hard coal and uses it as a basis for audits. The high aspirations of Bettercoal do not simply relate to environmental standards but also to social standards. They are likewise expressed in the principles established in the Bettercoal Code. The aim of Bettercoal is to bring about significant improvements and to ensure compliance with standards in all the important production countries through cooperation with local producers.

## Measures and performance measurement

### Promotion of standards in the hard-coal supply chain

Bettercoal uses a central database to provide its member companies with information about coal producers who are committed to Bettercoal. The names of the producers and summaries of the assessments are published on the Bettercoal website. A self-assessment by the coal producers is complemented by regular Bettercoal audits carried out on-site by independent experts. The audits result in binding improvement measures, in order to close the gaps identified in the audit compared with the Bettercoal Code. Their implementation is monitored by expert assessors. This process is repeated at regular intervals and this guarantees a

continuous improvement process for environmental and social conditions. RWE plays an active role in all the committees of Bettercoal – from the Executive Board to the working groups specific to each country.

Bettercoal pursues a country-based approach of including the majority of producers in the improvement process. Focus countries are currently Colombia, South Africa and Russia. In 2018, additional working groups were set up for Colombia and Russia. The aims are to prepare for the audits, support implementation of potentials for improvement identified at

the producers and communicate with all the relevant stakeholders. RWE's role included being part of a delegation that visited Russia in September 2019.

Furthermore, RWE managers meet with representatives of coal producers and critical stakeholders in civil society – independently of Bettercoal and concrete supply relationships – in order to identify additional terms of references for establishing an approach to positive development. The talks on imported coal in Germany and the Netherlands were continued.

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**Hard coal by supply countries**

Proportion in %	2019	2018
Germany	7.0	23.1
United Kingdom	1.2	1.0
Colombia	2.0	2.2
Russia	61.1	42.4
South Africa	1.6	6.1
USA	23.1	23.5
Other	4.0	1.7

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# Anti-corruption and combatting bribery

## Anti-corruption

### Challenges

Integrity and compliance with the law are fundamental principles defining the entrepreneurial actions of RWE. The RWE Code of Conduct forms the platform for our interpretation of compliance and it is binding on all employees. The goals and principles to achieve this are anchored in the RWE Code of Conduct. The Code prohibits any form of corruption and it is given concrete form by other Group guidelines.

The prevention of corruption is a top priority for RWE. The focus of the Compliance Management System is therefore on identification of potential structural corruption risks and the avoidance of corruption within the RWE Group. This is because apart from the risk of reputational impairments for the Group, corruption can restrict economic growth, reduce equal opportunities and contribute to an increase in poverty. RWE therefore bases all its activities and business decisions on established internal rules for compliance. The company does not tolerate any corruption or other breaches of the regulations. Compliance requirements are also factored in when making decisions about entering into business relationships with suppliers or business partners and in the administration of donations, sponsorship measures and memberships.

The energy industry is a sector defined by regulatory decisions, continuous change and projects with high order volumes. This also impacts to a greater or lesser extent on the value chain of RWE. The corruption risks described above cannot be excluded in our supply chain. However, RWE AG has implemented comprehensive systems for avoidance of corruption within the framework of the Compliance Management System in order to ensure the best possible compliance with statutory legislation.

### Organisation and management

We want to avoid corruption completely in all our processes and we are committed to raising the awareness of our employees and managers throughout the company.

Management of the Compliance Management System to prevent corruption at RWE AG, RWE Generation SE, RWE Power AG, and RWE Supply & Trading GmbH is carried out by

the Chief Compliance Officer of RWE AG. Compliance officers inside Germany and in other countries ensure uniform implementation of compliance principles for prevention of corruption at these Group companies.

innogy SE also has a Compliance Management System and has its own Chief Compliance Officer. After the transfer of innogy – continuing operations from E.ON to RWE, this will be integrated into the existing Compliance Management System of RWE.

The integration process into the Compliance Management System of RWE has commenced for Operations acquired from E.ON by RWE.

Organisational regulations such as the double-checking (four eyes) principle, separation of functions, authorisation concepts and licensing regulations provide support for compliance with the Group guidelines which give concrete form to the principles set out in the Code of Conduct. The appropriateness of the underlying internal controlling system is regularly reviewed by the Internal Audit Department.

The Chief Compliance Officer of RWE AG regularly reports to the Executive Board and the Audit Committee of RWE AG on issues relevant to compliance.

### Measures and performance measurement

The Chief Executive Officer of RWE AG writes personally to each manager with a request to report on the implementation of the Code of Conduct in their area of responsibility. This management survey is carried out once a year in order to create transparency in relation to compliance with the Code of Conduct and provide an overview of compliance awareness at RWE.

The feedback rate for the management survey in the previous RWE Group structure (RWE stand-alone) provides an indicator for compliance awareness. We strive to generate a feedback rate of 100% and this was achieved in 2019 and 2018.

During the year under review, the topic of anti-corruption was also material for innogy. The number of employees with attendance training courses on anti-corruption is used as the indicator.

The further review of the Compliance Management System was started by a professional services firm at the end of 2018. The review was extended to cover the topic areas of prevention of money laundering and compliance with foreign trade/export control. In 2019, the conceptual audit was successfully completed. The concept for risk assessment was confirmed during the course of the conceptual review. The risk assessment of RWE companies selected on the basis of risk indicators is being commenced in 2020. The results of the risk assessment will be evaluated over the course of 2020. The subsequent efficacy audit will complete the overall review in 2020.

Internal media within the Group inform our employees about behaviour that conforms with compliance guidelines and also highlight potential risks if compliance is breached. Our employees also receive compliance training each year on a web-based training programme with a changing focus topic. Participation in this programme is obligatory for all employees. Employees without any PC access receive instruction from their supervisors. In addition, the employees also take part in attendance training sessions that are organised by the Compliance Department. These are calibrated according to the risk of corruption associated with the relevant activity. The Executive Board is also integrated in this training concept. The rollout of the new training concept for the RWE companies was commenced in 2018/2019.

# Environmental concerns

## Greenhouse gas emissions

### Challenges

In December 2015, virtually all the countries in the world joined together in the Paris Climate Agreement (COP 21) to make a commitment to limiting the global rise in temperature to significantly below 2 degrees Celsius compared with the pre-industrial level, and to work towards a limitation of less than 1.5 degrees Celsius. The countries signed up to national reduction commitments to achieve this aim. Consequently, the European Union made a commitment to reduce the emission of greenhouse gases by at least 40% by 2030 compared with the baseline year of 1990. In the course of her nomination for the new EU Commission, the Commission President and the Commissioner responsible for climate protection announced that the reduction target would be tightened and a reduction to 50% would be examined. A decision on this matter will be reached at the earliest in 2020.

The Netherlands wants to achieve a 49% reduction compared with 1990 in their greenhouse gas emissions by 2030. The emission reduction in the UK envisages a fall of 37% by 2020 and 57% by 2030, in each case by comparison with 1990.

Additional countries in which we also operate have likewise defined their own targets – Turkey, for example, has made a voluntary commitment under the Paris Climate Agreement.

Political pressure to tighten the defined goals is coming not only from the Paris Climate Agreement but primarily also from a large number of initiatives generated by civil society, organisations such as Fridays for Future, protest movement for climate justice “Ende Gelände” and Extinction Rebellion. They have ensured that climate protection is being made a much bigger priority in the political discussion.

Investors include the topic of climate protection in their company assessment. In their procurement processes, our customers too are increasingly taking into account the sustainability aspects and the carbon intensity of the electricity we generate. Non-government organisations (NGOs) and initiatives are continuously stepping up their efforts to promote short-term shutdown of older coal-fired power plants in order to achieve climate targets, both against the background of greenhouse-gas emissions and against that of other emissions. We are pursuing a long-term strategy. This is oriented towards the currently applicable legal framework conditions and those anticipated in the future, and the expectation of reducing CO<sub>2</sub> emissions..

### Organisation and management

We are consistently reducing our CO<sub>2</sub> emissions and simultaneously massively expanding our renewable energy in order to achieve a sustainable alignment of our business model and as a contribution to limiting the consequences of climate change. This also encompasses the transaction between RWE and E.ON, see ▶ [Non-financial Report, page I.](#)



Our European fossil-fuel power plants are subject to the European Emissions Trading Scheme (EU ETS). Reporting on CO<sub>2</sub> emissions from these power plants is made to the national emissions trading offices, which in turn report to the responsible EU authorities. Rights and obligations of the emitters are regulated in detail at the level of the member states so that additional corporate regulatory standards are rendered obsolete. The European Emissions Trading Directive is one of the regulations applicable for this area at European level. In Germany, the Netherlands and the United Kingdom, the relevant national regulations based on this directive are applicable, which are now being amended by national lawmakers following the current ETS reform.

The CO<sub>2</sub> data relevant for reporting are calculated in the opencast mines, at the relevant power-plant locations, and when combustion fuel is purchased. They are then collated centrally in the course of reporting. The Group Management is integrated in the course of reporting for the audit of the financial statements.

The emissions generated by RWE are determined in operational terms by the use of our power plants in association with development in the energy markets. RWE Supply & Trading is primarily responsible for commercial optimisation to enhance utilisation of power plants. The prices for combustion fuels and CO<sub>2</sub> certificates determine the costs at which power plants are able to offer the electricity they produce on the wholesale market. The demand for electricity determines when and which power plants are used. More expensive power plants are correspondingly only deployed when there is high demand in the electricity market and they emit correspondingly lower levels of greenhouse gases and harmful air pollutants owing to the lower number of operating hours. The additional expansion of renewable energy, which has priority feed-in in Germany, for example, means that the operational hours and the associated emissions for all other power plants are continuously declining.

Climate protection and climate-protection measures constitute key elements of our corporate strategy. In this connection, the coordination of decision-making and preparing the groundwork are in the hands of Group Strategy, which integrates all the relevant divisions and generating segments, and reports to the Executive Board of RWE AG. For the organisational position of environmental compliance, see [► Non-financial Report, page XII / XIII.](#)

We also use appropriate risk management to safeguard the financial risks associated with emissions trading, see [► Reduction of financial risks, page XI.](#)

In relation to the renewable energy business, Operations acquired from E.ON and innogy – continuing operations make a positive contribution to the emissions footprint of RWE because direct CO<sub>2</sub> emissions in this segment are not material. Rather, the emissions of the upstream and downstream value chain are of key importance here. The expansion of the renewable energy business is relevant for innogy and in future also for RWE, and the Renewables business is responsible for this area. During the course of the year under review, innogy made a contribution to decarbonisation and transformation of energy supply under its own responsibility within this business and other activities in the divisions of Retail and Grid & Infrastructure.

### Measures and performance measurement

The expansion of the renewable energy business is a constituent element of the RWE reduction strategy because it is part of the transformation of RWE. Under the umbrella of RWE, the merger of the Renewables business of E.ON and innogy will empower us to become one of the leading European electricity generators from renewable energy sources. RWE has defined ambitious targets in relation to reduction of our greenhouse gas emissions. From 2012 to 2019, RWE already reduced its annual CO<sub>2</sub> emissions by 51%. A reduction of 75% is projected by 2030. The gradual exit from coal-fired electricity generation plays a key role. By 2040, we want to have converted the electricity production of the RWE Group such that the aspiration of climate neutrality is fulfilled. Our corresponding corporate decisions in this area are significantly influenced and defined by the regulatory and social framework. With our goal of carbon neutrality, we are being more ambitious compared with the objective of the European sector association eurelectric, which had announced climate neutrality for the electricity industry “significantly before 2050”. We are therefore also significantly ahead of the targets of carbon neutrality by 2050 currently under discussion in Germany and at European level.

In Germany, our main electricity generation market, the stage is now set for an early phaseout of coal-fired power production. In January 2019, the Growth, Structural Change and Employment Commission (Structural Change Commission), which was appointed by the Federal Government, made a concrete proposal to achieve climate protection goals within the energy sector. The panel, made up of representatives from industry, trade unions, science, associations, citizen groups and environmental organisations, called for a coal phaseout by no later than 2038. In addition, the Commission presented a roadmap for plant closures and voted in favour of power plant operators being allocated appropriate compensation. The amount of compensation is either to be determined by auction (hard coal) or via negotiations (lignite). Redundancies for operational reasons as well as inappropriate social and economic disadvantages to employees are to be avoided as much as possible. The Commission also requested that the Hambach Forest should be preserved. We published a detailed overview of the panel's recommendations on [► page 33 of the RWE Annual Report 2018.](#)

The suggestions of the Structural Change Commission were predominantly well-received by policymakers and other stakeholders. After they were published, the government, the affected federal states and the power plant and opencast mine operators started negotiating the implementation of the recommendations in the lignite industry. These talks led to a consensus in early 2020. On this basis, the Federal Cabinet published a draft Coal Phaseout Act on 29 January 2020, thus launching the parliamentary procedure. Once it has been completed, the government will be authorised to conclude public-law contracts with operators of lignite assets which protect their legitimate interests.

The draft act envisages that RWE will bear most of initial burden for exiting from lignite-fired electricity generation. By the end of 2022, additional generation capacity from lignite amounting to 3 GW should have been removed from the market. Out of this, we will take over 2.8 GW. On the basis of the current planning, the first 300 MW unit is already scheduled for removal from the grid in the Rhineland Lignite Mining Region by the end of 2020. In the following year, three additional 300 MW plants will be switched off. In 2022, another 300 MW unit and two 600 MW units will also be shut down. The main sites affected are the power plant locations Neurath and Niederaußem, and to a lesser extent Weisweiler. In 2022, we will also cease production of lignite briquettes at the Frechen location and hence also operation of electricity generation capacity amounting to 120 MW. By the end of the decade, we will continue to significantly reduce our lignite-fired generation capacity. Already in the year 2025, a

300 MW unit will stop operating in Weisweiler. The two 600 MW units at this site will follow in 2028 and 2029. The lignite from the Inden opencast mine is used exclusively at Weisweiler and this facility will then be closed down. Out of the other two 600 MW units, one is scheduled for shutdown at the close of 2029 and the other will be transferred to legally-mandated security standby for four years on 1 January 2030. From 2030 onwards, only our three most advanced lignite-fired units in the 1,000 MW class will remain in the market. They are projected to keep operating until the end of 2038.

Emissions over the medium and long term at RWE can be influenced by the ongoing development of the power plant portfolio. This relates to a range of potential measures including modernisation and efficiency enhancement of existing power plants, replacement or shutdown of existing power plants, and a change in fuel, for example from coal to biomass. Since 2012, measures such as decommissioning of coal-fired power plants or a reduction in the capacity utilisation of coal-fired power plants have facilitated a significant decrease in CO<sub>2</sub> emissions of 51%. Additional planned measures are presented under [► Reduction of our own CO<sub>2</sub> emissions, page XI](#).

### Reduction of financial risks

Financial risks associated with CO<sub>2</sub> emissions from our power plants are reflected in our risk management, see [► review of operations, page 84](#). We reduce these risks by concluding appropriate hedging transactions. Furthermore, we sell most of the electricity from our power plants in forward transactions and hedge the prices for the fuels and emission allowances required. The Commodity Management Committee (CMC) is

responsible for concrete implementation of the hedging strategies within a framework approved by the Executive Board of RWE AG based on a number of factors including limits.

Most of the emissions are hedged by the purchase of European Emission Allowances (EUAs) on different exchanges. Furthermore, we only use a very small amount of Certified Emission Reduction units (CER), which originate from our own CER projects or are purchased on different exchanges. In 2019, we emitted 87.1 million metric tons of CO<sub>2</sub> from our plants in accordance with EU ETS. This was covered by an estimated 86.0 million EUAs, in addition to 1.1 million certificates allocated free of charge.

### Reduction of our own CO<sub>2</sub> emissions

We use CO<sub>2</sub> emissions from plants subject to the European Emissions Trading Scheme (EU ETS) as an indicator for greenhouse gas emissions. We report on emissions from our gas-fired power plant in Turkey together with the EU ETS emissions as the total CO<sub>2</sub> output for the RWE Group.

The operation of our lignite-fired power plants and the associated CO<sub>2</sub> emissions are limited due to the restriction on lignite mining in the opencast mines. The State Government of North Rhine-Westphalia took the key decision about future lignite mining at the Garzweiler II opencast mine in July 2016 and reduced the lignite stocks of Garzweiler II licensed under planning legislation by approximately one third. In terms of planning law, this decision still has to be implemented by a lignite planning amendment procedure.

**Emissions balance in million metric tons of CO<sub>2</sub>**

	CO <sub>2</sub> emissions		Free allocation of CO <sub>2</sub> certificates		Shortage of CO <sub>2</sub> certificates	
	2019	2018	2019	2018	2019	2018
Lignite & Nuclear	57.7	79.4	0.6	0.7	57.1	78.7
European Power of which:	30.4	38.6	0.5	0.6	28.9	36.9
Germany <sup>1</sup>	7.4	13.0	0.5	0.6	6.9	12.4
Netherlands/Belgium	9.1	12.1	-	-	9.1	12.1
United Kingdom	12.9	12.4	-	-	12.9	12.4
Turkey <sup>2</sup>	1.0	1.1	-	-	-	-
innogy – continuing operations	-	-	-	-	-	-
Operations acquired from E.ON	-	-	-	-	-	-
<b>RWE Group</b>	<b>88.1</b>	<b>118.0</b>	<b>1.1</b>	<b>1.3</b>	<b>86.0</b>	<b>115.6</b>

- Including figures for generation capacities of plants which are not owned by RWE but we can deploy at our discretion on the basis of long-term agreements. In 2019, these power plants emitted 1.3 million metric tons of CO<sub>2</sub> (previous year: 2.0 million metric tons).
- Since Turkey does not participate in the European Emissions Trading Scheme, we do not need any emissions allowances for the CO<sub>2</sub> emissions there.

We carry out systematic reviews and adopt the available options for optimisation of the power plant portfolio. In the past, we have significantly increased the efficiency of our power plants and expanded the proportion of gas-fired generation. In the case of generation from hard coal, we succeeded in removing around 70% of the installed capacity in 2013 from the grid or in converting the capacity to biomass consumption. In 2019, these measures were continued.

Carbon capture and utilisation or storage is one course of action available for the reduction of greenhouse gas emissions. While alongside the cost-effectiveness of Carbon Capture and Storage (CCS) projects is as yet unproven, an appropriate legal framework is also not in place and there is currently no acceptance for this technology. Meanwhile, RWE continues to carry out further research into Carbon Capture and Utilisation (CCU) technologies because they are an important option for covering the supply of carbon required by industry. At the same time, the application of these technologies can reduce CO<sub>2</sub> emissions of fossil-fired power plants. Other sources of carbon, such as biomass, waste and sewage sludge, are also being investigated with the aim of establishing closed carbon cycles.

## Environmental compliance

### Challenges

The operation of nuclear and conventional power plants and plants for generating electricity and the production of lignite inevitably result in our impacting on natural ecosystems. In the regions where we are operating, strict environmental legislation and licensing regulations define the framework for our operating activities. Our objective is to avoid the risk of serious negative impacts on ecosystems. Our activities here partly extend beyond the obligations arising from legislation or licences for the operation of opencast mines and power plants.

### Organisation and management

In our RWE Code of Conduct, we describe our aspiration for environmental protection as follows: We are committed to a responsible approach to natural resources and we promote the use of environmentally friendly technologies. The provi-

sions of the RWE Code of Conduct were applicable for the entire RWE Group in 2019. Since the transfer of Operations acquired from E.ON they are therefore also applicable to this segment. innogy has its own Code of Conduct with equivalent provisions.

The Group Guideline Environmental Protection is based on ISO 14001:2015 and defines uniform principles for environmental protection. This applies to all the affiliated companies that are integrated in the consolidated financial statements and have business operations with personnel and/or assets. The renewable energy business is within the scope of application of the Group Guideline. During the transition phase up until the end of 2019 – as a result of the transaction – no environmental data were collected or monitoring audits carried out because the reporting in the CR Report for 2019 did not yet include the renewable energy business. This is projected to occur on a regular basis from 2020. The responsibility for this guideline is with the Chief Environmental Officer of RWE AG. The RWE companies appoint environmental officers in the Executive Management. Furthermore, there are also environmental management officers and central specialist environmental coordinators who regularly review, assess and improve the relevant Environmental Management Systems. As part of integrated compliance reporting, the Chief Compliance Officer also reports on environmental protection topics, or on serious incidents relevant for the environment to the Executive Board and the Audit Committee of RWE AG. We identify environmental topics and associated risks and opportunities, regularly assess our environmental performance and make use of these results in order to initiate systematic improvements on a continuous basis.

Environmental management is additionally accredited and certified in order to manage our key activities with environmental relevance in generation. Owing to the diverse statutory obligations and requirements for management of occupational health and safety, environment, energy and information security, RWE Generation SE and RWE Power AG rolled out an integrated management system for these topics to achieve synergies, which alongside compliance comprise the areas of energy, water, biodiversity, emissions, and effluents and waste.

## **Anchoring environmental protection in business processes**

In the course of Group-wide environmental protection management, the relevant emission data are surveyed and calculated at the individual sites, before being collected and processed in a central department for licences and environmental protection.

Reporting to the Executive Board and the Audit Committee of RWE AG takes place through the Chief Compliance Officer of RWE.

## **Measures and performance measurement**

Necessary or recommended measures for maintaining or improving environmental protection are identified from different sources, including internal audits or monitoring audits of RWE AG in the uncertified companies. These measures include, for example, ensuring qualification of existing and new environmental management officers in the Group companies and supplementing environmental aspects relating to the lifecycle approach after Hall. Their implementation and effectiveness are also systematically reviewed. In this context, we are strengthening the environmental awareness of our employees on the basis of a variety of information formats and in direct dialogue.

## **Group-wide coverage by environmental management**

The level of coverage by our Environmental Management System provides us with a performance indicator. It is comprised of the proportion of the employees covered by the Environmental Management System and the level of implementation. We aim to achieve 100% coverage, either through certification or internal auditing. On 31 December 2019, the level of coverage for environmental management at RWE stand-alone amounted to 100%. 89% of the Environmental Management Systems in the Group were certified. During the reporting year, no serious environmentally relevant events were identified in an internal survey. Equally, no material monetary and no non-monetary sanctions in the environmental area were reported to us in an internal survey.

innogy established its own comparable Environmental Management System. On 30 September 2019, the Renewables Division at innogy SE had a coverage level of 66% through its Environmental Management System (weighted by number of employees), of which 0% were certified. The integration of Operations acquired from E.ON and innogy – continuing operations into the Environmental Management System of RWE is being progressed in the course of 2020.

# Employee concerns

## Occupational health and safety

### Challenges

As an industrial company, occupational safety and maintaining health are the most important topics of concern to our employees. Our workforce and the employees of our subcontractors often carry out their assignments at workplaces that are subject to special requirements for occupational health and safety. In particular, these include activities in the sphere of opencast mining, in technical areas at our power plants, and at wind turbines. These areas of application are subject to particular accident risks and health hazards for our employees and the workforce of subcontractors. So as to protect them, we are committed to sustainable development of occupational health and safety. The further robust development of a respectful management culture in an atmosphere of trust is absolutely essential for strengthening our culture of occupational health and safety – we have recognised that the topics of management and personnel development need to be more tightly dovetailed and we are currently working at improving these interfaces.

Good occupational health and safety generates high levels of quality and demonstrates a good business policy. Sustainable prevention also exerts a positive impact on the motivation of employees, the quality of their work, the image of the company and the satisfaction of the workforce. This is another reason why high standards are maintained, such as OHSAS 18001, and we continually carry out improvements in this area.

### Organisation and management

Our objective is for every employee to be healthy and to remain so. We are committed to using all the available opportunities to aid the recovery of sick employees as quickly as possible. This applies equally to occupational safety, in other words the avoidance of accidents and to the promotion and retention of health.

### Organisation of Health & Safety

Health & Safety (H&S) is responsible for the management of occupational safety and Company Health Management (CHM). The H&S Department is situated at RWE Power AG and also operates on the basis of a Service Level Agreement for RWE AG, RWE Generation SE and RWE Supply & Trading. Another responsibility of the department is H&S reporting in the RWE Group and in this function it reports regularly to the

Executive Board of RWE AG. A regulated organisational structure ensures that the decentralised occupational safety departments throughout the company are included in H&S reporting. Operations acquired from E.ON have their own Health & Safety Department and this is currently being integrated in the structural and process organisation of the RWE Group. innogy has its own H&S Department. innogy pursues the goal of a vibrant culture of occupational health and safety through overarching framework conditions and company-wide standards. This objective is assisted through support from an overarching management system for occupational health and safety. Implementation of this system was launched in 2018 and continued throughout 2019. As in the case of RWE, innogy also uses the LTI<sub>f</sub> as an important indicator for measuring success. This is a measure for the number of accidents with at least one day off work for every one million hours worked.

The structural and process organisation of Health & Safety is ensured through acknowledged management systems including international standards and rules. Corresponding regulations are defined in a guideline valid throughout the Group. The guideline includes fundamental provisions for defining occupational health and safety policy and for structural and process organisation. Drawing up RWE workplace safety standards and advance definition of targets in occupational health and safety provide the platform for this. Group programmes directed towards establishing a culture of occupational health and safety will continue to undergo refinement. RWE has defined the target of ensuring that all Group companies have certifiable management systems for occupational safety. On 31 December 2019, external certification (partly accredited) was conferred in 75% of the companies for RWE stand-alone (based on FTE = Full Time Equivalent).

During the year under review, the Renewables Division of innogy SE had a coverage level of 84% as a result of its occupational safety management system (based on the number of employees on the reference date of 3 September 2019), of which 51% are certified.

### Continuous improvement of occupational safety

The occupational safety management systems cover the relevant management and business functions including the definition of targets, structures and processes, rules and tools relevant to occupational health and safety. The objective is to make the best possible contribution to achieving the corporate goals. The relevant processes for Health and

Safety are systematically analysed and continuously improved using the Plan Do Check Act cycle. The integrated approach is applied for relevant activities that extend across management systems. These include management reviews, audits, analyses and event notifications.

## Measures and performance measurement

### Continuous improvement of occupational safety

Since 2017, a uniform classification of all events and accidents relating to all employees throughout RWE has been implemented along an accident pyramid with the intention of ensuring development and alignment with international Health & Safety (H&S) standards. In parallel, an assessment of potential has been carried out using a risk matrix. We want to apply long-term establishment of a probabilistic approach in order to assist our employees in achieving better identification and assessment of safety risks. To this end, we particularly promote independent responsibility in employees and raise their awareness of the issues.

We focus systematically on investigating events and accidents with a high potential for risk. For this purpose, we deploy an independent, interdisciplinary analysis team in order to determine causes and derive suitable measures. In addition, we also support the subcontractors working for us with analysis and implementation of measures.

Our objective is to treat the employees of our subcontractors in the same way at all times as RWE's own employees. We therefore take account of the number of subcontractor accidents in the LTI<sub>F</sub> rate, i.e. the number of accidents with at least one day off work for every one million hours worked. Over the course of the past ten years, RWE has established and expanded a reliable system of Workplace Safety Subcontractor Management (WSSM). Apart from reducing the accidents and work-related stresses for our subcontractors, the focus is on joint development of an H&S culture. In order to achieve this, we support our subcontractors from the tender stage to carrying out the work, as well as in the final phase of continuous improvement. In 2019, we also carried out H&S workshops, highlighted specific safety performance and intensified cooperation between the H&S experts at RWE and subcontractors.

In 2017, the Health & Safety Department already developed the "Safety Academy" game. This involves small teams working together and answering questions interactively about Health and Safety. Situations from routine work every day are also trained in action fields. The game has meanwhile become an established and accepted teaching tool in the administrative sector. In November 2019, the "Safety Academy" was awarded the "German Occupational Safety Prize" ("Deutscher Arbeitsschutzpreis") in the "Cultural" category. The campaign "Thinking about Risks" was also continued in 2019. In addition, the campaign "Mission Zero" was launched at RWE Generation in 2019. The objective of the "Mission Zero" campaign is to achieve zero accidents if possible.

The key performance indicator we use for occupational safety is the number of occupational accidents with at least one day off work for every one million hours worked (Lost Time Incident Frequency, LTI<sub>F</sub>). This indicator includes colleagues at subcontractors. In the reporting year 2019, RWE stand-alone succeeded in almost keeping to the number of occupational accidents compared with the previous year and it achieved an LTI<sub>F</sub> of 2.1 (2018: 2.2). This means that our LTI<sub>F</sub> target of 1.8 for 2019 was unfortunately not achieved. Our goal is to bring about a sustainable reduction in LTI<sub>F</sub> rate. An important focus for Health & Safety at RWE is therefore also raising awareness for potential causes of accident and the avoidance of accidents. We intend to achieve an LTI<sub>F</sub> of 2.0 at RWE by 2020.

The LTI<sub>F</sub> for employees at innogy SE and colleagues of subcontractors (partner companies) was 2.3. innogy – continuing operations have an LTI<sub>F</sub> of 2.6 and the discontinued operations have an LTI<sub>F</sub> of 2.2.

In 2019, there were no fatal occupational accidents at RWE stand-alone. Likewise, there were no fatal occupational accidents at Operations acquired from E.ON. At innogy SE, there was a total of two fatal occupational accidents in 2019 (of which one was at innogy – continuing operations).

**Accidents involving at least one day off work in 2019 by division**

	<b>Number of occupational accidents<sup>1</sup></b>	<b>Number of commuting accidents<sup>2</sup></b>
RWE Generation SE and RWE Power AG	96	43
RWE Supply & Trading GmbH	0	2
RWE AG (other)	0	2
innogy – continuing operations	14	3
Discontinued innogy operations <sup>3</sup>	159	94
Operations acquired from E.ON	6	<sup>-4</sup>
<b>RWE Group</b>	<b>275</b>	<b>144</b>

1 Including employees from subcontractors.

2 Only own employees.

3 The period Q1-Q3/2019 is reported for discontinued innogy operations

4 Commuting accidents are not surveyed for Operations acquired from E.ON.

# Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting<sup>1</sup>

To RWE AG, Essen

We have performed a limited assurance engagement on the separate non-financial group report pursuant to § (Article) 315b Abs. (paragraph) 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of RWE AG, Essen, (hereinafter the "Company") for the period from 01 January 2019 to 31 December 2019 (hereinafter the "Non-financial Report").

## Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

## Independence and Quality Control of the Audit Firm

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

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including docu-

mented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 01 January 2019 to 31 December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report

<sup>1</sup> PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial (group) report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

- Identification of the likely risks of material misstatement of the Non-financial Report
- Analytical evaluation of selected disclosures in the Non-financial Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the non-financial information
- Inspection of samples of relevant documents and evidence

### Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 01 January 2019 to 31 December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

### Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement.

The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt, 28 February 2020

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Michael Conrad  
Wirtschaftsprüfer  
(German Public Auditor)

ppa. Susanne Klages



# Our Responsibility 2019

CR Report

# About the Report

The report entitled “Our Responsibility 2019” is aimed at analysts and investors, non-governmental organisations (NGOs), customers and suppliers, policymakers and government agencies, at our employees and the people living in the regions where we do business. It describes the most important social, environmental and economic challenges facing our core business, the conflicting aims that can arise, and the Corporate Responsibility (CR) strategy we have developed in response.

RWE AG is meeting the obligation to publish a Non-financial Report envisaged pursuant to the German Commercial Code (HGB) in a separate section of this CR report. This differs from the reporting in the previous year in which the Non-financial Report was integrated in the CR Report. The section of the Non-financial Report 2019 was subject to a limited assurance engagement performed by professional services firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft in accordance with the requirements of the German Commercial Code (HGB).

This CR Report is published electronically in pdf format. The professional services firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft performed an engagement audit on the disclosures indicated with  and provided a limited assurance relating to compliance of the disclosures with the criteria of the Global Reporting Initiative (GRI). The audit only covered the appropriately highlighted sections of the report and not texts or Internet pages referred to.

 The limited assurance engagement was carried out in accordance with the auditing principles of the International Standard on Assurance Engagements (ISAE) 3000 (revised), see  **page 80**. for Assurance Report. The CR Report includes  an overview of all the key indicators, see  **page 77**.

## Approach

The CR Report of RWE AG is published as a GRI Report and conforms with the GRI Standards (2016) of the Global Reporting Initiative in a selection based on a Materiality Analysis of the topics relevant for our business. In addition, we also report on material in-depth topics based on the GRI requirements for the electricity industry, which were formerly applicable as the G4 Electric Utilities Sector Disclosures, and no longer form

part of the GRI Standards. This report has been prepared in accordance with the GRI Standards: “Core option”. The GRI report “Our Responsibility 2019” was available for the implementation of the GRI Materiality Disclosures Service, see  **GRI Content Index, page 05**. The report also serves as our progress report for the Global Compact of the United Nations and provides information on the Sustainable Development Goals (SDG) we make a contribution to, see  **page 82**.

## Dates

(GRI 102-45)

The period under review is fiscal 2019, which began on 1 January and ended on 31 December. Some generation capacities of E.ON were transferred to RWE during the course of the year. E.ON took over our 76.8% shareholding in innogy on 18 September. Part of this holding – the renewable energy business of innogy – is being transferred back to RWE in 2020. This CR Report 2019 relates with “RWE stand-alone” to the operating segments Lignite & Nuclear, European Power and Supply & Trading. Owing to the fact that Group (financial) reporting is taking place with the two temporary positions “innogy – continuing operations” and “Operations acquired from E.ON”, explicit reference is made to these items and this then refers to the RWE Group overall. If innogy is referred to in this report without additional explanation, this comprises the continuing and discontinued operations of innogy. The financial and market data were taken from the  **RWE Annual Report 2019** In the case of these indicators, the generation capacities of E.ON and innogy, which are or will be transferred to RWE, are reported as continuing or acquired operations. We present financial data denominated in the relevant national currency or have converted these based on the average annual values for 2019, see  **Annual Report 2019 page 109**.

## For reference

This report is published in German and English. The Executive Board of RWE AG has approved the report for publication. The editorial deadline was on 30 March 2020. This report continues our policy of annual reporting. The next report will be published in the spring of 2021.

## Archive CR Reports

## Forward-looking statements

This report contains forward-looking statements regarding the future development of the RWE Group and its companies as well as future economic and political developments. These statements are assessments that we have made based on information available at the time this report was drawn up. In

the event that the underlying assumptions do not materialise or additional developments arise, actual performance may deviate from the performance expected at present. We are therefore unable to assume any responsibility whatsoever for the accuracy of these statements.

## Foreword

### Dear Readers,

Running a sustainable business, taking responsibility – this is the aspiration of RWE and it will remain so in the future. This year, we have given this commitment an even higher profile, with tangible impacts both inside and outside the company. Our purpose defined as “Our energy for a sustainable life” represents a strong position and a clear aspiration for us as a company. We have defined new targets for ourselves so as to transform this into concrete action. Our objective is to be climate neutral by 2040.

And we are already breathing life into this goal. Once again, we have reduced our power-plant emissions in a year-earlier comparison for the seventh consecutive year running. Since 2012, we have succeeded in cutting our CO<sub>2</sub> emissions by half. This represents a saving of more than 90 million metric tons.

Simply reducing our CO<sub>2</sub> emissions by no means makes RWE a sustainable company. This objective requires a holistic approach and commitment within a large number of quite different areas. The following report outlines the extent to which we are achieving our own aspiration and taking responsibility.

Our analysis includes the transaction with E.ON as far as possible. The Renewables operations of E.ON only became part of RWE late in 2019. The Renewables Division of innogy will only follow in 2020. At the same time, we are already reporting on this matter and in each case we clearly highlight the underlying metrics for explanations and indicators. The report being compiled for the year 2021 will present an even more comprehensive picture on the sustainability of the new RWE.

As in the two previous years, our Group Non-financial Report is part of this sustainability report. However, contrary to past practice, this is not presented in individual sections, rather it is published as a separate continuous section. As a result, we further enhance accessibility and transparency in respect of information relating to non-financial aspects in line with the European CSR Directive and the German Implementation Act (Deutsches Umsetzungsgesetz).

In 2019, our sustainability report once again simultaneously constitutes our progress report on the UN Global Compact. By signing the Global Compact, we declared our commitment to actively promoting human rights, decent working conditions and environmental protection within our sphere of influence, and taking decisive action against corruption and bribery. This progress report sets out how we at RWE implement the ten principles of the Global Compact. And we highlight the contribution we are making to achieving the Sustainable Development Goals (SDG).

Our sustainability report is intended to provide our stakeholders – in particular policymakers, investors, customers, employees, local authorities and the general public – with transparent and evidence-based information outlining the sustainability performance of RWE. We will be delighted to receive your feedback on this matter.



Yours,  
Rolf Martin Schmitz

## Overview of the current ranking results

In 2019, RWE again participated in various rankings. A table showing an overview of the various rankings and the results obtained by RWE is provided below.

	<b>Result</b>	<b>Scale</b> (Best score to worst score)
MSCI	A	AAA to CCC
ISS Governance Quality Score	Environmental: 2 Governance: 2 Social: 1	1 to 10
ISS Oekom	C+	A+ to D-
CDP	Climate: B Water: B-	A to F
Ecovadis	62 (Gold Status)	100 to 0
FTSE Russell	ESG Rating 3.3 Percentile Rank 58	5 to 0
RobecoSAM	54 (12th out of 30 multi-utilities)	100 to 0
Sustainalytics	71 (43rd out of 194 assessed companies)	100 to 0
Euronext VigeoEiris	RWE is listed in the index of the 120 best companies in the eurozone.	
Bloomberg Gender Equality Index	RWE is listed in the Bloomberg Gender Equality Index (GEI).	
Standard Ethics	EE-	EEE to F
Arabesque	Global Compact (GC) Score: 59.1	100 to 0
Transparency International UK	ESG Score: 65.3	A to F
	C	

## GRI Content Index

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the German version of the report.



GRI Standards	Page	Omissions	CR	NFB
GRI 101: Foundation 2016				
GRI 102: General disclosures 2016				
<b>Organisational Profile</b>				
GRI 102-1: Name of the organisation	11		■	
GRI 102-2: Activities, brands, products and services	11		■	
GRI 102-3: Location of headquarters	11		■	
GRI 102-4: Location of operations	11		■	
GRI 102-5: Ownership and legal form	11		■	
GRI 102-6: Markets served	I, 12		■	■
GRI 102-7: Scale of the organisation	13		■	
GRI 102-8: Information on employees and other Workers	14		■	
GRI 102-9: Supply chain	14		■	
GRI 102-10: Significant changes to the organisation and its supply chain	15		■	
GRI 102-11: Precautionary Principle or approach	I, 15		■	■
GRI 102-12: External initiatives	15		■	
GRI 102-13: Membership of associations	16		■	
<b>Strategy</b>				
GRI 102-14: Statement from senior decision-maker	3, 17		■	
GRI 102-15: Key impacts, risks, and opportunities	I/II, 17		■	■
<b>Ethics and Integrity</b>				
GRI 102-16: Values, principles, standards, and norms of behaviour	18		■	
GRI 102-17: Mechanisms for advice and concerns about ethics	18		■	
<b>Governance</b>				
GRI 102-18: Governance structure	19		■	
GRI 102-19: Delegating authority	19		■	
GRI 102-20: Executive-level responsibility for economic, environmental, and social topics	19		■	
GRI 102-21: Consulting stakeholders on economic, environmental, and social topics	20		■	
GRI 102-22: Composition of the highest governance body and its committees	20		■	
GRI 102-23: Chair of the highest governance body	25		■	
GRI 102-24: Nominating and selecting the highest governance body	20		■	
GRI 102-25: Conflicts of interest	21		■	
GRI 102-26: Role of highest governance body in setting purpose, values, and strategy	21		■	
GRI 102-29: Identifying and managing economic, environmental, and social impacts	21		■	
GRI 102-30: Effectiveness of risk management processes	21		■	

GRI Standards	Page	Omissions	CR	NFB
GRI 102-31: Review of economic, environmental, and social topics	22		■	
GRI 102-32: Highest governance body's role in sustainability reporting	I, 22		■	■
GRI 102-35: Remuneration policies	22		■	
<b>Stakeholder Engagement</b>				
GRI 102-40: List of stakeholder groups	23		■	
GRI 102-41: Collective bargaining agreements	23		■	
GRI 102-42: Identifying and selecting stakeholders	23		■	
GRI 102-43: Approach to stakeholder engagement	23		■	
GRI 102-44: Key topics and concerns raised	23		■	
<b>Reporting Practice</b>				
GRI 102-45: Entities included in the consolidated financial statements	1, 26; AR 176		■	
GRI 102-46: Defining report content and topic boundaries	26		■	
GRI 102-47: List of material topics	II, 26		■	■
GRI 102-48: Restatements of information	29		■	
GRI 102-49: Changes in reporting	29		■	
GRI 102-50: Reporting period	29		■	
GRI 102-51: Date of most recent report	29		■	
GRI 102-52: Reporting cycle	29		■	
GRI 102-53: Contact point for questions regarding the report	29		■	
GRI 102-54: Claims of reporting in accordance with the GRI Standards	29		■	
GRI 102-55: GRI Content index	5, 30		■	
GRI 102-56: External assurance	30, 80		■	
<b>Material Topics</b>				
<b>Economic</b>				
<b>GRI 201: Economic Performance 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	32		■	
GRI 201-1: Direct economic value generated and distributed	33		■	
GRI 201-2: Financial implications and other risks and opportunities due to climate change	33	Quantitative results relating to risks and opportunities are subject to a specific confidentiality constraint. The quantified data are not disclosed for competitive reasons.	■	
GRI 201-4: Financial assistance received from government	34		■	
<b>GRI 203: Indirect Economic Impacts 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	35		■	
GRI 203-2: Significant indirect economic impacts	35		■	
<b>GRI 204: Procurement Practices 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	III-VI, 37		■	■
GRI 204-1: Proportion of spending on local suppliers	38		■	
<b>GRI 205: Anti-corruption 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	VII/VIII, 38		■	■
GRI 205-1: Operations assessed for risks related to corruption	VIII, 38	We do not explicitly report on the established risks and on the number of audited business premises, since these values are subject to specific confidentiality constraints. They are confidential as it is business-relevant information.	■	■

GRI Standards	Page	Omissions	CR	NFB
GRI 205-2: Communication and training about anti-corruption policies and procedures	VIII, 38	We do not explicitly report any quantitative data since these values are subject to specific confidentiality constraints as they are business-relevant information.	■	■
<b>Availability and Reliability</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	39		■	
<b>Energy Efficient Products and Services</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	41		■	
<b>Research and Development</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	42		■	
<b>Shutdown and Decommissioning of Power Plants</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	44		■	
<b>Environmental</b>				
<b>GRI 302: Energy 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	47		■	
GRI 302-1: Energy consumption within the organisation	48		■	
<b>GRI 303: Water 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	49		■	
GRI 303-1: Water withdrawal by source	50		■	
<b>GRI 304: Biodiversity 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	51		■	
GRI 304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	52	Continuous surveying for all our parcels of land would take up a disproportionately high input of resources. Furthermore, it is by no means certain that the digital data required from the authorities for such an updating process would be sufficiently up to date to provide an accurate determination.	■	
GRI 304-2: Significant impacts of activities, products, and services on biodiversity	53		■	
<b>GRI 305: Emissions 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	IX-XII, 54		■	■
GRI 305-1 Direct (Scope 1) GHG emissions	XI, 56		■	■
GRI 305-2: Energy indirect (Scope 2) GHG emissions	56		■	
GRI 305-3: Other indirect (Scope 3) GHG emissions	56		■	
GRI 305-4: GHG emissions intensity	56		■	
GRI 305-5: Reduction of GHG emissions	56		■	
GRI 305-6: Emissions of ozone-depleting substances (ODS)	56		■	
GRI 305-7: Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>X</sub> ) and other significant air emissions	57		■	
<b>GRI 306: Effluents and Waste 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	58		■	
GRI 306-2: Waste by type and disposal method	59		■	
GRI 306-3: Significant spills	59		■	
<b>GRI 307: Environmental Compliance 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	XII / XIII, 60		■	■
GRI 307-1: Non-compliance with environmental laws and regulations	XIII, 60		■	■

GRI Standards	Page	Omissions	CR	NFB
<b>GRI 308: Supplier Environmental Assessment 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	III-VI, 37, 60		■	
GRI 308-1: New suppliers that were screened using environmental criteria	IV/V, 60, 71		■	
GRI 308-2: Negative environmental impacts in the supply chain and actions taken	III-VI, 60, 71		■	
<b>Social</b>				
<b>GRI 401: Employment 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	61		■	
GRI 401-1: New employee hires and employee turnover	62	We do not provide further differentiation in the case of data on the fluctuation rate and external hirings because the benefit is not commensurate with the expenditure involved. We regularly report on the age structure and the breakdown of employees by gender.	■	
GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	62		■	
<b>GRI 402: Labour/Management Relations 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	62		■	
GRI 402-1: Minimum notice periods regarding operational changes	62		■	
<b>GRI 403: Occupational Health and Safety 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	XIV/XV, 63		■	■
GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	XVI, 64	We do not report by regions but analogous to operational line controlling. Data on the type of injuries, the injury rate, the absentee rate, and work-related fatalities are surveyed in anonymised form for reasons associated with data protection regulations. The data cannot therefore be reported by gender. Reporting on occupational diseases and the absentee rate is also not possible for the same reason.	■	■
GRI 403-3: Workers with high incidence or high risk of diseases related to their occupation	64		■	
<b>GRI 404: Training and Education 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	64		■	
GRI 404-2: Programmes for upgrading employee skills and transition assistance programmes	65		■	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	65		■	
GRI 405-1: Diversity of governance bodies and employees	67		■	
GRI 405-2: Ratio of basic salary and remuneration of women to men	67		■	
<b>GRI 413: Local Communities 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	68		■	
GRI 413-1: Operations with local community engagement, impact assessments, and development programmes	68		■	
GRI 413-2: Operations with significant actual and potential negative impacts on local communities	69		■	

GRI Standards	Page	Omissions	CR	NFB
<b>Catastrophe/Emergency Planning and Response</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	70		■	
<b>GRI 414: Supplier Social Assessment 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	III-VI, 37, 71		■	
GRI 414-1: New suppliers that were screened using social criteria	IV/V, 71		■	
GRI 414-2: Negative social impacts in the supply chain and actions taken	III-VI, 71		■	
<b>GRI 415: Public Policy 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	72		■	
GRI 415-1: Political contributions	73		■	
<b>GRI 417: Marketing and Labelling 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	74		■	
GRI 417-1: Requirements for product and service information and labelling	74		■	
<b>GRI 419: Socioeconomic Compliance 2016</b>				
GRI 103: Management approach 2016 (including 103-1, 103-2, 103-3)	74		■	
GRI 419-1: Non-compliance with laws and regulations in the social and economic area	75		■	

AR = [RWE Annual Report 2019](#)

# General disclosures

# Organisational Profile

In addition to the information provided below, more information is also available in section 11 of the combined review of operations in the [RWE Annual Report 2019, page 28.](#)



## GRI 102-1 Name of the organisation

RWE Aktiengesellschaft

## GRI 102-2 Activities, brands, products and services

RWE AG makes a major contribution to the smooth-running operation of the entire energy system and also to security of supply in Europe with its operating segments Lignite & Nuclear, European Power and Supply & Trading, and with electricity generation from renewable energy.

As a result of the exchange transaction with E.ON, which was largely implemented in September 2019, highly profitable activities will be established within the Group structure in future. On 18 September 2019, we sold our innogy share-

holding (76.8%) to E.ON. In return, we received the renewable energy business from E.ON, referred to as “Operations acquired from E.ON”, and the minority interests in the RWE nuclear power plants Gundremmingen (25%) and Emsland (12.5%) formerly held by E.ON subsidiary PreußenElektra. The plan for the year 2020 is for E.ON to transfer “innogy – continuing operations” with the main constituent of renewable energy business back to us. For more information, see [GRI 102-6, page 12.](#)



## GRI 102-3 Location of headquarters

Essen, Germany

## GRI 102-4 Location of operations

RWE is an international group which including the operations of the renewable energy business is represented at business locations in 36 countries.

The key business operations are distributed across the following countries and regions:

- Germany
- Belgium, Luxembourg and the Netherlands
- United Kingdom and Ireland
- Central Eastern and South Eastern Europe (Czech Republic, Poland, Slovakia, Turkey)
- Western and Southern Europe (Spain and Italy)
- Singapore
- USA and Canada
- Asia Region (China, India, Indonesia and Japan)

## GRI 102-5 Ownership and legal form

In mid-2019, RWE converted the RWE non-voting preferred shares into common shares with voting rights. The latest analysis (at the beginning of 2020) indicated that an estimated 86% of the total of 614.7 million RWE shares were held by institutional investors, while 14% of the shares were held by private individuals (including employee shareholders). Institutional investors from Germany owned 24% of RWE shares (previous year: 25%). In other countries on the European con-

tinent, this investor group held 14% (previous year: 15%) of RWE's equity capital. North America, the United Kingdom and Ireland accounted for a combined 44% (previous year: 43%). At the beginning of the year, RWE AG's largest single shareholder was the American asset management company BlackRock with 7% of the subscribed capital. Second place was taken by KEB Holding with some 5%, which is backed by the City of Dortmund, followed by the City of Essen with 3%.

The proportion of our common shares in free float, considered by Deutsche Börse (German Stock Exchange) in terms of index weighting was 100% most recently. Normally, shares held by investors accounting for at least a cumulative 5% of

the capital stock are not included in the free float. However, a higher threshold of 25% applies to asset management companies like BlackRock.

## GRI 102-6 Markets served

 We report on our business model and our markets in the review of business operations in the [► RWE Annual Report 2019](#) in section 1.1 Strategy and in the [► Non-financial Report, page 1](#).

The RWE Group is currently structured in five segments (business units). The segments are described below.

### Lignite & Nuclear

This segment encompasses our German electricity generation from lignite and nuclear power as well as our lignite mining in the Rhineland. Operating responsibility for these activities lies with RWE Power. The segment also includes our capital expenditure in the Dutch nuclear power plant operator EPZ (30%) and the German company URANIT (50%), which holds a 33% stake in Urenco, a uranium enrichment specialist.

### European Power

This is where we report on our electricity production from gas, hard coal and biomass, which focuses on Germany, the United Kingdom and the Benelux region. The segment also includes our 70% stake in the Turkish gas-fired power plant Denizli, some hydroelectric power plants in Germany and Luxembourg, and RWE Technology International, which specialises in project management and engineering services. All of these activities are overseen by RWE Generation.

### Supply & Trading

This division encompasses the operations of RWE Supply & Trading. The company specialises in independent commodity trading, acts as an intermediary for gas, and supplies large industrial and corporate customers with energy. Furthermore, it markets the electricity of our generation companies and optimises the Group's power plant dispatch commercially; however, earnings achieved through the latter activities are reported in the Lignite & Nuclear and European Power segments.

### innogy – continuing operations

The main element in this segment is innogy's renewable energy business. The company ranks among the leading producers of electricity from renewable sources, with a strong focus on Europe – in particular Germany and the United Kingdom – and with footholds in North America and Australia. The focus in terms of energy sources rests on wind, followed by hydro and solar. This segment also includes the German and Czech gas storage facilities as well as the 37.9% interest in the Austria-based energy utility Kelag.

### Operations acquired from E.ON

This is where we present the renewable energy operations we received from E.ON. By far its main source of energy is wind, supplemented by smaller solar and energy storage activities. Its geographical focus is on North America and Europe.

**GRI 102-7 Scale of the organisation****Company size**

	Unit	2019	2018
Workforce <sup>1</sup>	FTE	17,287	15,556
	Headcount	18,244	16,463
Total number of business locations <sup>2</sup>	Countries	36	28
Revenue (without natural gas/electricity tax) <sup>3</sup>	€ billion	13.125	13.388
Equity ratio <sup>3</sup>	%	27.2	17.8
Net debt	€ billion	9.298	19.339
Lignite produced (opencast mining in the Rhineland Mining Region)	million mt	64.8	86.3
External electricity sales volume <sup>3</sup>	kWh bn	192.0	216.1
External gas sales volume <sup>3</sup>	kWh bn	56.6	67.0

1 Employees of RWE stand-alone and Operations acquired from E.ON.

2 Number of countries in which fully consolidated companies and joint operations of the RWE Group including Operations acquired from E.ON and innogy SE have their registered office.

3 Disclosures for the RWE Group (including Operations acquired from E.ON and innogy – continuing operations).

**Number of industrial and commercial customers of RWE**

The size of the customer base in our RWE Supply & Trading segment makes up a proportion of around 29% of electricity sales and around 65% of gas sales in the segment of very large customers.

The proportion of revenue from coal in external revenue (including natural gas and electricity tax) was 23% in the year under review.

External electricity sales volume billion kWh	Residential and commercial customers		Industrial and corporate customers		Distributors		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Lignite & Nuclear	0.2	0.2	-	-	2.7	5.1	2.9	5.3
European Power	-	-	1.7	2.3	2.8	4.5	4.5	6.9
Supply & Trading	-	-	55.3	56.5	-	-	174.1 <sup>1</sup>	199.9 <sup>1</sup>
innogy – continuing operations	-	-	-	-	5.0	4.0	5.0	4.0
Operations acquired from E.ON	-	-	1.4	-	4.1	-	5.4	-
<b>RWE Group<sup>2</sup></b>	<b>0.2</b>	<b>0.2</b>	<b>58.4</b>	<b>58.8</b>	<b>14.5</b>	<b>13.7</b>	<b>192.0</b>	<b>216.1</b>

1 Including volume effects arising from the sales of self-generated electricity on the wholesale market.

2 Including lower volumes recorded under "Other consolidation"

External gas sales volume billion kWh	Residential and commercial customers		Industrial and corporate customers		Distributors		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Supply & Trading	-	-	36.8	30.7	19.7	35.4	56.5	66.1
innogy – continuing operations	-	-	-	-	0.1	0.1	0.1	0.1
European Power	-	-	-	-	-	0.8	-	0.8
Operations acquired from E.ON	-	-	-	-	-	-	-	-
<b>RWE Group</b>	<b>-</b>	<b>-</b>	<b>36.8</b>	<b>30.7</b>	<b>19.9</b>	<b>36.3</b>	<b>56.6</b>	<b>67.0</b>

More information on the company is also available under [Key sustainability indicators, page 77](#).



### GRI 102-8 Information on employees and other workers

#### Headcount of employees

	2019 <sup>1</sup>			2018 <sup>2</sup>			Total
	Women	Men	Total	Women	Men		
Germany	1,646	13,124	14,770	1,574	13,077		14,651
United Kingdom	400	1,466	1,866	184	971		1,155
Netherlands/Belgium	53	502	555	52	498		550
Central Eastern/South Eastern Europe	25	71	96	21	56		77
Other countries	209	748	957	9	21		30
<b>RWE</b>	<b>2,333</b>	<b>15,911</b>	<b>18,244</b>	<b>1,840</b>	<b>14,623</b>		<b>16,463</b>
Part-time employees			1,026				949
Full-time employees			17,218				15,514
Permanent contract			17,511				15,790
Fixed-term contract			733				673

1 Employee data relate to RWE stand-alone and Operations acquired from E.ON

2 Employee data relate to RWE without innogy.

RWE only contracts a small proportion of permanently employed staff from subcontractors to carry out operational functions. We contract them for service and service packages, and for construction and assembly work.

### GRI 102-9 Supply chain

The purchasing functions of the Group are responsible for carrying out the procurement processes necessary for our business activities. These comprise firstly the sourcing of goods, services and plant components, which is the responsibility of Corporate Procurement. Here, RWE is in direct contact and in contractual relationships with the service providers and suppliers. In 2019, the procurement volume of the RWE Group was about € 1.9 billion for these purchases (data for

RWE stand-alone). Secondly, an important part of our procurement processes relates to the purchase of energy sources, for example hard coal, gas, liquefied natural gas (LNG) and biomass, and trading in combustion fuels. These processes are carried out by RWE Supply & Trading as our trading company. In 2019, the procurement volume of combustion fuels (hard coal, natural gas and biomass) was around € 4.1 billion.

## GRI 102-10 Significant changes to the organisation and its supply chain

 See ▶ [GRI 102-6, page 12](#) for material organisational changes.

## GRI 102-11 Precautionary Principle or approach

 For disclosures on risk management, see ▶ [Non-financial Report, page I/II](#), and the [RWE Annual Report 2019, page 84](#). We regularly invest in environmental protection. We have divided our expenses by area of activity.

### Environmental protection expenses in € million

	2019 <sup>2</sup>	2018 <sup>1</sup>
Air pollution control	183.5	
Of which RWE stand-alone	183.1	185.5
Of which renewable energy business	0.3	
Nature conservation and protection of the landscape	38.1	
Of which RWE stand-alone	38.0	35.4
Of which renewable energy business	0.1	
Water protection	105.2	
Of which RWE stand-alone	102.1	99.1
Of which renewable energy business	3.1	
Waste disposal	303.0	
Of which RWE stand-alone	302.9	273.0
Of which renewable energy business	0.1	
Noise abatement	4.8	
Of which RWE stand-alone	4.8	4.9
Of which renewable energy business	0	
Polluted sites, soil contamination	5.7	
Of which RWE stand-alone	5.7	2.2
Of which renewable energy business	0	
Climate protection	698.4	
Of which RWE stand-alone	31.4	35.5
Of which renewable energy business	667.0	
<b>Total</b>	<b>1,338.6</b>	<b>635.5</b>

1 Owing to the previous year's reporting structure, data for 2018 are only available for RWE stand-alone.

2 Data for renewable energy business include innogy – continuing operations and Operations acquired from E.ON.

## GRI 102-12 External initiatives

### UN Global Compact and SDG

Since January 2004, the RWE Group has been a member of the "Global Compact" (GC) of the United Nations. By signing up to the ten principles underlying the Global Compact, RWE made a commitment to human rights and labour standards, promoting environmental protection in its business opera-

tions, and preventing corruption. We present the contribution we have made to global implementation of the principles of the Global Compact in an annual Progress Report. We also outline our contribution to the Sustainable Development Goals (SDG) adopted by the United Nations in September 2015 in the ▶ [Appendix to this report on page 82](#).



## Bettercoal Initiative

Cooperating with other energy companies is absolutely essential for us. This places us in a position to exert more pressure and meet demands for sustainable production and transport conditions in the supply chain for hard coal. In 2012, we joined

forces with other large purchasers of hard coal to launch the Bettercoal Initiative. By the end of 2019, 12 major energy companies were members of Bettercoal. This organisation audits coal production sites throughout the world and makes the results garnered from assessment of its suppliers available to members, see ▶ [Non-financial Report, page V.](#)



## GRI 102-13 Membership of associations

We are an active member of a large number of different committees and specialist associations as part of our social, environmental and business responsibility. The following memberships are important for RWE AG (in alphabetical order)

- AGWE – Employers' Association of Gas, Water and Electricity Utilities (Arbeitgeberverband von Gas-, Wasser- und Elektrizitätsunternehmungen e.V.)
- Bettercoal Ltd.
- BDEW – German Association of Energy and Water Industries (Bundesverband der Energie- und Wasserwirtschaft e.V.)
- BDI – Federation of German Industries (Bundesverband der Deutschen Industrie e.V.)
- DEBRIV Federal Lignite Association (Bundesverband Braunkohle)
- DICO – German Institute for Compliance (Deutsches Institut für Compliance e.V.)
- DIIR – German Institute for Internal Auditing (Deutsches Institut für Interne Revision e.V.)
- DIRK – German Investor Relations Association (Deutscher Investor Relations Verband e.V.)
- econsense – Forum for Sustainable Development of the German Economy (Forum Nachhaltige Entwicklung der Deutschen Wirtschaft e.V.)
- enei – Employers Network for Equality & Inclusion
- EFET – European Federation of Energy Traders
- Energy Netherlands (Energie Nederland)
- Energy UK
- Eurogas

- GDD Society for Data Protection and Data Security (Gesellschaft für Datenschutz und Datensicherheit e.V.)
- German Equities Institute (Deutsches Aktieninstitut e.V.)
- German Global Compact Network (Deutsches Global Compact Netzwerk (DGCN))
- German-Russian Forum (Deutsch-Russisches Forum e.V.)
- IEA Greenhouse Gas R&D Programme & IEA CIAB
- IETA (International Emissions Trading Association)
- If.E Innovation Forum for the Energy Transition of IG BCE (Innovationsforum Energiewende If.E der IG BCE)
- PROUT AT WORK Foundation
- Promotion Group for German Industry (Förderkreis der Deutschen Industrie e.V.)
- Sustainable Biomass Program
- United Europe e.V.
- VdV – Association of the German Integrated Economy (Verband der Deutschen Verbundwirtschaft e.V.)
- VGB PowerTech e.V. – International technical association for generation and storage of power and heat
- VRB – Association of Raw Materials and Mining (Vereinigung Rohstoffe und Bergbau e.V.)
- World Economic Forum
- World Energy Council (Weltenergierat)

In the course of its membership activities, RWE checks whether the association positions published in press releases or in any other form are in line with RWE positions on these issues, e.g. on climate change. Once again, there was no need for the Group to distance itself from specific association positions in 2019, see ▶ [GRI 415, page 72.](#)



# Strategy

## GRI 102-14 Statement from senior decision-maker

 See ▶ [Foreword, page 03.](#)

## GRI 102-15 Key impacts, risks, and opportunities

An analysis of material topics for the RWE Group is carried out in preparation for drawing up the CR Report each year, see

 ▶ [GRI 102-47, page 26.](#) This includes a survey of selected stakeholders. This survey was held in September 2019 in parallel with the transaction between RWE and E.ON. The relevant individual topics identified in this Materiality Analysis determine the reporting scope of this CR report.

First and foremost, key sustainability impacts were identified as the greenhouse gas emissions (GHG) associated with conventional power generation that guarantees a secure energy supply. These currently frame the debate in the public domain and shape the direction of government policy. In future, these

 emissions will continue to decrease, see ▶ [Non-financial Report, page X.](#) Key reasons for this are the ongoing expansion of renewable energy and the implementation of our plan for reducing CO<sub>2</sub> emissions, as well as the measures for implementing the ending of electricity generation from coal adopted in Germany, the United Kingdom and the Netherlands. Opportunities result for RWE from the transaction with E.ON since the renewable energy business is a new operating mainstay with highly regulated income. We will therefore be not only more profitable but also more resilient in times of crisis. The resulting risks include the risk that our financial burdens caused by the German exit from coal are higher than expected and the risk from the resolution adopted by the Dutch Government to exit from coal. For explanations of material risks and opportunities, see the ▶ [RWE Annual Report 2019, section 1.13, page 84.](#)

Another focus is on occupational health and safety. This relates to our own employees and to employees of subcontractors commissioned by us. Furthermore, a great deal of attention is focused on the area of compliance, and the sustainability requirements in the supply chain, particularly in the case of hard coal.

Other aspects of sustainability impacts are protection of our plants – safe technical operation and protection against cyber-attacks, transparency of lobby work particularly relating to the topic of coal production, and the areas of biodiversity and recultivation. Other topics in our reporting relate to the dialogue with critics and citizens' participation, and aspects arising from the decommissioning of nuclear power plants.

The dialogue with the different stakeholders is important to us – starting with government, continuing through associations and employees, and including environmental and consumer organisations. With this end in mind, we are continuously engaging in discussion in the public domain and monitoring the positions of our stakeholders in relation to all issues of sustainability and making good use of opportunities to exchange views with them, see ▶ [GRI 102-43, page 23.](#) This is carried out in close consultation with colleagues from the relevant specialist departments and the subsidiaries in the various countries where we operate. The key task is to integrate the fundamental concepts of Corporate Responsibility in all our business processes.

## Ethics and Integrity

### GRI 102-16 Values, principles, standards, and norms of behaviour

At RWE, we are well aware of our role in the community and of our responsibility towards customers, business partners, and shareholders and employees. We therefore have clearly defined principles which form the framework for our corporate and community engagement. The focus of our actions is on the common values of trust, passion and performance. These values are supplemented by the RWE Code of Conduct and the principles for good conduct defined in the Code. Our employees and business partners must comply with the Code, see

 [Non-financial Report, page III-V, VII.](#)

Responsible management and supervision of the company rank among the cornerstones for long-term success. The benchmark is provided here by the German Corporate Governance Code in the relevant latest version. We comply with most of the recommendations of the Code, see more information under  [GRI 102-18, page 19](#). Following the mandatory audit on 18 December 2019, the Executive Board and

 Supervisory Board of RWE submitted a  [Statement of Com-](#)

pliance pursuant to Article 161 Stock Corporation Act (AktG). This enables us to strengthen the trust placed in us by our investors, customers, employees and the general public.

On 16 December 2019, the Government Commission for the German Corporate Governance Code adopted a completely revised version of the Corporate Governance Code and submitted it to the Federal Ministry of Justice and Consumer Protection for review and publication on 23 January 2020. Even though the Statement of Compliance was submitted at the end of 2019 still on the basis of the Code version of 7 February 2017, the updates have already been taken account of in the Corporate Governance Declaration along with the Corporate Governance Report for the year 2019. Details relating to corporate governance at RWE are included in the Corporate Governance Declaration along with the Corporate Governance Report.

### GRI 102-17 Mechanisms for advice and concerns about ethics

Every single employee is encouraged to be proactive in bringing any issues relating to our Code of Conduct and compliance with the Code to the attention of their supervisor and/or the responsible compliance officer. The same applies to any indications relating to breaches of the Code of Conduct. Compliance officers are appointed for all divisions and Group companies, and they are always available as points of contact for such matters. In particular, they receive information about issues relating to prevention of corruption. Contact details for compliance officers are available on the Intranet.

It is also possible to contact an independent external ombudsperson by phone or email. This contact is available for employees and also accepts information from third parties outside the company, for example suppliers or other business partners. Notifications relating to any potential

breaches are recorded by the Compliance Department. Each case is reviewed by the Group function responsible, and any remedial measures are initiated in the context of a systematic follow-up process as far as necessary.

Our external ombudsperson takes all notifications and complaints relating to negative environmental, social and human-rights impacts, and regarding working practices.

In addition to the existing communication/reporting system, the web-based whistleblower system BKMS (Business Keeper Monitoring System®) was launched at RWE in 2019. Whistleblowers can use the BKMS – also anonymously – to report incidents, e.g. violations against the RWE Code of Conduct or the General Data Protection Regulation, economic criminal offences and actions constituting a threat to the business.

# Governance

## GRI 102-18 Governance structure

The corporate governance of RWE AG as a German joint-stock company listed on the stock exchange is primarily determined by the Stock Corporation Act (Aktiengesetz) and also by the regulations of the German Corporate Governance Code in its latest version.

Pursuant to the statutory regulations, RWE is subject to the “dual governance system”. This is characterised by a strict separation of personnel between the Executive Board as a management body and the Supervisory Board as a monitoring body. The Executive Board and the Supervisory Board work closely together in pursuing the interests of the company.

The Executive Board manages the company with the objective of generating sustainable value added under its own responsibility. The principle of overall responsibility applies to their work, and this means that the members of the Executive Board bear joint responsibility for the entire executive management. They develop the corporate strategy and ensure implementation in consultation with the Supervisory Board.

The Supervisory Board advises the Executive Board on managing the company and monitors its activity. It appoints and dismisses members of the Executive Board, passes

resolutions on the compensation system for the members of the Executive Board and defines individual compensation packages for each member. The Supervisory Board is involved in all decisions that are of fundamental importance for RWE.

The RWE Supervisory Board currently has five permanent committees and the Executive Committee: the Mediation Committee pursuant to Article 27 Section 3 Co-determination Act (MitbestG), the Personnel Affairs Committee, the Audit Committee, the Nomination Committee and the Strategy Committee. The committees prepare topics and resolutions in advance of meetings of the Supervisory Board. They sometimes also have decision-making powers delegated to them by the Supervisory Board. The chairs of the committees regularly inform the Supervisory Board about the work of the committees. In addition, shareholder and employee representatives regularly hold separate preliminary meetings before Supervisory Board meetings. Additional detailed information on the concrete work of the Supervisory Board and its committees is provided in the latest  [Supervisory Board Report in the RWE Annual Report 2019](#), page 18.

## GRI 102-19 Delegating authority

Powers of attorney are granted by the Executive Board in the form of procurations and powers to act to the individual departmental and section managers who are empowered to

take decisions independently within their sphere of responsibility, so long as a higher level of authority has not reserved the right to approve certain decisions.

## GRI 102-20 Executive level responsibility for economic, environmental, and social topics

The Executive Board of RWE AG has adopted a portfolio distribution which gives specified members of the Executive Board responsibility for various topics. The current portfolio distribution provides for the following powers of responsibility over economic, environmental and social topics: The Chairman of the Executive Board deals with the group-level responsibilities Company Development, Corporate Transformation, Internal Audit & Compliance, Group Communications & Energy Policy, Group Strategy, Human Resources, Legal & Insurance. Since 1 May 2017, the Chief Executive Officer has also held the role of Labour Director. The responsibilities of the Chief Financial Officer include Accounting, Business Services, Controlling & Risk Management, Finance & Credit Risk, Investor

Relations, IT, Portfolio Management/Mergers & Acquisitions, and Tax. The Group Executive Board reports to the Supervisory Board of the company as the highest governance body.

The Group-wide implementation and realisation of Corporate Responsibility is coordinated by the Group Corporate Responsibility Team within the Group Communication & Energy Policy Team. The Head of the Group Communication & Energy Policy Department reports directly to the Chief Executive Officer. Representatives of RWE AG and the key operating companies come together in relation to specific themes as necessary in order to swap experiences and to agree activities jointly.

### GRI 102-21 Consulting stakeholders on economic, environmental, and social topics

Each shareholder has the right to submit a countermotion with substantiation against the proposals put forward by the Executive Board and/or the Supervisory Board on a specific agenda item at the Annual General Meeting. Shareholders whose shares taken together make up one twentieth of the capital stock or a proportionate amount of € 500,000 can demand that items are placed on the agenda and announced.

The publication of the business results is accompanied by an investors' and analysts' teleconference. Additionally, managers take part in Group roadshows and participate in conferences. In accordance with the recommendations of the German Corporate Governance Code, the Chairman of the Supervisory Board is regularly available to investors for discussions about matters specifically relating to the Supervisory Board.

For dialogue formats with other stakeholders, see  
► GRI 102-40, page 23, and GRI 415, page 72.



### GRI 102-22 Composition of the highest governance body and its committees

The Supervisory Board is a non-executive supervisory body. It consists of 20 members, ten of which are elected by the Annual General Meeting pursuant to the provisions of the German Stock Corporation Act (Aktiengesetz). Ten of the members are elected by the employees pursuant to the Co-determination Act (Mitbestimmungsgesetz, MitbestG) dated 4 May 1976. In accordance with the German Stock Corporation Act, the period of office for current members of the Supervisory Board continues until the end of the Annual General Meeting which passes a resolution on the discharge for the actions of the Supervisory Board for the fourth fiscal year after the commencement of the period of office. At the moment, the Supervisory Board of RWE AG includes six women, of which three were elected by the employees. RWE AG therefore complies with the statutory gender quota of 30% in the Supervisory Board. A presentation of the Executive Board and the Supervisory Board is given in the description of the govern-

ance bodies in the ► Annual Report 2019, page 207. It provides an overview of other important positions or obligations held by the individual persons, the number of mandates and the type of obligation.



In order to ensure a fit and proper composition of the Supervisory Board, and a compliant election process based on objective competence and requirement criteria taking into account the regulations of the German Corporate Governance Code for election and lawful appointment of new members of the Supervisory Board of RWE, the Supervisory Board resolved to draw up a competence profile for the Supervisory Board and a requirements profile for the Supervisory Board members of RWE.

For more information, see the Report of the Supervisory Board in the ► RWE Annual Report 2019, page 18, and on our ► Webseite.



### GRI 102-23 Chair of the highest governance body

The Chairman of the Supervisory Board Dr Werner Brandt is not a Member of the Executive Board and he has not held this position in the past.

### GRI 102-24 Nominating and selecting the highest governance body

As defined in the Rules of Procedure for the Supervisory Board, the Nomination Committee convenes as necessary and proposes suitable candidates to the Supervisory Board as its nominations for election by the Annual General Meeting. When the committee selects the nomination proposals, it takes into account the international operations of the com-

pany, potential conflicts of interest, and diversity. There is also a competence and requirements profile for members of the Supervisory Board which is intended to ensure a heterogeneous composition of the Supervisory Board, see ► GRI 102-22, page 20.



The Supervisory Board has adopted a requirements profile for Members of the Executive Board in relation to long-term succession planning for making appointments to the Executive Board in accordance with the recommendations of the German Corporate Governance Code. This also takes account of the requirements for diversity relating to this governance body. All personnel decisions taken by the Supervisory Board are

prepared by the Human Resources Committee. On behalf of the Supervisory Board, this committee takes decisions about concluding, amending and terminating the employment contracts with the Members of the Executive Board, with the exception of the decisions about compensation for the Executive Board which are reserved for the full Supervisory Board.

### GRI 102-25 Conflicts of interest

Transparency is a core element of good corporate governance. The Executive Board and the Supervisory Board therefore also need to pay particular attention to double mandates within the Group in the fiscal year 2019, and the entailed conflicts of interest that arise when a member of the Executive Board of RWE AG and members of the Supervisory Board of RWE AG were also represented on the Supervisory Board of innogy SE. As a consequence, Ms Monika Krebber and Dr Erhard Schipporeit, who each held a mandate on the Supervisory Board of RWE AG and on the Supervisory Board of innogy SE in the fiscal year 2019, did not receive any preparatory meeting documents and did not take part in any consultative discussions and passing resolutions on the Supervisory Board of innogy SE, which related directly or indirectly to the RWE/E.ON transaction. Equally, Dr Markus Krebber as a member of the Executive Board of RWE AG, who also had a seat on the Supervisory Board of innogy SE, did not receive any documents and did not take part in any consultative dis-

cussions on the Supervisory Board of innogy SE, which related to the transaction. In the fiscal year 2019, there were no further decisions requiring resolutions to be passed which would have resulted in actual conflicts of interest. On 4 October 2019, Dr Krebber and Dr Schipporeit stepped down from their positions on the Supervisory Board of innogy SE. On 18 September 2019, the day of the transfer of the innogy shareholding to E.ON, Ms Monika Krebber and Mr Reiner Böhle stepped down from their positions as employee representatives of innogy on the Supervisory Board of RWE.

The memberships in other governance bodies held by members of the Executive Board and Supervisory Board are disclosed transparently in the presentation of governance bodies in the [► RWE Annual Report 2019, page 207](#). RWE AG has no controlling shareholder. Transactions with related parties are included in financial reporting.

### GRI 102-26 Role of highest governance body in setting purpose, values, and strategy

We have created long-term incentives for sustainable corporate governance in which part of the variable compensation for the Executive Board has been linked to CR indicators, see [► Non-financial Report, page I](#). In 2019, RWE worked on

developing a new Corporate Responsibility Strategy. This includes definition of goals and work focuses. Work on this strategy is already well advanced and completion is scheduled for the beginning of 2020, see [► Non-financial Report, page II](#).

### GRI 102-29 Identifying and managing economic, environmental, and social impacts

 See [► GRI 102-31, page 22](#). For the section on climate risks, see [► GRI 201-2, page 33](#).

### GRI 102-30 Effectiveness of risk management processes

The Executive Board of RWE AG holds the principal responsibility for the risk management system. The board monitors and manages the overall risk of the Group. The responsibility for applying and developing the risk management system is at the level below the Executive Board with Controlling & Risk Management of RWE AG. This department regularly reports

to the Executive Board and the Supervisory Board of RWE AG on the risk position of the Group. For the section on climate risks, see [► GRI 201-2, page 33](#).

The Internal Audit Department regularly reviews the quality and the functional capability of the risk management system.

## GRI 102-31 Review of economic, environmental, and social topics

The Executive Board of RWE AG is informed immediately if there are any significant changes to the risk situation. The management and supervisory bodies are informed about the risk situation as part of quarterly reporting.

The entrepreneurial actions of RWE are defined by integrity and compliance with the law. The RWE Code of Conduct sets out the targets and principles for this and forms the basis for the corporate culture. The Compliance Management System focuses in particular on the identification of potential structural risks of corruption, see ▶ [Non-financial Report, page VII](#). The Compliance Management System for anti-corruption was audited by a professional services firm in accordance with IDW Audit Standard 980. The efficacy audit was successfully completed at the turn of the year 2013/2014. The Chief Compliance Officer reports at regular intervals to the Executive Board of RWE AG and to the Audit Committee of the Supervisory Board on compliance-relevant issues. This includes in principle all the topic areas of the Code of Conduct and provides consolidated information about this. Every manager with disciplinary responsibility additionally needs to submit an annual report on implementation of the Code of Conduct in his/her area of responsibility. A further review of the Compliance Management System was started by a professional services firm at the end of 2018. The conceptual review was successfully performed in mid-2019. The efficacy audit will be concluded in 2020.

Health & Safety is also an important aspect at RWE. The health and safety of our employees and subcontractors is an important issue for us. We want to ensure that every employee is healthy and remains so. Occupational safety management systems were set up for this purpose and these undergo continuous improvement, see ▶ [Non-financial Report, page XIV/XV](#).

In relation to all matters relating to our employees, we comply with all the statutory laws and regulations applicable in the individual countries where we are operating. In some cases, we even go beyond the statutory requirements for the benefit of our employees. In order to protect the most important rights of our employees, we adopted the ▶ [RWE Social Charter](#) in collaboration with the European Works Council as early as 2010. And in order to protect our employees, our service providers and business partners, the latter are required to recognise the Code of Conduct and therefore to make a commitment to compliance with the principles of the United Nations Global Compact. Our managers, the Compliance Department, Human Resources Management and Purchasing, and our Co-determination procedure monitor compliance with these requirements. Management information systems provide our managers with appropriate assistance in this respect.

## GRI 102-32 Highest governance body's role in sustainability reporting

The CR Report was checked and approved by the Executive Board of RWE AG.

## GRI 102-35 Remuneration policies

The performance of individual Executive Board members is taken into account through multiplying the company bonus by a performance factor. The value achieved depends on the following criteria, each of which is weighted by one-third: (1) achievement of the individual targets, (2) collective performance of the Executive Board, and (3) performance in corpo-

rate responsibility (CR) and employee motivation. Success in CR depends on the achievement of environmental and social goals and is documented in our sustainability reporting.

More information on the compensation policy and criteria for the Executive Board, including disclosures on components of the compensation package, is included in the compensation report published in the ▶ [RWE Annual Report 2019, page 72](#).

# Stakeholder Engagement

## GRI 102-40 List of stakeholder groups

Our company regularly engages in communication in different ways with customers, academics, policymakers, representatives of environmental organisations, local government agencies, neighbours around our locations and other citizens.

We also seek contact with players who are otherwise involved in issues relating to the energy industry, as well as the corporate activities of RWE and its impacts on society as a whole, see ▶ [GRI 102-44, page 23](#).



## GRI 102-41 Collective bargaining agreements

95.5% of the employees in RWE stand-alone and Operations acquired from E.ON work in Europe and are represented by the European Works Council. The RWE Social Charter covers

100% of these employees. In RWE stand-alone and Operations acquired from E.ON, 22.2% are non-payscale employees and 66.3% payscale employees.

## GRI 102-42 Identifying and selecting stakeholders

Our stakeholders include all the people and organisations we have relationships with and engage in dialogue with. We also regard individuals and entities who seek communication with us, or who are interested in our company, as stakeholders. There is no prior selection process. In order to identify the various aspirations and take account of them in our corpo-

rate policy, we are in continuous dialogue with our stakeholders. Expectations that stakeholders have of RWE are nuanced and defined by their attitude towards energy, climate change and other concerns relevant for the company, and the extent to which these stakeholders are affected by all those issues.



## GRI 102-43 Approach to stakeholder engagement

Communication with our stakeholders gives us valuable ideas for the orientation of our corporate activities. Especially against the background of the new direction being taken by RWE, it is particularly important for us to discuss expectations and projections about the future of energy supply with external stakeholders. At the same time, this dialogue provides us with the opportunity to reflect our company decisions, and convey them and our underlying motivation more effectively.

The dialogue takes place at different levels. We pursue a transparent information policy in relation to the company's activities at local level and engage with neighbouring resi-

dents and citizens' initiatives, local authorities and regional initiatives. These conversations might relate to, for example, construction measures and approval proceedings. We are very pleased to take account of ideas and constructive proposals. At national level, we engage in discussions with our stakeholders in particular on the following issues: the "new" RWE, our contribution to the energy transition and climate protection, the future of the generation mix and the energy market, current and pending legislative and regulatory procedures, sustainability in international supply relationships and a responsible approach to our customers and the environment.

## GRI 102-44 Key topics and concerns raised

In 2019 as in the previous year, the dominant issue in the context of the dialogue with stakeholders continued to be the contributions that the energy industry can make to achieving the national and international climate change targets. We engaged in an intensive dialogue at all levels on this issue with a large number of representatives from the political sphere, business, unions, civil society and the general public.

In 2019, the focus in Germany was on recommendations commissioned by the Federal Government and published in January of that year by the Growth, Structural Change and Employment Commissions, see ▶ [Non-financial Report, page X](#). These included proposals for an exit pathway away from generating coal-fired electricity up until 2038, and comprehensive recommendations for supporting measures directed towards achieving the climate protection targets for 2030.



In addition, intensive communication also took place on climate-protection legislation and for the programme of measures from the Federal Government for the period up until 2030.

There was also dialogue in local and regional forums on issues relating to the energy transition and climate protection. For example in the Rhineland Mining Region, there was interaction at the level of local authorities and at meetings of elected politicians. Other key issues related to security of supply, the outlook for a hydrogen economy, job security and perspectives for the future at the locations.

In 2019, we also continued cooperation with the Future Agency Rhineland Mining Region (Zukunftsagentur Rheinisches Revier, formerly Innovation Region Rhenish Mining Area), which is responsible for implementing structural change in the lignite-producing region. Furthermore, RWE also participates in a large number of different projects and initiatives in the sphere of opencast mining (the Indeland development company, the Special Purpose Association Zweckverband Landfolge Garzweiler, team Hambach and “Future FORUM Paffendorf – We support the Rhineland Mining Region”) for purposes of shaping the region.

The Federal Government commenced the process for the Structural Development Act (Strukturstärkungsgesetz) as part of implementing the recommendations of the Growth, Structural Change and Employment Commission. This includes the funding opportunities for the regions affected by the exit from coal in order to support the structural change. The Future Agency Rhineland Mining Region (Zukunftsagentur Rheinisches Revier) established regional hubs so that these funds could be deployed in a targeted approach. An economic and structural development programme was instituted and it will focus on the topics of “Space”, “Infrastructure & Mobility”, “Energy”, “Industry”, “Innovation & Education” and “Agribusiness & Resources” in the six regional hubs. In 2020, this initial draft will be discussed by various specialist committees and with the citizens living in the Rhineland Mining Region in a broadly based public participation process. RWE is supporting this process.

In 2019, we continued to hold regular power-plant discussions at our nuclear power locations. The events are used to inform policymakers, representatives from the community and the media about operations at the locations. We continued to roll out Transparency Initiatives at all three sites. The objective of these is to create even more transparency in the future for providing information about licensing procedures currently under way to various regional special-interest groups through

dialogue opportunities directed towards different target groups. Openness in relation to planning for decommissioning and the process involved is also part of this approach.

We are also in regular dialogue with our suppliers. We hold an annual suppliers’ conference as a forum for discussion focusing on current market developments and ideas. More than 100 subcontractors participate in this conference.

We continue to hold regular events at European and German level, for example our RWE Talks in Berlin and Brussels. Members of the Executive Board and Managing Directors reported in this forum on the latest developments in the energy industry and held discussions with a wide range of different special-interest groups including government, civil society, business and academia. The discussion topics included the results of the Structural Change Commission, the opportunities of the Power-to-X Technology and the new alignment of RWE.

Over the course of 2019, representatives of RWE in the United Kingdom engaged in a dialogue on a variety of issues relating to energy and environmental policy with the regulatory authorities and policymakers. The focus of these discussions with the Department for Business, Energy and Industrial Strategy (BEIS) was on the temporary suspension of the British capacity market following the relevant judgement handed down by the European Union Court. There were also discussions on various other subjects including Brexit, its shape and the potential impacts on the energy industry, and the future of CO<sub>2</sub> pricing.

Likewise, RWE was in regular contact with a large number of regional and national stakeholders in the Netherlands. These included parliamentarians, policymakers, NGOs and academics. In particular, we contributed to the discussion about the ongoing climate protection policy directed towards achieving the climate goals for 2030 and 2050. Following on from last year, we also participated in conversations about implementation of the national climate agreement. An important legislative programme for RWE in 2019 related to legislation on the exit from coal in the Netherlands, which was ratified in December 2019. We were also involved in debates about the framework conditions for the use of biomass and hydrogen. In the case of biomass, we also worked together with other industrial partners to seek intensive contact with stakeholders on the “Energieveld” platform.

### **Development of renewable energy projects**

During the development phase for each of our projects on renewable energy, we carefully investigate the potential impacts on the environment and on wildlife. We then adopt a

proactive approach to any issues, partly in cooperation with other companies and nature conservation organisations. We want to ensure that our projects are as environmentally friendly as possible and protect biological diversity.

### In dialogue with customers

We want our customers to remain loyal, to be interested in new products and to recommend our company to other people. We work together with our customers as partners to create individual solutions. Our usual high level of product quality, fast and streamlined processes, competitive prices, and a clear customer-centric focus continue to remain our top priorities in this relationship.

We hold two customer events every year. The “Energy Dialogue” is held in Germany and the language is German. The “Energy Talks” take place in the Netherlands/Belgium and they are held in English. The exchange with our customers extends from the strategy of RWE Supply & Trading, through topics relating to innovation such as “Green Power Purchase Agreements” to market analyses. These events have provided us with a great deal of constructive feedback from our customers. We have been able to gain concrete proposals for improvement and new ideas from these events. We evaluate these and put them into practice, for example customer-oriented development of green electricity contracts and expanded functionality of the online customer portal.

# Reporting Practice

## GRI 102-45 Entities included in the consolidated financial statements

 See list in the [► RWE Annual Report 2019, page 176](#), and [► About the report, page 1](#).

## GRI 102-46 Defining report content and topic boundaries

Our management of Corporate Responsibility and reporting take into account the relevant issues that we have determined and evaluated in a Materiality Analysis. This approach corresponds to the current GRI Standards of the Global Reporting Initiative (GRI) which form the basis for this report.

So as to determine the material topics for sustainable corporate governance at RWE, we have focused on the topics that are particularly relevant for our external and internal stakeholders. Our approach involved an update of the comprehensive Materiality Analysis from 2017 by conducting interviews with eight specialist departments that make a tangible contribution to our sustainability management. As a result of the delayed integration of the renewable energy business carried out during the course of the year in September 2019, the new segments were not included in the Materiality Analysis because the corresponding interviews had already been carried out by this time.

We used a standardised questionnaire to survey the internal stakeholders and collect information about aspects relating to the environment, employee and social concerns, and human rights and corruption/bribery. Prior to disseminating the questionnaire, we laid the groundwork and allocated a total of 20 topics to these five aspects which we had identified from the familiar set of expectations relating to our company that we were aware of and from the GRI Standards and the CR Report from the previous year. Our deliberations covered their individual importance for our business, our stakeholders and the associated impacts. Additional sub-topics were also allocated to all the topics so as to achieve maximally comprehensive coverage of all the relevant issues. The stakeholders were able to supplement these. A distinction was also drawn by the stakeholders between topics where the biggest potential change was in the company itself and topics that primarily affected our supply chain or our business relationships, see [► GRI 102-47, page 26](#).

## GRI 102-47 List of material topics

 The topics below present the results of our Materiality Analysis carried out in 2019, as described in [► GRI 102-15, page 17](#), and [► GRI 102-46, page 26](#). The topics identified in the Materiality Analysis and presented in the table below shape the scope of this CR Report. They focus on issues from the existing business model of RWE and topics relating to the renewable energy business are not therefore fully covered.

 We draw a distinction in the presentation of the analysis between the value-chain phases in which the key impacts of the topic are generated. RWE would also like to exercise a positive influence as far as possible on upstream and downstream activities in our value chain, even if these take place outside our company. We are able to directly manage the impacts that are caused within our company.

**Overview of the material aspects and where their impacts are caused:**

Material topics	GRI topics	Upstream value phase	RWE	Consumption phase/ Downstream value generation phase
<b>Environmental Concerns</b>				
<b>Biodiversity</b>				
Quality of recultivation	GRI 304 – Biodiversity		■	
Interventions in the landscape and nature	GRI 304 – Biodiversity		■	
<b>Climate Protection</b>				
CO <sub>2</sub> emissions in power plants	GRI 305 – Emissions GRI 417 – Marketing and Labelling		■	■
Contribution to achieving political climate goals	GRI 201 – Economic performance GRI 305 – Emissions		■	■
<b>Emissions (apart from greenhouse gases)</b>				
NOx, dust and mercury emissions from power plants	GRI 305 – Emissions		■	
<b>Energy Efficiency</b>				
Efficiency of power plants and systems	GRI 302 – Energy		■	
Innovative products and services	Energy-efficient products and services, research and development GRI 302 – Energy		■	■
<b>Water</b>				
Lowering of the groundwater table by opencast mining	GRI 303 – Water		■	
<b>Materials</b>				
Origin of the biomass used in power plants	GRI 204 – Procurement Practices GRI 308 – Supplier Environmental Assessment		■	■
<b>Waste</b>				
Nuclear energy Polluted sites Intermediate storage and final repository	GRI 306 – Effluents and Waste		■	■
<b>Environmental Management</b>				
Safe operation of power plants and opencast mines	GRI 307 – Environmental Compliance		■	
Environmental protection targets	GRI 307 – Environmental Compliance		■	
<b>Employee Concerns</b>				
<b>Occupational Health and Safety</b>				
Occupational accidents	GRI 403 – Occupational Health and Safety		■	■
Healthcare promotion and overcoming stress	GRI 403 – Occupational Health and Safety		■	
<b>Labour Relations</b>				
Job cuts and reorganisation	GRI 401 – Employment GRI 402 – Labour/Management Relations GRI 404 – Training and Education		■	
<b>Diversity</b>				
Avoidance of discrimination	GRI 405 – Diversity and Equal Opportunity		■	
Promotion of diversity	GRI 405 – Diversity and Equal Opportunity		■	

Material topics	GRI topics	Upstream value phase	RWE	Consumption phase/ Downstream value generation phase
<b>Social Concerns</b>				
<b>Catastrophe/Emergency Planning</b>				
Security and protection of nuclear plants	Catastrophe/Emergency planning and response		■	
Protection of infrastructure against cyber-attacks	Catastrophe/Emergency planning and response		■	
<b>Economic Performance</b>				
Transaction and integration of renewable energy	GRI 201 – Economic Performance		■	
<b>Availability and Reliability</b>				
Flexibilisation of the power plant portfolio	Availability and Reliability		■	
New storage technologies	Availability and Reliability		■	
<b>Research and Development</b>				
Power-to-X	Research and Development	■	■	■
<b>Shutdowns and decommissioning of power plants and reinstatement of mining locations</b>				
Decommissioning of nuclear power plants	GRI 306 – Effluents and Waste Shutdowns and decommissioning of power plants and reinstatement of mining locations		■	
<b>Regional Relationships</b>				
Regional partnerships and cooperations	GRI 203 – Indirect Economic Impacts GRI 419 - Socioeconomic Compliance GRI 413 - Local Communities		■	
Dialogue with critics	GRI 102-44 Key topics and concerns raised	■	■	■
<b>Relationships with Politics</b>				
Transparency in lobbying	GRI 415 – Public Policy		■	
<b>Respect for Human Rights</b>				
<b>Supplier Selection and Assessment</b>				
Respect for human rights in the supply chain	GRI 204 – Procurement GRI 414 – Supplier Social Assessment	■		
Origin of imported coal	GRI 204 – Procurement	■	■	
<b>Anti-corruption and Combating Bribery</b>				
<b>Anti-corruption, combatting bribery and granting and accepting advantages</b>				
Implementing and monitoring compliance with the Code of Conduct	GRI 205 – Anti-corruption		■	

 For selection of constituent elements of the Non-financial Report, see ▶ [Non-financial Report, page II](#).

**GRI 102-48 Restatements of information**

The segments are shown separately in this report – provided that disclosures with the appropriate granularity are available – on the basis of “RWE stand-alone”, “innogy – continuing operations” and “Operations acquired from E.ON”. For more information, see ▶ [GRI 102-6, page 12](#).

**GRI 102-49 Changes in reporting**

For information on the changed reporting structure, see ▶ [GRI 102-6, page 12](#). For changes to material topics, see ▶ [GRI 102-47, page 26](#).

**GRI 102-50 Reporting period**

Fiscal year 2019: 1 January 2019 – 31 December 2019

**GRI 102-51 Date of most recent report**

March 2019

**GRI 102-52 Reporting cycle**

Annually

**GRI 102-53 Contact point for questions regarding the report**

RWE Aktiengesellschaft  
Dr Jens Wiggershaus  
Corporate Responsibility  
45128 Essen  
Germany  
Phone +49 201 12-15593  
Email [responsibility@rwe.com](mailto:responsibility@rwe.com)

**GRI 102-54 Claims of reporting in accordance with GRI Standards**

This report has been prepared in accordance with the GRI Standards: Core option.

## GRI 102-55 GRI Content index

The [► GRI Content Index is shown on page 05](#). We prepared the report in accordance with the GRI Standards (2016) in order to facilitate a comparison of our performance with that of other companies. We also report on in-depth material topics based on the GRI requirements for the electricity industry which were formerly valid as the "G4 Electric Utilities Sector Disclosure" but are no longer part of the GRI Standards. The values were not available to us with the necessary differentiation for a number of the disclosures derived from the GRI. We have provided a justification in each case and used disclosures which came closest to the requirements.

## GRI 102-56 External assurance

The disclosures marked with the  were subject to a limited assurance engagement performed by professional services firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsellschaft. The audit was implemented taking into account the

International Standard on Assurance Engagements (ISAE) 3000 (Revised). For the [► Independent Practitioner's Assurance Engagement report see page 80](#).



# Material topics

# Economic

## GRI 201 Economic Performance

### GRI 103 Management approach (including 103-1, 103-2, 103-3)



#### Challenges

Our market environment and the demands of society at large on the RWE Group are changing with the transition of energy systems in Europe. We are committed to solving this challenge.

In Germany, the development of the electricity market is largely dependent on the expansion and rising feed-ins of renewable energy. This means reduced utilisation of conventional power generation operated by the RWE Group, in particular a reduction in the deployment of coal-fired power plants in 2019. The expansion of renewable energy, the development of prices for hard coal and gas, the prices for CO<sub>2</sub> certificates, the general economic development and other factors impact on the wholesale prices that electricity producers are able to achieve in the marketplace. Our revenues are therefore determined by capacity utilisation and wholesale prices for electricity and CO<sub>2</sub>, as well as capacity payments. The integration of renewable energy will establish RWE in an even more stable position because capacity utilisation and income from renewable energy plants and conventional power plants are negatively correlated.

Existing business models and processes in the energy industry are increasingly losing their profitability and are no longer fit for purpose. They need to be modified by new ideas and in some cases even replaced, see ▶ [Research and Development, page 42](#).

The intention is to strengthen our competitive position and convince our customers over the long term with innovative, attractive and affordable products, efficiency enhancements in our power plants, strategic planning for deployment of power plants and adjustments to our power plant portfolio.

The speed of the transition is continually accelerating. The markets we are operating in demand that we undergo a continual process of transformation and development in order to be successful. If we are to meet these requirements in the future, it is important to confront the challenges over the long term with creative, motivated and competent employees.

#### Organisation and management

RWE has adopted a number of measures so that we are able to remain competitive as one of the biggest European energy utilities operating in the marketplace. Our strategy was therefore adjusted and in future we will generate a large

proportion of electricity from renewable energy. The unambiguous target of sustainable electricity generation indicates that as a supplier of reliable energy provision, we offer secure and affordable energy for economies, companies and most importantly people.

Furthermore, RWE Technology International (RWE TI) is expanding the international offering of independent services as a project management and engineering company of RWE in the areas of mining, thermal power plants, renewable energy and infrastructure, see ▶ [Energy-efficient products and services, page 41](#).



The art of mastering the transition quickly is now a key competitive advantage. RWE is supporting the required and necessary internal processes of change with various transformation programmes. These are coordinated and driven forward by the Corporate Transformation Department, which reports directly to the Chief Executive Officer.

Our central focus here is on anchoring the transformation project within the organisation. Achieving this successfully entails analysing the aspects of strategy, structure and culture. However, our overriding aim is to treat the people who are implementing the transformation and the organisation as a social system. The success of transformation projects stands or falls with the willingness of our employees to support and contribute to the process. The Executive Board and the managers act as role models by actively supporting and exemplifying the transformation. Supporting and establishing structural and cultural changes empowers us to make an important contribution to implementing the strategy of our company.



#### Measures and performance measurement

In 2019, we shut down further power plants or transferred them to legally-mandated security standby in order to adapt our power plant portfolio to the market conditions, see ▶ [Shutdown and decommissioning of power plants and reinstatement of opencast mines, page 44](#).



Alongside the complete restructuring of the Group and our R&D activities, the motivator of innovations is also driving forward new conceptual and operational approaches within the organisation of RWE, see ▶ [GRI 401, page 61](#).



A large proportion of the value added generated by us flows back into the regions where we are operating, for example in the form of tax, deductions or salaries. We thereby make a

contribution to regional development. Our value-added statement provides a transparent presentation of how profits are distributed, see ▶ [GRI 201-1, page 33](#).



### GRI 201-1 Direct economic value generated and distributed

Distribution of value added by the Group <sup>1</sup> in € million	Total 2019	Total 2018
Total	20,331	7,379
to employees (wages, salaries, social security contributions)	2,525	4,854
to the government (taxes and deductions) <sup>2</sup>	152	141
to hybrid capital lenders	15	881 <sup>4</sup>
to other shareholders	643	738
Net income	8,498	335
Dividends/disbursements to RWE shareholders and other shareholders <sup>3</sup>	560	430

1 Disclosures relate to the RWE Group including Operations acquired from E.ON and innogy – continuing operations

2 Only the taxes paid are included, not tax expenses. Value for 2018 is adjusted retrospectively.

3 Dividend proposal of RWE AG for the fiscal year 2019 subject to the adoption of the resolution by the Annual General Meeting 2020.

4 Disclosure for 2018 relates to "Lender".

Regional engagement by the Group in € million	Total 2019	Total 2018
Donations <sup>1</sup>	0.8	0.9
Sponsorship <sup>1</sup>	1.95	0.8
Volunteering <sup>2</sup>	0.95	1.2

1 Disclosures for RWE stand-alone (rounded).

2 Disclosures for 2019 up to 18 September 2019 including the activities of innogy SE.

### GRI 201-2 Financial implications and other risks and opportunities due to climate change



Once again, climate protection was one of the key political issues in 2019 and it is also crucial for RWE. Key factors in our business are the ongoing expansion of renewable energy. We are positioning ourselves for this business through the transaction with E.ON and the takeover of the Renewables Divisions of innogy and E.ON. The topic of climate change offers RWE huge opportunities owing to the increasing political and societal pressure to decarbonise our energy system. Hence, this creates a favourable environment for global growth in renewable energy. Our conventional power plant portfolio will continue to guarantee security for the electricity supply with advanced and flexible power plants that compensate for the fluctuating feed-in of renewable energy. In addition, we are also reviewing a lot of other options for guaranteeing security of supply when the proportion of renewable energy is growing, e.g. storage or various Power-to-X technologies. Aside from dedicated trading operations, our trading subsidiary RWE Supply & Trading offers appropriate services for major industrial customers. In addition to pure energy supplies, the company also makes specialist commercial service offerings, such as optimisation and enhanced flexibility for portfolios

and plants. Alongside the service packages outlined above, RWE Supply & Trading also markets the electricity produced by these power plants, see ▶ [Energy-efficient products and services, page 41](#).

#### Impacts associated with risk or opportunity

RWE is committed to the Paris Climate Agreement and to the climate protection goals that lawmakers define in our markets. We also support expansion of renewable energy and improvement of energy efficiency at European level and at the level of the member states, see ▶ [Non-financial Report, page IX](#). At the same time, we are addressing the enormous challenges that these objectives present for us in terms of competitiveness, innovative power and financial strength.

In mid-2017, the Task Force on Climate-related Financial Disclosures (TCFD) set up by the G20 Financial Stability Board published recommendations relating to the type and scope of future reporting on climate risks, particularly those resulting from the emission of greenhouse gases.



Today, we are already following parts of these recommendations in reporting standards and ratings we participate in. In future, the issue will relate to cross-sector implementation of the recommendation.

Already in 2018, we carried out an analysis of existing reporting processes. This investigation demonstrated that the internal processes in the TCFD pillars of governance, strategy and risk management were already meeting the TCFD recommendations. For the year 2019, we had envisaged including TCFD requirements in processes that were already established. Climate risks have already been recorded and assessed for some time as part of risk management. A key area for action therefore related to introducing a new “climate risk” indicator to supplement existing risk categories in the current risk management. An initial test run of risk evaluations has already been carried out. The next step will involve us in striving to achieve greater synchronisation with the pillars of the strategy proposed by TCFD. The objective of RWE is to align reporting in 2020 with reporting in accordance with TCFD recommendations.

#### **Financial implications of the risk or opportunity before action is taken**

We have already carried out a large range of measures to make our processes even more efficient, our organisation even more effective and our corporate culture more robust

and flexible, see ▶ [GRI 201, page 32](#). Financial risks associated, for example, with general climate protection policy and emissions trading in particular are reflected in our risk management. We reduce these risks in the case of emissions trading by concluding appropriate hedging transactions, see ▶ [Non-financial Report, page XI](#).

In relation to risks, potential future deviations and a higher level of volatility in climate and weather conditions may exert an impact on the operation and income generated by our assets from renewable sources because the service life of the plants extends over a number of decades. These risks must be taken account of in our decisions on capital expenditure and mitigated by diversification of our portfolio through technology and geographical location.

The Executive Board engages with the financial risks and opportunities associated with climate change in the control processes. This also includes the review of other risk mitigation options, for example through portfolio adjustments. However, the quantified results are not disclosed for competitive reasons.

#### **GRI 201-4 Financial assistance received from government**

RWE does not receive any financial grants or subsidies from the government for its operating business. Furthermore, we finance all capital expenditure from our own resources. On the other hand, we receive financial assistance from government agencies for projects in research and development (R&D) activities. The EU Transparency Register is one of the sources providing information on R&D projects with EU subsidies. For example, RWE received state subsidies in the Netherlands to finance biomass upgrades for power plants and in the United Kingdom for a British wind power project.

We also receive agricultural subsidies from the EU for operational areas used for agriculture. These subsidies are for interim agricultural use in the course of reinstating former opencast mining sites and they last for a limited period of time. In 2019, these subsidies amounted to around € 340,000.

The state does not hold any shares in RWE.

## GRI 203 Indirect Economic Impacts

### GRI 103 Management approach (including 103-1, 103-2, 103-3)



#### Challenges

As an economic player, RWE exerts a significant influence on the economy and society. We want to be a highly credible partner for the energy transition and our aim is to enhance trust in our company both within our regional and local environment, and in society as a whole. As the RWE Group, our ethos is that we have a duty of community engagement. RWE makes an important contribution to the regional economy through the secure and cost-effective supply of electricity and gas at all times. The provision of jobs and allocation of orders to local companies constitute additional important contributions. We promote social developments through initiatives in social, environmental and cultural spheres, with support for volunteering engagement by RWE employees and through financial assistance.

The energy transition is associated with shifts in energy generation that will lead to the shutdown of plants. We are participating in shaping the structural change so that the transformation can be organised in such a way as to be maximally smooth-running for the affected regions, our employees and indeed for us.

#### Organisational, management and performance measurement

##### Allocation of resources in compliance with rules

We want to use the resources available to us effectively and in conformity with our compliance objectives. We have defined rules for the allocation of resources in our Guideline on Donations, Sponsorship and Memberships which applies throughout the Group.

Promotional gifts and resources that are relevant according to our guidelines are documented in each case in a register. These include gifts and resources provided to holders of public office and governance mandates, donations and sponsorship measures and memberships, and consultancy and intermediary contracts relevant to compliance for the RWE Group. For information on donations and sponsorship, see

[GRI 201-1, page 32.](#)

##### Promotion of volunteering engagement by our employees

See [GRI 203-2, page 36.](#)

#### Promotion of education on energy and engineering issues

“Education with Energy” is the slogan we are using to generate young people’s enthusiasm for energy and technology. We discuss the energy supply of the future with them in this context. “3malE – Education with Energy” bundles the education packages of all RWE and innogy companies in Germany. The initiative is intended to help young people research, discover and experience energy. For statistics on 3malE, see

[GRI 413-1, page 68.](#)



RWE wants to use the energy blog at [www.en-former.com](#) to provide interested stakeholders with as much information as possible on current issues in the energy industry and also report on topics that extend far beyond the activities of the company itself.



#### Partnership with not-for-profit AfB for inclusive employment

RWE has been actively supporting a partnership with AfB gGmbH for several years. AfB is a not-for-profit company that creates jobs for people with disabilities by reconditioning used computers. AfB collects the devices from all RWE locations and takes them to the nearest AfB branch. The devices are processed there and then sold to individuals, businesses and public agencies. On-site sales at RWE locations allow used devices to be sold for private use to our employees. AfB creates skilled jobs for people with disabilities and conserves natural resources through the recovery of used IT equipment and its reuse.

#### Supporting structural change in areas with opencast mining

A contribution to a broad spectrum of jobs and training places in other companies can be made in areas around former opencast-mining sites by the development of building land and industrial zones. Research institutions and leisure amenities can also be expanded. These developments will contribute to safeguarding the future in the region over the long term. We are therefore collaborating with the region to shape the structural change by supporting initiatives which drive forward economic and structural development in the regions. These include the Future Agency Rhineland Mining Region and joint ventures between local authorities, such as the Indeland Development Company, the Special Purpose Association Zweckverband Landfolge Garzweiler and the Terra Nova Special Purpose Association. Our contribution ranges from providing specialist and financial assistance, through cooperation on master plans and individual projects, to research into sectors of the future.

For example, RWE is involved in projects to safeguard the Weisweiler energy and industrial site and its immediate surroundings. These measures include expansion of the Grachtweg joint local-authority industrial zone and the research project on use of deep geothermal heat at the Weisweiler location.

Together with municipalities and administrative districts, RWE has already made available a total of several million square metres of industrial land in the Rhineland Mining Region over recent years. Following subsequent capital expenditure, new jobs have been created here.

### Support for local communities

As a company with an enhanced focus on renewable energy in the future, we are committed to supporting the local communities where our wind turbines are located. RWE Renewables has a number of active Community Benefit Funds for our onshore and offshore projects in the United Kingdom. Although these funds are voluntary, we unreservedly support their role within small rural communities. In the USA, we play a proactive role in communities where our projects are located and sponsor a lot of school and community-based events.

### GRI 203-2 Significant indirect economic impacts

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We promote volunteering by our employees and implement our social responsibility under the umbrella of the Group-wide Volunteering Programme “RWE Aktiv vor Ort” – Active on Site. In 2019, around 1,200 employees throughout the Group dedicated their time to providing assistance for nearly

600 projects in the programme RWE Aktiv vor Ort – RWE Active on Site. The amount contributed to these projects totalled some € 0.95 million. The sums specified relate to the RWE Group and included innogy up until 18 September 2019.

## GRI 204 Procurement Practices

RWE is aware of its responsibility in relation to procurement of goods, services, plant components and combustion fuels. This is where the combustion fuels biomass and uranium are described. Owing to the important position of Central Group Procurement (for goods, services and plant components) and procurement of energy sources (particularly hard coal and

gas) – also in relation to upholding human rights in the supply chain – part of the compensation for the Executive Board is linked to performance in this area. The corresponding conceptual descriptions are a constituent element of the [► Non-financial Report, see page III-VI](#). The procurement practices of innogy are also shown there.

## GRI 103 Management approach (including 103-1, 103-2, 103-3)

### Challenges

Alongside fossil energy sources, RWE will be increasingly focusing on biomass as a combustion fuel in future. One such fuel relates to wood pellets for use in dedicated biomass power plants. RWE also uses biomass for co-firing plants as a substitute fuel for hard coal. Environmental and socially ethical extraction and production methods for purchases of fuels also have to be guaranteed in this area.

### Organisation and management

#### Standards in the procurement of certified biomass

Owing to the increasing importance of biomass, the focus needs to be on sustainable standards when this fuel is being procured. The procurement of biomass is carried out by the trading subsidiary RWE Supply & Trading. Appropriate rules and regulations are enshrined in the relevant national legislation and these must be documented with the appropriate national registration agencies. In the Netherlands, these requirements have been defined in law since January 2018. As a complement to this, RWE has further agreed more extensive, non-statutory requirements with environmental organisations. In the United Kingdom, we also ensure that wood is procured from a source in sustainably managed forests. Uniform rules and regulations pursuant to the EU "Renewable Energy" Directive (REDII) may follow throughout the EU in future.

The Sustainable Biomass Program (SBP) is an industrial standard promoting compliance with sustainability criteria along the entire supply chain for the wood pellets imported by us. Since its establishment, RWE has been involved in the SBP initiative. So far, the United Kingdom and Denmark have recognised the standard of the SBP certification system as being in conformity with the national sustainability criteria, along with the Netherlands. A large proportion, approximately 95%, of the biomass supplied by our trading company

RWE Supply & Trading has SBP certificates or comparable certificates such as GGL, Forest Stewardship Council (FSC®) or Programme for the Endorsement of Forest Certification (PEFC). These certificates prove that the pellets meet national sustainability standards in Europe. We are also Chain-of-Custody certified and pass on certificates that are provided by the (FSC®) and by the PEFC. Furthermore, sustainability can be verified through a review carried out by an accredited certifying agency using the verification protocols applicable in the Netherlands. A large proportion of the solid biomass used by RWE Generation in future will continue to be wood pellets. These are primarily sourced by RWE Supply & Trading from international sources. The remaining quantity may be local biomass from the Netherlands as part of the SDE+ Programme or a proportion of up to 15% may be another component such as waste, which does not require any certification.

#### Procurement / sale of uranium

RWE has purchased uranium within the framework of long-term supply contracts with established international supply and trading companies for uranium. These companies produce the material in different regions of the world or source it as intermediate traders. Since the operation of our nuclear power plants is time-limited, uranium was last procured several years ago and no further procurement looks likely to be necessary. In the case of potential sales of uranium, RWE places the same demands on business partners for responsible business practices equivalent to its own standards.

### Measures and performance measurement

#### Procurement of certified biomass

In 2019, a large proportion of the biomass handled by our trading house RWE Supply & Trading was provided with Sustainable Biomass Programme certificates or comparable certificates such as GGL, FSC® or PEF, see [► Organisation and Management, page 37](#).

**GRI 204-1 Proportion of spending on local suppliers**

In order to promote competition, all capital expenditure projects and procurement procedures are offered in tender documents with appropriately neutral formulations and placed internationally in the marketplace. In order to strengthen local suppliers, regional allocation of orders is preferred if tenders are equivalent on economic and qualitative levels. In 2019, the proportion of local suppliers in the

order volume was approximately 27%. The cost-benefit analysis undergone by our suppliers focuses particularly on criteria of sustainability and occupational safety, as well as energy efficiency and environmental standards. RWE awards orders amounting to approximately 500 million euros to companies from the region every year.

**GRI 205 Anti-Corruption****GRI 103 Management approach (including 103-1, 103-2, 103-3)**

Integrity and compliance with the law are fundamental principles defining the entrepreneurial actions of RWE. This basic understanding guides all the activities of the RWE Group.

Owing to the importance of this topic, combatting corruption is linked to the compensation for the Executive Board and is described in the [► Non-financial Report, see page VII.](#)

**GRI 205-1 Operations assessed for risks related to corruption**

For information on risk reviews, see [► Non-financial Report, page VIII.](#)

**GRI 205-2 Communication and training about anti-corruption policies and procedures**

For information on communication and training related to the topic of combatting corruption, see [► Non-financial Report, page VIII.](#)

## Availability and reliability

### GRI 103 Management approach (including 103-1, 103-2, 103-3)



#### Challenges

Secure supply with electricity at all times is one of the most important enablers for the smooth-running operation of our economy. However, the emphasis is on structuring security of supply at all times so as to be increasingly carbon neutral. Conventional power plants are indispensable as a bridging technology even with further expansion of renewable energy. This is because the main growth of renewable energy will take place through wind and photovoltaics, which make an important contribution to the reduction of CO<sub>2</sub> emissions from electricity generation. However, these energy sources are unfortunately not always available. Currently, conventional power plants are primarily necessary to provide compensation when renewable feed-ins fluctuate due to weather conditions or time of day. The expansion and integration of renewable energy and decentralised generating units within the overall system are placing increasing demands on the performance of conventional power plants and the distribution grids. The long-term development of the requirement for conventional generation and secure power-plant output depends on a number of factors including demand-response development, expansion of renewable energy, and expansion of grids, storage facilities and load management.

#### Organisation and management

RWE strives to provide high availability for its power plants particularly at times when their output is urgently required. The availability is controlled by the responsible divisions. The executive boards of RWE Generation SE, RWE Power AG, RWE Renewables and RWE AG are regularly informed about the availabilities, and planned and unplanned shutdowns.

Power plant units are managed in accordance with a continuously recurring PDCA Cycle (Plan Do Check Act cycle). Within the scope of medium-term planning, technical and commercial non-availabilities are planned for specific units taking into account scheduled non-availabilities and maintenance requirements. The use of the power plants is defined by commercial aspects. The requirements of the transmission network operators are also included in the concrete timetabling plans. Outages, i.e. non-availabilities, are determined on the basis of predefined rules and they are taken into account as technical non-availability in the commercial evaluation. The management of non-availability is carried out – as far as possible – through commercial evaluation. In particular, the

planned non-availability is allocated to times of low market price, which should be regarded as an indicator of adequate supply for the electricity market.

Our aim is to contribute to ensuring that the volatile feed-in from solar and wind power plants can be smoothly integrated in the energy system. Consequently, we have one of the most powerful and most flexible power plant portfolios in Europe. If – despite all our efforts – a blackout should occur in the electricity grid or in parts of this grid, we have power generation capacities that are in a position to support reinstatement of the grid systems without the need for any external supply of electricity. These primarily include pumped-storage power plants. Furthermore, a trial has demonstrated that lignite-fired power plants from the secured island operation supplied from opencast mines have once again been able to supply power to the electricity grid.

Reserves are available if capacity bottlenecks occur in Germany. One of them is the legally-mandated security standby in Germany to which RWE will contribute a total of five lignite-fired units with an output of around 1,500 MW, see [► Shutdown and decommissioning of power plants and reinstatement of opencast mines, page 44](#).



RWE offers all types of balance outputs from its power plant portfolio in order to equalise any instability within an equilibrium and this contributes to a stable electricity supply.

As a supplier of renewable energy with an attractive growth platform for the entire technology spectrum, we have evidence-based knowledge and skills over the entire value chain of renewable energy. For example, we run modern operating centres in Europe and the USA. The team members at the centres manage the routine activities every day for purposes of ensuring safe and reliable grid operation, and handling supply transactions 24/7. The services provided by the centres include planning and distribution of electricity, remote management of electricity and voltage, and the supply agreement within the framework of various contracts.

#### Measures and performance measurement

In 2019, RWE was once again able to rely on a broadly-based generation portfolio. This provided a robust mainstay in the German electricity system for covering electricity demand and provision of secure generation capacity. Our thermal power plants made an important contribution to

compensating for the fluctuating feed-in from wind and photovoltaic systems (PV) by provision of the necessary system services.

The entire capacity of Rhineland lignite-fired power plants can be reduced to less than half its output (by around 5,000 MW) or, by the same token, fired up to full capacity within the space of half an hour. This means that our lignite-fired power plants are now comparable with combined-cycle gas turbine (CCGT) power plants operated with natural gas. In special situations, the capacity of the lignite-fired power plants in the

Rhineland Mining Region can be reduced to 20% of the nominal output. This clearly demonstrates that lignite is able to provide the necessary capacity to meet requirements of time and need.

For information on our capacities and our generation, see the ▶ [Appendix, page 76](#) sowie ▶ [RWE Annual Report 2019, page 53](#). RWE also publishes comprehensive and timely data online about electricity generation in its power plant portfolio at ▶ [www.rwetransparent.com](http://www.rwetransparent.com) and at ▶ [www.eex-transparency.com](http://www.eex-transparency.com).



## Energy-efficient products and services

### GRI 103 Management approach (including 103-1, 103-2, 103-3)



#### Challenges

The reduction of existing obstacles and the exploitation of additional potential for efficiency and flexibility on the demand side in the energy market are becoming the success factor in the energy transition. These flexibilities need to be intelligently networked and controlled. An enabler for this is identifying consumers in the market who are prepared to adjust their consumption behaviour, for example by proactively switching off, throttling back or switching on their production machines. We are able to give our customers technical support for this control. The appropriate demand for electricity is taken out of the market in bottleneck situations or made available to the electricity market in the form of an additional generation offering. When prices are high on the balancing energy market, it may be worthwhile for our customers to market their flexibilities. We therefore help to optimise the electricity costs and performance requirement of the customer. The market for flexibility is a key subject area for RWE. There is potential for growth here, particularly with industrial customers.

As RWE's project management and engineering company, RWE Technology International (RWE TI) offers internationally independent services in the areas of mining, thermal power plants, renewable energy and infrastructure.

#### Organisation, management and performance measurement

##### Marketing of flexibilities

RWE Supply & Trading has a broad product range which can leverage potential flexibilities with industrial and commercial customers in the context of the energy transition. For example, it offers our industrial customers and distributors price-signal supported load management. This means that a time shift in consumption loads moving to more favourable market-price phases enables costs for sourcing electricity to be reduced. The model is ideal in particular for companies using equipment and systems with flexible time and power capability in their production processes where the requirement for electricity can be shifted within a day or a week.

Our Flex2Market Model – another example – is ideal for companies which have production flexibilities or emergency power units such as those that are gaining greater prominence in computer centres. We control and market flexibilities for this purpose on the Intra-Day Market or as standard energy in the secondary and minute reserve market. We join forces with our customers to develop holistic concepts for enhancing flexibility potentials, which provide an optimum commercial link-up with the use of production flexibilities, generation plants and (battery) storage facilities.

##### External consultancy services

RWE TI has been commissioned by RWE Generation to carry out upgrading of the existing power plants Amer and Eemshaven (both of these facilities are located in the Netherlands) to biomass co-combustion and the development of grid-stabilisation plants. RWE TI is also supporting the Group in the areas of storage, the circular economy and green hydrogen by providing project management and technical expertise.

The area of opencast recultivation is a growing field of activity. The experience of RWE is in demand on a worldwide scale so that experts at RWE TI, for example, were invited to give a presentation at the INTERNATIONAL CONFERENCE ON BIODIVERSITY in Thailand held in May 2019. The topic here was the development of biodiversity at recultivated opencast sites, with reference to the example of the opencast locations of RWE in the Rhineland Mining Region.

At the coal-fired power plant TENT B in Serbia, RWE TI is supporting a project for improving flue-gas scrubbing. The objective is to modernise the power plant in relation to emissions (particularly sulphur and dust), and experts from RWE TI are contributing the experiences gained in their power plants in Western Europe.

The topic of emission reduction is also a concern for raw-materials companies in Brazil. In 2019, RWE TI was commissioned to develop a concept for reducing emissions at a transhipment port for iron ore. The transhipment had previously been carried out with a great deal of dust emissions and this had been associated with negative impacts on the surrounding residential and rural areas.

## Research and development

### GRI 103 Management approach (including 103-1, 103-2, 103-3)

#### Challenges

RWE is playing a role in shaping a more climate-friendly electricity supply in the course of the transformation and wants to assist in continuing to meet the need for energy reliably, without any outages and at affordable prices. Our ambition can be realised through a continuous stream of innovations that address the challenges of our core business and are directed towards achieving the best possible solutions for the energy system of the future. If there is a lack of innovative capability, there is a risk that it may no longer be possible to secure the profitability of the company to the same extent in the future.

#### Organisation, management and performance measurement

##### Continuous research and development

We are working in different research and development programmes, primarily on advanced and sustainable technology and plant concepts. Here we draw on the competences of our employees and on the expertise offered by our partners at universities, research institutions and in industry. A top priority is also promoting the ideas of our employees to achieve this ambition. Our projects are situated in a wide range of research fields and we are continually registering new patents. In 2019, 172 employees worked full-time or part-time on more than 100 R&D projects. We number among the leading group of European utilities with 1,070 patents and patent applications. RWE also invests in a Group-wide network of experts who analyse existing fields of technology on a continuous basis, and identify and evaluate new developments.

##### Research on “Low Carbon Projects”

Today, most wind power is still generated by onshore plants. The number of offshore wind farms on the open sea is increasing because wind strength is greater there and winds blow more uniformly on the high seas enabling more electricity to be generated.

Our objective is to further reduce the costs for constructing offshore wind farms, particularly in deeper waters. We are therefore carrying out research, for example into innovative methods for designing and installing plant foundations for wind turbines, for sensor systems and for evaluation algorithms to create improved operational and maintenance concepts. The design and testing of floating wind turbines –

similar to the TetraSpar Demonstrator currently under development – is the next stage in our development for deep-water operations where production is not cost-effective using wind turbines that require foundations.

In the sphere of photovoltaics, innovations from the innogy subsidiary Belectric are contributing to generating electricity competitively from photovoltaic systems today without the need for any subsidies. Alongside developing substructures that can be installed efficiently in terms of materials and time, Belectric is also developing solutions that contribute to grid stability with a growing proportion of regenerative energy. For example, hybrid systems comprised of photovoltaic and battery storage systems and other generation technologies support the maintenance of frequency in the electricity grid. Comprehensive research and development activities are being channelled into optimising the design and management that is necessary for these systems.

“Green” hydrogen generated using electricity from renewable energy can also be an important building block for a successful energy transition. Hydrogen offers the potential for transmission and storage of large amounts of renewable energy, and hence providing substantial support for decarbonising the industrial and mobility sectors. We are committed to the “GET H2” initiative, which is directed towards building up a hydrogen infrastructure throughout Germany. We are working together with long-distance transmission system operators and industrial customers in Lower Saxony and North Rhine-Westphalia on the “GET H2” Nucleus Project to implement large-scale electrolysis at the RWE site in Lingen and to drive forward the first hydrogen subnetwork from Lingen to North Rhine-Westphalia.

##### Increasing the flexibility and efficiency of conventional plants

In order to secure and increase the availability and security of our power plants, we are running various research projects to investigate procedures for forecasting material behaviour under changing loads and developing corrosion probes for monitoring corrosion attacks. We are also carrying out research to investigate the consequences of conversion to alternative combustion fuels. One of the avenues we are exploring relates to biomass combustion for our power plants in the EU projects BELENUS and BIOFIRE with a focus on corrosion-resistant coatings.

We are reviewing high-temperature heat storage integrated in coal-fired power plants in order to increase flexibility and facilitate temporal uncoupling of renewable electricity generation and feed-in. The pilot project StoreToPower is dedicated to developing and testing a heat-storage power plant. This project currently involves plans being funded by the state of North Rhine-Westphalia for upgrading a heat-storage module at a lignite-fired unit. Furthermore, the project qualified for a funding application in the Ideas Competition “Real Labs for the Energy Transition” sponsored by the Federal Ministry of Economics and Technology (BMWi).

Emission reduction and protection of resources are a further ongoing challenge. Examples of this relate to approaches for efficiency enhancement and advanced development of flue-gas desulphurisation, origination of measures for reducing mercury and nitrogen-oxide emissions, and the development of separation and use of CO<sub>2</sub>. At our Innovation Centre in Niederaußem, we piloted, for example, one of the most efficient CO<sub>2</sub> scrubbers in the world for 8,000 operating hours annually. This system uses a detergent to extract carbon dioxide from the flue gas of the power plant to the quality required for food. We are also cooperating with numerous national and international partners on the development of opportunities for using CO<sub>2</sub>. For example, we are currently setting up a pilot system at the innovation centre in Niederaußem within the framework of the EU project ALIGN-CCUS for manufacturing less emission-intensive fuels from CO<sub>2</sub> and hydrogen generated by electrolysis. The projects OCEAN

and LOTER.CO<sub>2</sub>M are designed to use new technical procedures in the manufacture of basic chemicals for the chemicals industry from the same starting materials.

#### **Facilitating use of lignite as a material**

Lignite is Germany’s most abundant domestic natural resource by volume and it can also be used for the production of energy sources and basic chemicals. This technology paves the way for use of waste and biomass as materials, and therefore increasingly forms the entry point into the carbon-based circular economy. In this context, a multi-raw-materials project (ITZ-CC) was launched in collaboration with regional universities and research institutes for gasification of sewage sludge and other input materials including phosphorus recovery. A pilot gasification system is being set up for this purpose.

The application of additional energy sources such as geothermal heat was also investigated. In this context, activities are running at our Weisweiler power-plant site where district heating is also being fed in for the Aachen region. The open-cast Inden lignite mining facility is linked to the Weisweiler power plant and is to be shut down around 2030. Low-CO<sub>2</sub> subsequent uses are projected to become the focus here from an early stage. In order to progress this, we are involved in an EU project organised by the geological service of North Rhine-Westphalia that is due to run until 2022. Other partners include the state geological services of the Netherlands and Belgium, the University of Bochum and a company from the exploration sector.

## Shutdown and decommissioning of power plants and reinstatement of opencast mines

GRI 103 Management approach (including 103-1, 103-2, 103-3)



### Challenges

By 31 December 2022, the last nuclear power plants will have been shut down in Germany. Furthermore, instruments have been introduced by the Federal Government and measures have been put in place to meet CO<sub>2</sub> targets at national level. These will impact on our thermal, non-nuclear power plant portfolio. The decision on legally-mandated security standby has already been taken in Germany. By October 2019, 2.7 GW of lignite-fired power plants in Germany had been transferred to this reserve. In each case, the final shutdown will take place four years later. For more information,

see ▶ Availability and Reliability, page 39 and ▶ GRI 305, page 54.

The Federal Government set up the Growth, Structural Change and Employment Commission, see ▶ GRI 305, page 54. In bilateral talks, at a large number of events and in many publications, we have advocated the implementation of all the proposals put forward by the commission. The negotiations between the Federal Government, the federal states involved and the operators of power plants and opencast mines, including RWE, addressing the implementation of the recommendations in the lignite industry reached a consensus at the beginning of 2020. Under these recommendations, RWE will gradually shut down its capacities in lignite-fired power plants by 2038 and the company will receive compensation amounting to € 2.6 billion in return. At the same time, RWE will take account of the wishes of policymakers that Hambach Forest should be preserved. On the basis of the consensus, the Federal Government has drawn up a draft law for the reduction and cessation of generating electricity from coal and has also started the appropriate parliamentary procedure. After the legislative process has been concluded, the Federal Government should be empowered, together with the operators of lignite-fired power plants including RWE, to conclude contracts under public law. Such an agreement will then offer the company and its workforce planning certainty until the supply of coal-fired electricity is discontinued in the Rhineland and this will be in harmony with the relevant regulations. Correspondingly, RWE will also apply for an amendment to the relevant licenses for opencast mining. At national level in Germany, the German Federal Parliament (Bundestag) and the Federal Council (Bundesrat) passed a national Climate Protection Act (KSG) in December 2019. In conjunction with the Climate Protection Programme 2030 submitted in October 2019 and the measures encompassed within the programme, the Climate Protection Act is intended to ensure that the national emissions reduction

targets for 2030 are reached. The targets were first enshrined in statutory legislation through the Climate Protection Act. Furthermore, annual intermediary targets are defined for all sectors.

A characteristic feature of the draft law is the move from target years for all sectors apart from the energy sector to an emissions pathway and hence to an emissions budget by 2030. Furthermore, the existing climate protection targets will be designed to be more restricted as a result of the draft. The Climate Protection Act thereby goes significantly beyond the Climate Protection Plan 2050 in terms of its level of ambition.

The parties in the Dutch Government stated in their coalition contract that generation of electricity from coal should come to an end in the Netherlands by 2030. The corresponding law was passed by the Dutch Senate in December 2019. The United Kingdom has defined an exit from coal-fired electricity generation by 2025. RWE has decided to shut down the hard coal-fired power plant Aberthaw B (1,560 megawatt output) in Wales before this deadline. The closure of the power plant is scheduled for March 2020. The existing obligations of the plant arising from the British capacity market for 2019/2020 and 2020/2021 will be transferred to third parties. A smaller proportion will be moved to other units of the RWE power plant portfolio. The available output guaranteed as a result of the capacity market for the United Kingdom will therefore remain unchanged.

### Organisation and management

Power plants can be shut down on the one hand for economic or technical reasons. Preparations for decisions on shutdown are managed by the generation divisions. On the other hand, power plants are shut down as a result of statutory or other regulations, and this is projected to happen under the plans for an exit from coal-fired generation in Germany and the Netherlands. Whatever the reason, the relevant state-specific regulations are taken into account and the process is supported by the responsible supervisory authorities.

In Germany, the intended shutdown of a power plant must be notified to the responsible regulatory authority, the Federal Network Agency and the transmission grid operator responsible for the system with a lead time of at least one year. The system relevance of the notification must be reviewed by the grid operator and approved by the Federal Network Agency. Whether the affected power plant is to be shut down

permanently or only temporarily is not relevant. When lignite-fired power plants are shut down, the effects on the opencast sites and the application licenses also need to be taken into account.

After the last unit at a power plant location has been shut down, RWE will strive to achieve a subsequent use for the occupied land at the site as far as possible. We work together with the local community affected before the final decommissioning of a power plant to develop a concept for follow-on use of the land previously occupied by the power plant. The shutdown and decommissioning are carried out to meet the requirements of the follow-on use in accordance with the relevant applicable state-specific standards. An appropriate level of provisions for shutdown and decommissioning of nuclear power plants, recultivation of opencast sites and water management measures are set aside in accordance with our statutory obligations. This is coordinated by the appropriate specialist department of the finance division.

### Nuclear energy

The remaining lifetime of the German nuclear power plants is defined in the Nuclear Power Act (Atomgesetz, AtG). The authorisation for power operation of the Gundremmingen Unit C nuclear power plant comes to an end on 31 December 2021, and the licence for the Emsland nuclear power plant ends on 31 December 2022.

In 2017, lawmakers introduced new legislation in Germany regulating responsibility for disposal of nuclear waste. The operators of nuclear power plants have together paid a total amount of € 24.1 billion into a state disposal fund. The state has now taken responsibility for processing and financing intermediate storage and a final repository to hold radioactive waste.

The operators of nuclear power plants will continue to be responsible for shutdown and decommissioning of their power plants and for proper packaging of radioactive waste. RWE formed provisions during commercial power operation to meet these obligations. The provisions encompass the costs of all stages after operations have finished including shutdown, disposal of the fuel rods and disposal of the radioactive waste from operation through to final decommissioning. The Act on Transparency of Costs relating to Shutdown and Decommissioning of Nuclear Power Plants and Packaging of Radioactive Wastes defines how these costs have to be reported.

The sites for intermediate storage were transferred to BGZ Gesellschaft für Zwischenlagerung mbH in Essen on 1 January 2019. With effect from 1 January 2020, this

federally-owned company has also taken over the storage sites for low and intermediate level radioactive waste from nuclear power plants.

### Lignite

After conclusion of the negotiations relating to the exit from lignite with the Federal Government, based on the recommendations of the Growth, Structural Change and Employment Commission, and the various legislative procedures RWE is developing an amended lignite timetable. This road-map offers planning certainty for the company and the employees until the end of coal-fired electricity generation in the Rhineland in harmony with the corresponding regulations. Accordingly, RWE will also apply for an amendment to the relevant licenses for the opencast sites.

The provisions in lignite mining to enable reinstatement of use for the land occupied by production are a rolling system in key areas. Recultivation projects and measures relating to water management are largely already carried out while operations continue so that provisions are constantly being used for this purpose. At the same time, new provisions are formed each year to take account of the ongoing decommissioning. The tasks being adopted from lignite extraction cover a timeframe that extends in part significantly beyond the discontinuation of lignite mining itself. However, they are without question finite.

Existing contracts and licensing documents are used to determine the projected costs underlying the provisions. Comprehensive empirical values from the past are also available. At the planning stage of the mining operations, the responsible regional state authorities are already intensively involved. The issues being addressed include those relating to geology and water management. The mining authorities as the responsible supervisory authority have a rolling programme of iterative reviews in accordance with statutory regulations in order to assess whether there is a need to provide financial security in addition to the provisions available. We provide a comprehensive report on the so-called mining provisions in the [► Annual Report 2019, page 43](#).



### Measures and performance measurement

#### Nuclear energy

The shutdown and decommissioning operations at the Biblis site were continued in 2019. Further adjustments were made to residual operation, shutdown and removal of some systems no longer required, various decommissioning measures and the installation of infrastructure for processing materials resulting from decommissioning.

By the beginning of the 2030s, this work will have proceeded such that the remaining sections of the buildings will no longer come under the scope of the regulatory regime of the Atomic Energy Act.

On 1 June 2019, the Biblis nuclear power plant no longer had any nuclear fuel rods. This meant that processes could be further streamlined and recurring inspections were one of the measures that could be reduced. On 20 March 2019, the license applied for in December 2014 was granted for the decommissioning of systems components at Gundremmingen Unit B. The shutdowns and removals of systems no longer required for operation could therefore be commenced. This also provided the go-ahead for preparations in advance of various decommissioning measures and the installation of infrastructure for processing materials originating from the dismantling process. The decommissioning works at the Mülheim-Kärlich site continued to progress in 2019. The cooling tower there was demolished as planned on 9 August 2019. The focus of work at the Lingen location (nuclear power plant) was on release of the steam converter and removal of connecting pipework in preparation for the outward transfer and shipment to Sweden. Dismantling the reactor pressure vessel and its equipment at specialist industrial firms is particularly important in the timetable for decommissioning at the locations of Biblis, Lingen and Mülheim-Kärlich. During the reporting period, orders were therefore already awarded for dismantling to specialised industrial companies. Planning and dismantling work was also commenced.

In 2019, we continued to keep stakeholders informed about the individual steps in the ongoing process at all the sites, see ▶ [GRI 102-44, page 23](#). Furthermore, preparations continued to be made for repatriation of the reprocessing waste from England to the Biblis intermediate storage site and the preparations for the planned transfer of storage sites for low-level and intermediate radioactive waste at the beginning of 2020 to BGZ up until signature of the contract.

As part of the RWE/E.ON transaction, the stakes held by E.ON in the nuclear power plants Gundremmingen (25.0%) and Emsland (12.5%) were transferred to RWE when the deal was closed on 30 September 2019.

### Lignite

After the Frimmersdorf P and Q Units were transferred to legally-mandated security standby in 2017 and the Niederaußem E and F Units were transferred in 2018, the last unit of RWE in the form of the Neurath C Unit was transferred to legally-mandated security standby on 1 October 2019. This reserve now comprises around 2.7 GW of power-plant capacity throughout Germany, to which RWE contributes 5 units with capacity of around 1.5 GW. After four years on legally-mandated security standby, the last two units at the Frimmersdorf location will be finally shut down on 30 September 2021. Against this background, a planning consultation has already been launched for this location. This involves the town of Grevenbroich and the Rhine District of Neuss. The consultation is addressing the future opportunities for usage of the areas. Ultimately it will involve sustainable and structurally effective post-utilisation facilities for the power-plant location.

# Environmental

## GRI 302 Energy

### GRI 103 Management approach (including 103-1, 103-2, 103-3)



#### Challenges

Apart from pure energy consumption, energy efficiency is a key factor in regard to sustainability. In this connection and to avoid unnecessary negative burdens for the climate, environment and society, RWE is committed to continuous improvement of the energy and environmental footprint. In addition to complying with statutory legislation and licensing regulations, economically viable measures are implemented for environmental protection and energy efficiency. They are based on a conscious and responsible approach to the environment and the use of energy in our office buildings, vehicle fleets, production and energy-conversion plants. This means, for example, that if functioning non-controllable pumps used at different points in the power plants are defective, they are replaced by energy-efficient controllable new pumps. The key factor is that when analysing the entire carbon footprint, sustainability and cost-efficiency are the focus of attention.

As producers of electricity and heat, we have a particular responsibility in this respect because we are able to reduce our CO<sub>2</sub> emissions per unit of electricity or heat produced by deploying more efficient power plants and increasing the use of sustainable combustion fuels. At the same time, we are also reducing the consumption of resources, the fuel costs and the expenses involved in CO<sub>2</sub> certificates. We supply innovative products and services with a high level of efficiency, for example in the area of generating emergency electricity and reserve energy, so that our customers can adopt a responsible approach to energy.

The European Energy Efficiency Directive (EED) has been enshrined in national law within our key markets in the EU. This legislation requires all large companies to regularly carry out an energy audit or to introduce and operate an Energy Management System in conformity with ISO 50001 or an Environmental Management System in conformity with EMAS.

#### Organisation, management and performance measurement

Our energy management is part of the integrated management system, see ▶ Non-financial Report, page XII.

For information on the offerings to our customers, see  
▶ Energy-efficient products and services, page 41.



#### Certification level of Energy Management Systems (FTE)

We implemented the Energy Efficiency Directive throughout the Group by the required deadline in 2016, with energy audits or a certified energy management system and included energy management in control processes. In 2007, RWE Generation SE and RWE Power AG had already established an Environmental Management System in conformity with ISO 14001 with the aim of bringing about a sustainable improvement in energy efficiency and environmental protection, and reducing the use and consumption of energy at the German operational facilities. In 2013, the Energy Management System was integrated in conformity with ISO 50001. The two systems have so far been successfully recertified. This process was last carried out in 2019. The certification level of Energy Management Systems (based on FTE = Full Time Equivalent) was 78% for RWE stand-alone in 2019.

#### Increasing the efficiency of conventional power plants

We will achieve a higher level of efficiency in the production of electricity by modernising our conventional power plant portfolio and by shutting down older plants, see ▶ Shutdown and decommissioning of power plants and reinstatement of mining areas, page 44. In addition, there is the option of further use of potential sourced from combined heat and power in our plants and the use of heat derived from electricity to cover own requirements.



Already since 2008, we have been monitoring the overall efficiency of energy use from our conventional plants. On the consumer side of the plant, this includes the primary energy use for power generation and the purchase of electricity from outside sources for our own use. Conversely, the production side balances this with generated electricity, and steam and heat products for our customers. As a result, continuous monitoring using our advanced operating management systems enables us to implement rapid countermeasures as necessary, as well as maximally high utilisation of the primary energy sources used in all operating statuses of the plants. Furthermore, data analysis yields valuable findings for research and development requirements. This continual improvement is being reviewed annually by our external certifier in energy and environmental management audits.

## GRI 302-1 Energy consumption within the organisation



### Average generation efficiency of thermal power plants by fuel and region

At 43.7%, we succeeded in significantly improving the average efficiency of our thermal power plants compared with 2018 (41.6%). Current market conditions can exert a positive and negative influence here on the mode of operation and hence the efficiency of the power plant portfolio. A renewed increase in the use of gas-fired power plants exerted a positive impact during the year under review, while the lower electricity generation tangible in all thermal generating technologies compared with the previous year also exerted a negative impact.

For the external electricity and gas sales volume, see ▶ [GRI 102-7, page 13.](#)



### Energy consumption during generation and distribution

Energy consumption during generation and distribution

Electricity distribution grids are operated by our former subsidiary company innogy SE. The electricity distribution grids are part of “innogy – continuing operations”.

#### Energy consumption within the organisation

	Unit	2019	2018
Primary energy consumption <sup>1</sup>	million GJ	934	1.213
Energy consumption of the sites <sup>2</sup>	TWh	7.6	8.8
Energy consumption of the grids <sup>3</sup>	TWh	0.04	0.04

1 Disclosures for RWE stand-alone. Fossil fuels used, not including biomass and energy sources recorded under “Other combustion fuels”. This does not include transport. Disclosure for 2018 was adjusted on the basis of improved data.

2 Disclosures for the RWE Group including Operations acquired from E.ON and innogy.

3 Disclosures for innogy.

#### Efficiency of energy use of thermal power plants<sup>1</sup>

in %	2019	2018
Germany		
Lignite	37.5	37.0
Hard coal	38.8	38.2
Gas	58.3	62.5
Waste	40.3	46.4
United Kingdom		
Hard coal	33.4	31.8
Gas	55.9	55.9
Netherlands		
Hard coal	45.3	45.4
Gas	63.2	62.5

1 The thermal power plants belong to the plants operated by RWE stand-alone. Power plants in Hungary and Turkey are not included.

**GRI 303 Water****GRI 103 Management approach (including 103-1, 103-2, 103-3)****Challenges**

Water is essential for life and it is not an unlimited resource. In regions with restricted or endangered water supply, manufacturing companies are exposed to the risk of production failures. Furthermore, their water consumption may pose a risk to the supply situation for the environment and indeed the local population. Nevertheless, wherever water is available in abundance, the impacts of production may impair the condition of water bodies and sources. And this therefore exerts negative impacts on the environment and society. As an industrial operation with a requirement for water at our plants, we believe that we have an obligation to take a responsible approach to water. Our operations affect water consumption and the use of water when it is withdrawn from rivers and surface waters, and the groundwater. Naturally, there are also impacts when we discharge wastewater into these waters. Of course, the licenses necessary for this are underpinned by all the statutory regulations.

In areas subject to flooding, heavy rainfall and similar extreme weather events can put the smooth-running operation of our plants at risk. We therefore take appropriate measures in order to avoid or minimise risks to electricity supply and potential costs.

**Organisation, management and performance measurement**

A top priority for RWE is ensuring that our use of water exerts minimum impact on natural resources when we supply our thermal power plants with cooling water. Keeping our opencast facilities dry by withdrawal of groundwater is an operational necessity and therefore unavoidable. We attempt to make these interventions in a maximally environmentally friendly way.

**Anchoring environmental protection in business processes**

See ▶ Non-financial Report, page XIII.

**Group-wide coverage by environmental management**

See ▶ Non-financial Report, page XIII.

**Compliance with licensing regulations**

See ▶ Non-financial Report, page XII.

**Minimizing risks associated with water**

A record is kept of the interfaces between RWE's operations and water that exert or can exert an impact on rivers and surface waters. The type of impact on the water is also determined. We record environmental impacts for rivers, surface waters and groundwater on the basis of existing licences, limits and expert reports, and the operating results of the previous year. The relevance of these results is evaluated for their importance by the internal specialist departments and a group of experts taken from government agencies, associations and external specialists. Their evaluation is then presented transparently by analysis of the environmental impacts in relation to the potential level of damage and frequency or probability of occurrence. We assess measures already introduced for minimising risks and accident avoidance on this basis. If this action is not adequate, other measures are developed and introduced.

**Protection of rivers and surface waters**

We want to contribute to preserving water as a habitat and to maintaining the biotopes dependent on it. Our objective is to avoid negative consequences arising from our interventions in surface waters and ecosystems or – where this is not viable – to minimise such impacts as far as possible. We mitigate unavoidable negative consequences to the maximum extent feasible. We also provide the best possible protection against adverse impacts for aquatic habitats and other ecosystems linked with such habitats. Furthermore, we avoid environmental impacts owing to the use of methods such as recirculation in the power plants, intensification of usage for pumped water from opencast mines, the use of collected rainwater and process water.

**Protection against flooding**

All operating plants are protected against flooding in conformity with statutory regulations. Heavy rainfall in opencast mines can be managed without major damage since water retention systems have been designed to cope with corresponding levels of precipitation.

**GRI 303-1 Water withdrawal by source<sup>1</sup>****Water withdrawal by source<sup>1</sup>**

	Unit	2019	2018
Water			
Cooling water consumption net <sup>2</sup>	million m <sup>3</sup>	182.5	232.4
Water consumption net <sup>3</sup>	million m <sup>3</sup>	184.9	235.1
Water withdrawal			
Groundwater	million m <sup>3</sup>	515.5	518.5
Surface water	million m <sup>3</sup>	1,379.3	1,175.1
Seawater/brackish water	million m <sup>3</sup>	2,999.5	2,943.3
Drinking water	million m <sup>3</sup>	2.4	2.8
Other sources <sup>4</sup>	million m <sup>3</sup>	27.3	25.9
Total water withdrawal	million m <sup>3</sup>	4,924.0	4,665.4

1 Disclosures relate to the plants of RWE stand-alone.

2 Figure includes wastewater in public drains/third-party and evaporation losses.

3. Figure includes drinking water and net cooling-water consumption.

4 Including rainwater, wastewater and service water. The figure for 2018 was adjusted on account of subsequent data inputs.

**GRI 304 Biodiversity****GRI 103 Management approach (including 103-1, 103-2, 103-3)****Challenges**

The protection of species through the preservation of habitats is one of the biggest global challenges of the present day. Our activities also result in direct and indirect interventions in ecosystems. Wherever feasible, we therefore avoid or minimise these impacts. As far as possible, we take appropriate nature conservation measures to mitigate unavoidable or irreversible negative consequences. This affects our open-cast mines, the maintenance of our transmission lines, and the construction and operation of plants for generating renewable energy. Consequently, we promote species through selective measures – primarily within the framework of our recultivation activities. Recultivation can therefore frequently achieve positive effects in relation to biodiversity.

**Organisation, management and performance measurement****Protecting biodiversity**

Compliance with regulations governing biodiversity is a prerequisite for upholding the licensing regulations covering our business. We also meet these regulations using internal controlling systems and exceed the requirements with more extensive measures. Since 2015, RWE has had a Biodiversity Policy. This guideline establishes the approach of RWE to the protection and promotion of biodiversity as the company carries out its business activities. Biodiversity is also an area covered by environmental management, see ▶ [Non-financial Report, page XII](#). In 2018, a biodiversity strategy was developed for the Rhineland Lignite Mining Region on the basis of this general RWE Biodiversity Guideline. Alongside the legally required reduction in the consequences of opencast mining operations, this strategy also facilitates opportunities for identifying and making use of voluntary improvement in biodiversity. The area for which the biodiversity strategy was developed comprises the active recultivation of the opencast mining sites and species protection areas outside recultivation. The scheme was presented to the public in May 2019 and since then it has been rolled out.

The targets of the biodiversity strategy are geared towards environmentally sensitive indicator species that are representative for holistic ecosystems. Measures to optimise the habitat conditions in the recultivation are developed and implemented on the basis of these indicator species. The environmental status of the indicator species is assessed by ecological mapping carried out in scientifically appropriate

environmental cycles and on representative partial areas of the recultivation in the course of a monitoring exercise. The results are evaluated by specialists with reference to the specific species and the measures are adjusted as appropriate.

In 2019, an organisational process was launched for controlling and implementing the biodiversity strategy. This comprises a management group encompassing all the relevant decision-makers from different specialist areas, an action team and working groups. The action team organises the process and cooperates with different working groups of the three areas for action – forest, open country and surface waters – in order to make arrangements for the activities necessary to implement the biodiversity strategy. In 2019, indicator species were defined in relation to the areas for action and concrete measures were developed for promoting biodiversity.

Our measures are very diverse within this framework. We protect species diversity strategically if natural habitats are disturbed by our activities. The same approach continues as we reinstate substitution habitats or facilitate the population of existing habitats. The specific protection measures are individually designed to match the requirements for the affected species and types of habitat, and to deal with the types of intervention. A concrete survey of the species is carried out using specialist mapping in advance of each intervention or an evidence-based potential analysis is implemented. Concrete species protection measures are then derived from this data. At the same time, an ecological evaluation of the habitats based on special evaluation methods is carried out before and after the intervention. On the one hand, this work yields a mitigation requirement based on landscape and environmental parameters and on the other hand functionally appropriate measures are developed. We also promote biodiversity in the course of the annual reinstatement of opencast mines by designing, promoting and maintaining special and diverse habitats. The impact of measures is scientifically investigated and their design is optimised as necessary or their application is expanded if they are successful.

Likewise, we contribute to preserving diversity by installing fish ladders at our run-of-river power plants and use technical measures to protect the aquatic animal world at offshore wind farms. When procuring our biomass, we ensure that it comes from sustainable sources, see ▶ [GRI 204, page 37](#).



## Reinstating habitats

We compensate the use of land for our opencast mining by recultivating the extraction sites. This approach enables us to return rehabilitated areas of land to agriculture and other uses while also creating space for nature conservation where we can strategically foster biological diversity. The objective of recultivation is to reinstate the development potential of the landscape while taking account of the typical conditions of the surrounding environment and, if possible, improve them. Development of forest and creating agricultural land are key building blocks for this. However, structuring new habitats for nature conservation and protecting species are also an important component of recultivation. For information on the effects of recultivation on local communities, see ▶ [GRI 413, page 68.](#)

The quality of reinstatement of opencast mines is continually being enhanced. A total area of around 22,850 ha has been reinstated in the Rhineland Mining Region. Around 12,600 ha are being used for agricultural purposes, around 650 ha were reinstated for water management, and around 8,450 ha of this has been returned to woodlands, forests and green corridors. Meanwhile, more woodland areas overall have been recultivated here than the actual amount of land that was used for mining operations. Recultivation in the Rhineland Mining Region also encompasses highly diverse and species-rich habitats. Special biotopes make a particularly important contribution here. They are deliberately established on account of their extreme and rare site conditions and they can be regarded as “hot spots” of species diversity.

They include habitats with extremely low-nutrient, dry or moist living conditions. The recultivation research office carries out regular investigations.

In 2018, a study was carried out on insects and pioneering species in the River Inde water meadows, whereas in 2019 the suitability of agricultural recultivation for repopulation of small animals, reptiles, amphibia and birds was the primary focus of attention. A particular focus in this study was on field hamsters, wild bees, bats, and butterflies and moths in the areas around the edges of woods, and the dormouse population in the habitats of the Sophienhöhe Hill. As a result of many years of research into recultivation, around 3,000 animal species and some 1,500 plant species have been identified over the entire recultivation process. Many of these recorded species are very rare and classified as “endangered” or “under threat from extinction” according to the Red List in North Rhine-Westphalia.

The Sophienhöhe Hill, the River Inde water meadows, the lake Kasterer See and the Elsbach Valley are all examples of recultivation areas in the Rhineland Mining Region where animal and plant species under threat find a new home. These areas are also popular recreational amenities.

One example of our species protection activities is provided by the region around the Hambach opencast mining area. Comprehensive measures are implemented here on former agricultural land or in managed forest covering an area of around 1,500 ha with the aim of safeguarding the stock of species living in the old-growth forest located in the area about to be developed for opencast mining.

## GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Nature conservation areas are designated on the basis of the German Federal Nature Conservation Act (BNatSchG) and they are the responsibility of various authorities. In the administrative district of Cologne, these areas are managed by the district government as a higher nature conservation authority provided that the areas have not already been designated as the responsibility of the regional districts or municipal city authorities. RWE Power AG and RWE Generation SE are owners or leaseholders of parcels of land throughout Germany. The actual number of these parcels of land and designated conservation areas around our locations is undergoing continuous change.

Continuous surveying for our parcels of land would take up a disproportionately high input of resources. Furthermore, it is by no means certain that the digital data required from the authorities for such an updating process would be sufficiently up to date to provide an accurate determination. In order to obtain licenses for our operational measures, all scientific aspects relating to nature conservation are addressed during the licensing procedure with the objective of complying with the statutory regulations. The requirements for the operation of our plants or necessary mitigation measures resulting from the licenses are implemented in accordance with the licenses, see ▶ [GRI 303, page 49, GRI 306, page 58](#), and ▶ [Non-financial Report, page XII.](#)

## GRI 304-2 Significant impacts of activities, products, and services on biodiversity

The operation of nuclear and conventional power plants and plants for generating electricity and for the production of lignite inevitably result in our impacting on natural ecosystems. Harmful substances are released during the generation of electricity and heat at our power plants or the operation of our opencast mines, and they could lead to negative impacts on the environment and biodiversity. We are therefore committed to maintaining the purity of air and water (see ▶ [GRI 303, page 49](#), [GRI 305, page 54](#), and ▶ [Non-financial Report, page XII](#)) and to conserving natural ecosystems.

We compensate the use of land for our opencast mining activities by recultivating the extraction sites, see ▶ [GRI 304, page 51](#).

### Biodiversity of habitats protected or restored

In 2016, five landscape protection areas located in the Rhine-Erft district were designated under the legislation. They cover the recultivated areas of the former Bergheim, Fortuna and Frimmersdorf opencast mines. These areas were protected in order to preserve, develop and reinstate the efficiency and function of the balance of nature, to conserve biotopes and habitats for certain species of wild animals and plants, and its particular significance as a recreational amenity. This conservation success is also due to the quality of our recultivation.

The new conservation zones cover a total area of around 3,398 ha. Owing to the age of the designated areas of open-cast mine, we are not aware of any listings as conservation zones originating from before the period of opencast mining activities. The renaturalised post-mining landscape of today is in fact structurally more diverse than was actually the case before its use as a mining site. Alongside the quality of our recultivation, this diversity also contributed to the designation of conservation areas.

Ecological comparative analyses provide evidence that biocoenoses in recultivation have at least an equivalent diversity of species to those in high-value reference habitats located in other areas of North Rhine-Westphalia. The numbers of species in recultivation are frequently above the numbers before opencast mining took place. This applies in particular to mining districts in overwhelmingly agricultural areas. One reason for this large diversity of species is the diverse habitats and microstructures that are created in the course of agricultural and forestry recultivation, as well as in the comparatively low level of fertiliser at the new sites. The biodiversity footprint for recultivation shows that designing a new landscape also provides big opportunities to upgrade the ecological characteristics that extend far beyond the scope of “proper reinstatement of use”.

**GRI 305 Emissions****GRI 103 Management approach (including 103-1, 103-2, 103-3)****Challenges**

Owing to its previous power plant portfolio, CO<sub>2</sub> emissions are of vital importance for the RWE Group and are linked to the compensation of the Executive Board. For this reason, the concept in relation to CO<sub>2</sub> emissions and the Scope 1 CO<sub>2</sub> emissions footprint is a constituent element of the [► Non-financial Report, page IX-XII](#). Other CO<sub>2</sub> emissions (Scope 1 in accordance with EU ETS and in accordance with the GHG Protocol and Scope 2 and 3) and emissions of NO<sub>x</sub>, SO<sub>2</sub> and dust are described below.

**Other emissions**

Apart from the emission of greenhouse gases, the electricity and heat generation from the power plant portfolio of RWE also releases other emissions into the air and water bodies. Compliance with limits defined under licensing regulations is necessary for sustainable alignment of our business model. Our corporate decisions are therefore strongly defined by the regulatory and social framework that undergoes continuous development.

Emissions produced during electricity and heat production in conventional production units include sulphur dioxide (SO<sub>2</sub>), mercury (Hg), nitrogen oxides (NO<sub>x</sub>) and dust. Dust and fine-dust emissions are also produced in the course of operating our opencast mining facilities and these can be a burden on the surrounding areas. These materials reduce the quality of the breathing air and can exert a detrimental effect on health. We use clean-air purification measures to avoid risks of this nature.

European and national efforts directed towards reducing greenhouse gas emissions also exert an effect in reducing the emission of air pollutants from our plants. Taking the calendar year 2017 as the baseline, the transfer of our five lignite-fired units to legally-mandated security standby, upcoming imminent implementation of European regulations for clean air with new requirements for lignite-fired plants in national law and the achievement of the shutdown pathway for lignite by 2023 will contribute to a reduction of the NO<sub>x</sub> and mercury emissions from our lignite-fired power plants amounting to around 40%. By 2030, this sector together with other planned shutdowns of lignite-fired units will ultimately achieve a minimum contribution to reduction of up to 70%.

**Organisation and management****Anchoring environmental protection in business processes**

The responsible approach to natural resources and promotion of the use of environmental technologies is one of the principles governing conduct at RWE and this principle is enshrined in the RWE Code of Conduct. In 2019, the provisions of the RWE Code of Conduct were applicable for the entire RWE Group, since the transfer of the Operation acquired from E.ON and hence also for this area. Establishment within the organisation is described in the [► Non-financial Report, page XIII](#).

**Group-wide coverage for environmental management**

See [► Non-financial Report, page XIII](#).

**Compliance with licensing regulations**

See [► Non-financial Report, page XII](#).

**Measures and performance measurement****Reduction of other emissions**

When electricity and heat are produced in our power plants, emissions of pollutants like nitrogen oxides, sulphur dioxide, dust and mercury also occur. In August 2017 the EU Commission adopted new regulations on the reduction of pollutants. For many pollutants, this entailed more stringent requirements than those stipulated by the legislation in Germany. Existing power plants must comply with the regulations from August 2021. However, prior to this deadline, the Federal Government must implement these restrictions in national law by means of an amendment to the 13th Federal Emission Control Act (Bundesimmissionsschutzverordnung). This amendment is likely to be adopted in the course of 2020. We are striving to ensure that our power plants stay within the upper limits of the emission bandwidths agreed in compliance with EU regulations.

Primary emission reduction measures such as optimisation of firing technology and secondary emission reduction measures such as dust removal and desulphurisation in our operations mean that emissions of mercury, sulphur dioxide (SO<sub>2</sub>), nitrogen oxide (NO<sub>x</sub>) and dust emissions comply with the statutory limits for these substances in our plants. During the reporting period, no incidents relating to protection against air pollutants, events relevant for spills or limit breaches occurred at our sites that would have resulted in consequences under administrative law during the reporting period.

Independently of this, work in the context of our research activities is focusing on a further reduction of pollutant emissions from our power plants. In order to achieve this, we equip our power plant portfolio with advanced firing technologies for NOx reduction. For example, we have upgraded our Weisweiler Brenner power plant. Furthermore, we are testing optimised separation processes – for example for mercury. At the Coal Innovation Centre in the Rhineland Mining Region, we are currently working on advanced procedures for capturing mercury by adding furnace coke to the flue gas. Since the beginning of 2019, a demonstration plant has been operating for this purpose on a flue-gas stack in Unit K of the Niederaußem power plant. The results for separation of mercury are extremely promising. Currently, we are also making preparations for the upgrade on another flue-gas stack at Unit K and on the two blocks in Neurath. The aim is for the improved technology to achieve reliable compliance with EU regulations for reduction of mercury emissions from the middle of 2021. We are making substantial investments in our plants for this purpose and we have the resources to cover financial outlays of more than 100 million euros.

Since the 1980s, we have been using flue-gas desulphurisation systems to capture SO<sub>2</sub> from the flue gas. This process involves the SO<sub>2</sub> being scrubbed out with the assistance of a limestone solution. We have been developing this process on a continuous basis and we are applying it on an industrial scale.

#### **Reduction of air pollutants: dust and noise**

Legislation requires opencast mines to be structured and operated using the current level of technology so that harmful environmental impacts are avoided. Unavoidable

environmental impacts should be kept to a minimum. We are able to fully comply with these obligations. These environmental impacts connected with the operation of opencast mines are primarily dust and noise pollution. In a case by case approach, we adopt suitable measures to reduce these emissions that take into account the operational conditions and local circumstances. Noise emissions are reduced by the use of low-noise machinery, equipment and installations, encapsulating drive units, the use of noise-optimised rollers, setting up protective ramparts and walls, or putting in place planting schemes across sound propagation pathways. In addition, the works necessary during the night-time period are restricted to the absolute minimum for normal operations, e.g. by minimising the use of earth excavators and transport times for large items of machinery. A top priority when procuring new auxiliary equipment is ensuring compliance with the sound power level defined by the German Machine Noise Prevention Regulations (32nd BlmSchV). We take a number of measures to reduce dust emissions (dust precipitation) including treatment of open surfaces to prevent the removal of dust. The action here includes covering with materials that will not be blown away, spraying large areas with water and other methods of binding dust to the surface. Measures were also developed that exert a targeted impact on the creation and dissemination of fine dust. These include cleaning facilities for the lignite conveyor belts and sprinklers on bunker equipment and coal excavators. The individual methods are always carried out in consultation with the supervisory authorities. Furthermore, monitoring stations covering operations at opencast mines are available 24/7 for any citizens who may have issues, so that short-term remedies can also be implemented if there is an incident involving acute noise pollution.

**GRI 305-1 Direct (Scope 1) GHG emissions**

For the emissions of the RWE Group see ▶ [Non-financial Report, page XI.](#)



	Unit	2019	2018
CO <sub>2</sub> emissions in accordance with EU ETS <sup>1</sup>	million mt	87.1	116.9
CO <sub>2</sub> emissions Scope 1 (in accordance with GHG Protocol) <sup>2,3</sup>	million mt	91.7	120.4

1 Figures for CO<sub>2</sub> emissions in compliance with EU ETS include emissions from the plants of the RWE Group less CO<sub>2</sub> emissions from the Turkish power plant in Denizli, which amounted to 1.0 million metric tons in 2019 (previous year: 1.1 million metric tons). Since Turkey does not participate in the European Emissions Trading scheme, we do not need any emissions allowances for these quantities.

2 EU ETS quantities plus emissions from power plants which are not subject to EU ETS.

3 The figures for CO<sub>2</sub> emissions Scope 1 (in compliance with the GHG Protocol) include the emissions from the RWE Group including innogy.

**GRI 305-2 Energy indirect (Scope 2) GHG emissions**

	Unit	2019	2018
CO <sub>2</sub> emissions Scope 2 <sup>1</sup>	million mt	4.72	5.0

1 Scope 2: Indirect CO<sub>2</sub> emissions from the transmission and distribution of electricity purchased from third parties outside the Group in innogy's own grids. Calculation based on the countries with the main share (2019: Germany, United Kingdom, Netherlands, Slovakia; 2018: Germany, United Kingdom, Netherlands, Hungary).

**GRI 305-3 Other indirect (Scope 3) GHG emissions**

	Unit	2019	2018
CO <sub>2</sub> emissions Scope 3 <sup>1</sup>	million mt	187.2	188.7

1 Scope 3: Indirect CO<sub>2</sub> emissions that do not fall under Scope 1 and Scope 2: They are produced through the generation of electricity procured from third parties outside the Group, the production and transmission of combustion fuels used and the consumption of gas that we have sold to our customers. Data for the RWE Group including innogy.

**GRI 305-4 GHG emissions intensity**

	Unit	2019	2018
Specific CO <sub>2</sub> emissions EU ETS <sup>1</sup>	mt/MWh	0.569	0.670
Specific CO <sub>2</sub> emissions Scope 1 <sup>2</sup>	mt/MWh	0.599	0.684

1 Data for the RWE Group including innogy – continuing operations.

2 Data for the RWE Group including emissions from innogy.

**GRI 305-5 Reduction of GHG emissions**

See reduction of our own CO<sub>2</sub> emissions in ▶ [GRI 305, page 54.](#)

**GRI 305-6 Emissions of ozone-depleting substances (ODS)**

Negligible amounts of ozone-depleting substances, which primarily relate to chlorinated hydrocarbons, are used in core processes at RWE so that there is no separate recording process for them.

**GRI 305-7 Nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>) and other significant air emissions**

**Absolute emissions<sup>1</sup>**

	Unit	2019	2018
NO <sub>x</sub> emissions	thousand mt	50.5	71.4
SO <sub>2</sub> emissions	thousand mt	17.0	28.1
Dust emissions	mt	1,454	2,063

1 Data for RWE stand-alone. The regular ongoing measurement of mercury levels is being established.

**Specific emissions<sup>1</sup>**

in g/kWh	2019	2018
NO <sub>x</sub> emissions	0.33	0.41
SO <sub>2</sub> emissions	0.11	0.16
Dust emissions	0.01	0.01

1 Data for RWE stand-alone.

## GRI 306 Effluents and waste

### GRI 103 Management approach (including 103-1, 103-2, 103-3)



#### Challenges

Sustainable waste management is also part of a responsible approach to resources, alongside sustainable application of raw materials. This enables us to comply with the necessary licensing regulations. We avoid wastewater and waste as far as possible, while unavoidable waste is disposed of properly in accordance with the statutory regulations. We ensure that all safety regulations are complied with and relevant precautions are taken.

#### Organisation, management and performance measurement

##### Ensuring sustainable waste disposal

Comprehensive waste management ensures that the waste generated is disposed of properly in compliance with waste legislation. The Environmental Management System described in the [► Non-financial Report, page XII](#), also regulates handling waste so that comparable standards are implemented here. For the reporting year 2019, waste management covered the same area of application as the environmental management described in the [► Non-financial Report, page XII](#).

Owing to the varying composition of waste and the resulting potential for hazard, waste is classified into two categories: hazardous and non-hazardous waste. Furthermore, a distinction is drawn between recovery and removal of waste during the course of disposal. Waste subsequently undergoes further disposal.

During the project phase, the new-build and the maintenance of plants, an internal system evaluates the potential harm caused by waste disposal and appropriate protective measures are provided. Disposal information systems are used for organising disposal services. These information systems guarantee compliance with all the applicable statutory and contractual conditions in the disposal of the waste generated.

Power plant residues are produced at our lignite-fired power plants in the form of ash and FGD gypsum, see [► GRI 306-2, page 59](#).

We treat residual materials and waste from our nuclear power plants which occur while they are being operated as well as when the power plants are decommissioned. Treatment and disposal are carried out in accordance with the statutory regulations, see [► Shutdown and decommissioning of power plants and reinstatement of opencast mines, page 44](#).

##### Avoid waste

Our waste hierarchy is based on the principle of avoidance, recovery, recycling and disposal. Our top priority is avoidance of waste. All organisational units are therefore continually reviewing the possibility of avoidance for the waste that is produced within their area of responsibility. Within this process, we reduce the quantity of waste as far as possible. This is done by optimising our plants but also in the course of the planning and procurement process.

Nevertheless, if waste is still produced, it is handled in accordance with the waste hierarchy referred to above. Disposal is only permissible if recovery is not technically feasible or is not commensurate with commercial requirements.

##### Process wastewater

Potential contaminants are prevented by our internal wastewater treatment facilities and their regular internal and statutory monitoring. This process enables us to avoid negative impacts for the natural environment and health.

The pollutant concentrations for wastewater from operational facilities are limited by the licensing authorities with specification of monitoring values. These parameters are defined in the relevant permits under water legislation. The results are analysed by in-house monitoring systems and in the course of regular in-house and independent monitoring surveys carried out by government agencies. Compliance with the permissible monitoring values ensures that the wastewater discharges are not in contravention of the water management targets for surface waters.

**GRI 306-2 Waste by type and disposal method**

Power-plant residues from our coal-fired power plants dominate the generation of waste. The ash from hard coal-fired power plants is marketed as power-plant by-products. Almost 100% of the ash from the lignite-fired power plants is eliminated in our power-plant residue deposits. The process of flue-gas desulphurisation of our coal-fired power plants

generates gypsum. Most of this gypsum is marketed as power-plant by-products. Other waste products from our operations are forwarded for recovery and preparation for reuse, recycling, and other uses, for example energy generation and backfilling, or disposal.

**Waste<sup>1</sup>**

	Unit	2019	2018
Ash	thousand t	4,197	6,344
Ash recovery	thousand t	704	1,054
Gypsum	thousand t	920	1,517
Gypsum recovery	thousand t	737	1,057
Radioactive operational waste from nuclear power plants	t	241.2	225.2
Spent fuel rods	t	78.2	180.7

1 Figures relate to the plants of RWE stand-alone.

**GRI 306-3 Significant spills**

During the reporting period, no serious events involving spills of harmful substances were recorded in the regular internal survey for RWE.

**GRI 307 Environmental Compliance**

On account of the particular importance of environmental compliance for the RWE Group, the indicators are linked to the compensation of the Executive Board. Environmental compliance and a description of it are a constituent element of the [► Non-financial Report, pages XII/XIII.](#)

**GRI 103 Management approach (including 103-1, 103-2, 103-3)**

For information on the challenges, organisation and measures relating to the environmental compliance of the RWE Group, see [► Non-financial Report, pages XII/XIII.](#)

**GRI 307-1 Non-compliance with environmental laws and regulations**

See [► Non-financial Report, page XIII.](#)

**GRI 308 Supplier environmental assessment****GRI 103 Management approach (including 103-1, 103-2, 103-3)**

For information on the general Management Approach on Procurement see [► GRI 204, page 37](#) and [Non-financial Report, pages III-VI.](#)



Depending on the tendered requirement, environmentally relevant criteria are interrogated from the suppliers in the course of prequalification. Relevant criteria are also used in the tender process and cost-benefit analysis in order to assess the offers of our suppliers.

**GRI 308-1 New suppliers that were screened using environmental criteria**

See [► GRI 414-1, page 71](#) and [► Non-financial Report, page IV.](#)

**GRI 308-2 Negative environmental impacts in the supply chain and actions taken**

See [► GRI 414-2, page 71](#) and [► Non-financial Report, page IV-VII.](#)



# Social

## GRI 401 Employment

### GRI 103 Management approach (including 103-1, 103-2, 103-3)

#### Challenges

We are working together with our employees to master the challenges of the energy transition. The growing business pressure being exerted on the RWE Group and the changes occurring in the energy market have also made a cultural change necessary at our company. If we failed to take action here, we would put our future performance at risk. The realignment of our company has not yet been completed. It requires increased flexibility from our employees and opens up the possibility of new functions. We have therefore launched an array of different programmes so that our people are in a position to achieve the best possible outcome. We are joining forces with our employees to structure our working culture. This is intended to ensure that we remain competitive and attractive.

#### Organisation, management and performance measurement

##### Socially acceptable and responsible restructuring

Our internal employment market has already been established in the RWE Group. This platform promotes and supports many colleagues in relaunching their careers within the framework of an internal Group-wide job market. The framework conditions are defined in a collective bargaining agreement.

Several tools are available to measure the success of the internal job market including the number of internal and external applicants for each job.

Our employee survey regularly measures the motivation index. This continues to be at a high level and demonstrates that we are also good at providing our employees with adequate motivation even during phases of change.

##### Establishment of new mindset and working practices

Our objective is to establish new mindsets and new ways of working within the RWE Group. The programme “New Way of Working” (NWoW) has been designed to achieve this. We are defining new standards for our working practices and promoting the skills of our employees. A common working culture is also being developed in the areas of Operating Excellence, Universal Process Management, and Leadership and Alignment. Our intention is to use these and other measures to enhance employee satisfaction, customer satisfaction and improve the financial results.

The NWoW programme has meanwhile been expanded to 19 operational projects in RWE AG, RWE Generation SE, RWE Power AG and RWE Supply & Trading GmbH.

Currently 35 experts and around 8,000 employees are working within the NWoW context.

In addition, other initiatives are running in the area of Management & Alignment with the aim of expanding the skills of managers. By acting as role models for the RWE management profile, executive managers also lay the foundation stone for successful introduction of NWoW at the individual locations.

We measure the success of our NWoW projects specifically by analysing leadership quality and employee and customer satisfaction.

##### Promoting cultural change through programmes

The cultural change was supported in 2019 by a number of measures including the continuation of the New Way of Working (NWoW) programme. The New Way of Working (NWoW) programme represents a new mindset and approach to carrying out work, see ▶ [GRI 401, page 61](#). The project is enabling us to strengthen the orientation of our employees on performance and customers, and involve them more closely in decision-making processes. At the same time, we are ensuring more efficient cooperation within the entire Group.

- In 2019, a Group-wide staff survey for RWE stand-alone was carried out at all the companies in order to involve employees proactively in the development of RWE. The intention of the staff survey was to help identify the strengths of the company so that they could be further expanded and optimisation fields determined. The topics included management, information flow, along with scope for taking action and development opportunities. Responsibility for the staff survey depends on the companies. However, a uniform core of questions is used.
- Peer Group@RWE is a forum for executive employees that allows them to develop management expertise through joined-up peer-to-peer consultation and advice based on case studies. This creates an informal, strong and convincing network throughout RWE.

##### Defining objectives through the Code of Conduct and RWE Social Charter

Our Code of Conduct and the RWE Social Charter were jointly adopted by the European Works Council and the Executive Board in 2010. They define standards for the relationship of governance with employees and for the conduct between the employees themselves. The guidelines in both documents are binding for all employees of the RWE Group.

### GRI 401-1 New employee hires and employee turnover

RWE Stand alone	Unit	2019	2018
Fluctuation rate	%	7.3	5.5
External hirings	FTE	568	825

We do not provide further differentiation in the case of data on fluctuation rate and external hirings because the benefit is not commensurate with the expenditure involved. We regularly report on the age structure and the breakdown of employees by gender.

### GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

The principle of equal opportunities applies at RWE, irrespective of whether positions are full-time, part-time or fixed-term. However, there may be deviations for employees on fixed-term contracts, particularly in the case of those working on a short-term basis, if for example statutory deadlines or reference dates cannot be complied with.

### GRI 402 Labour/management relations

#### GRI 103 Management approach (including 103-1, 103-2, 103-3)

##### Challenges

We intend to make any necessary restructuring and staff relocations socially acceptable and implement them in a responsible manner. We are therefore continually in discussions with the employee representative bodies in the Group and with the unions. Of course, the individual relevant national legislation covers the situation at RWE. We base our actions on this legislation. Naturally this also applies to employees who joined RWE as part of the transaction or who will join RWE in the future.

##### Organisation, management and performance measurement

##### Cooperation beyond the statutory regulations in an atmosphere of trust

In Germany, the Works Constitution Act (Betriebsverfassungsgesetz, BetrVG) regulates the comprehensive information, consultation and co-determination rights of the Works

Council. It states that the Executive Management and the Works Council should cooperate together in an atmosphere of trust. RWE has gone beyond these statutory regulations and made a commitment to open and trusting cooperation in the RWE Social Charter. The RWE Social Charter was adopted by the European Works Council and the Executive Board in 2010. Apart from the Group Works Council and the European Works Council, there are other forms of employee representation across the Group, at company level and at operational level. Specific interest groups, such as spokesperson committees, representative bodies for people with disabilities, and youth and apprentice representations are also included.

### GRI 402-1 Minimum notice periods regarding operational changes

We comply with all information disclosure obligations and involve employee representatives at an early stage.

## GRI 403 Occupational health and safety

Owing to its exceptional importance, workplace safety is linked to the remuneration of the Executive Board and is therefore a constituent element of the [► Non-financial Report, pages XIV/XV](#). Health protection is described below in this section.



## GRI 103 Management approach (including 103-1, 103-2, 103-3)



### Challenges

As an industrial company, occupational safety and maintaining health are the most important topics of concern to our employees. Our workforce and the employees of our subcontractors often carry out their assignments at workplaces that are subject to special requirements for occupational health and safety. In particular, these include activities in the sphere of opencast mining, in technical areas at our power plants, and at transmission lines or wind turbines. These areas of application are subject to particular accident risks and health hazards for our employees and those of subcontractors. So as to protect them, we are committed to sustainable development of occupational health and safety. The further robust development of a respectful management culture in an atmosphere of trust is absolutely essential for strengthening our culture of occupational health and safety – we have recognised that the topics of management and personnel development need to be more tightly dovetailed and we are currently working at improving these interfaces.

Good occupational health and safety generates high levels of quality and demonstrates a good business policy. Sustainable prevention also exerts a positive impact on the motivation of employees, the quality of their work, the image of the company and the satisfaction of the workforce. This is another reason why high standards are maintained, such as OHSAS 18001, and we continually carry out improvements in this area. Packages such as "Safety Academy" therefore contribute to prevention, in this case in the form of a game for delivering training on different topics from the area of Health & Safety. Likewise, a Root Cause Analysis – a standard analysis of events – will also contribute towards avoiding other events as far as possible.

### Organisation and management

#### Organisation of healthcare management

The functions of healthcare management are situated with the Company Medical Centre and the Department of Health & Safety. The Company Medical Centre bundles the organisation of all the medical and emergency medical resources alongside the social counselling service. The corresponding services relating to this are provided on the basis of service contracts. These are dedicated to the RWE Group.

In the transition period up to complete integration of the renewable energy business, Operations acquired from E.ON currently have their own Health & Safety Department and this is already being integrated into the structural and process organisation of the RWE Group.

In cooperation with the Company Medical Centre, the Health & Safety Department develops and initiates health prevention packages in the context of Occupational Health Management. The management function within the Company Medical Centre is separate from the role of the Chief Company Doctor. The Chief Company Doctor is responsible for the functions and duties that are in accordance with the relevant regulations. The Chief Company Medical Officer is responsible for all more far-reaching functions, in particular the strategic alignment and management of the whole department. Detailed organisation of healthcare management has been defined within the framework of the Workplace Safety Management System. Since the employees of the Company Medical Centre are part of the organisation of RWE Power AG and have contracts of employment with this company, healthcare management is part of the integrated management system of RWE Power AG.

### Measures and performance measurement

#### Continuous improvement of health

The Company Medical Centre is continuously analysing health data available inside and outside the company, and identifying the need for action. This analysis gives rise to concrete measures for the adjustment and completion of its service portfolio and for prevention and healthcare promotion campaigns.

Since 2018, the focus has been on metabolic syndrome, which is regarded as the key risk factor for arterial diseases, in particular coronary heart disease. In 2019, the topic of "Healthy Sleep" was defined as a further focus and issues associated with sleep were outlined in keynote presentations and roadshows at various locations.

Moreover, the Company Medical Centre runs an annual flu injection programme for all our employees. As necessary, this can include individual vaccination advice, setting up a vaccination plan and may also encompass any additional vacci-

nations necessary on an individual basis. Starting in October and continuing into the first quarter of the following year, all employees can have a flu injection. Since this vaccination provides the most effective protection against infection with the influenza virus, information and communication to employees will be stepped up in order to gradually expand the proportion of employees who take advantage of the vaccine.

The aim of Company Health Management (CHM) is to present our employees with a wide range of offers and needs-based measures to promote their health. Thematic focuses are made up of mental, physical and social health. The sphere of mental health offers a burgeoning area of action owing to the intensified concentration of work and increased psychological burdens. Against this background, offerings related to stress competence, resilience and mindfulness are

being expanded. These programmes are intended to promote the skills of our employees, foster their ability to master crises and provide staff with an opportunity for personal development by drawing on their own competences as a platform for development. Furthermore, a training concept involving blended learning was developed which communicated content for occupational health and safety as a management function. The programme has been set up for the long term (over several years).

#### **Health indicator**

A key indicator of health in the workforce is the sickness rate. This reflects the periods of absence due to sickness including absence as a result of accidents and due to rest cures. It is calculated as a function of the scheduled working hours for all employees. The sickness rate of RWE stand-alone was 6.8% in 2019.

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#### **GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities**



See ▶ [Non-financial Report, pages XV/XVI.](#)

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#### **GRI 403-3 Workers with high incidence or high risk of diseases related to their occupation**

The activities carried out by our employees and our subcontractor employees are often associated with particular hazards. We believe that all hazards can be avoided if we take preventive action and implement appropriate protective and safety measures.

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#### **GRI 404 Training and education**

#### **GRI 103 Management approach (including 103-1, 103-2, 103-3)**

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##### **Challenges**

Our company is only as strong as the knowledge and skills of our employees. We will only be able to continue mastering the future challenges presented by the energy business through having professional and dedicated employees and managers. Our aim is therefore to continue recruiting talented young people to work at RWE, promoting our employees, supporting them in their individual development, and furthering their careers on the basis of their individual strengths. It is important for us to be an attractive employer.

##### **Organisation, management and performance measurement**

###### **Recruitment of new employees**

We are an important economic factor in the regions where we have operations in the energy sector. So as to ensure that we continue to reinforce this perception of an attractive employer in potential employees, we are proactive in engaging with them. We inform them about the activities and the opportunities for employment and a career at RWE. This process includes a range of different tools including our Career Portal. We provide information to schoolchildren, students, graduates and prospective employees with career

experience on this website. The aim is to get in contact with them and help them make a start on the career ladder in the world of work or give them advice on changing jobs at RWE. We focus our on-site activities on selected universities and fairs in Germany and abroad, as well as offering an intensive exchange of views through personal interviews.

Women continue to be less inclined than men to take up a technical career. We are therefore especially committed to motivating young women to explore technical careers at an early stage. One example is our engagement with the nationwide Girls' Days.

#### Promotion of training

The RWE Group has a long track record of vocational training. In Germany, we focus primarily on the dual vocational training system. This involves theoretical instruction being given at vocational colleges alongside on-the-job training in the company. Overall, we offer training at eleven training locations for a total of 18 apprenticeship vocations in craft, engineering and commercial occupations, and other areas. We train more people than are necessary for our own requirements.

Every year, around 200 young people start their training in the RWE Group. This means that they are part of a cohort of more than 600 apprentices in the Group. Around 96% of these trainees work at companies in Germany. If you compare the number of German apprentices with the full-time jobs in Germany, the apprentice ratio of the RWE Group without innogy was 4.5% in 2019. We offered 39 places in our entry-level qualification "I can do it!" ("Ich pack' das!") in 2019. Here we help young people who have not yet found a training place and give them the knowledge to enable them to achieve the necessary level in order to embark on basic training.

#### Career training and development

We offer a range of training sessions and courses for developing personal skills. We help managers to enable their employees to take advantage of opportunities on a daily basis – opportunities to try out new things, implement projects and collaborate with different people so that they can learn from each other. We aim to structure personal and ongoing challenges strategically as careers unfold in order to promote the development potential of our employees.

### GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes

Our employees have access to a broad spectrum of development opportunities and advanced qualification. These range from IT skills and project management, through specialist topics such as technical training courses, occupational safety and compliance, to management training sessions. The HR

portal of RWE offers attendance training courses, blended learning, web-based learning, videos and much more. In 2019, approximately 27,000 training courses were booked through the HR portal for RWE.

### GRI 405 Diversity and equal opportunity

#### GRI 103 Management approach (including 103-1, 103-2, 103-3)

##### Challenges

Our society is becoming more and more diverse as a result of skills shortages, migration, changes in values and the individualisation of life concepts. We perceive the diversity of our employees at RWE as an opportunity for cultural transformation, to recruit talents and to convince our employees about our merits every day. An open and respectful culture is therefore advantageous for our company and for our employees.

RWE addresses the challenges presented by changes in the world of work. These result from modified behaviour and mindsets of employees and from the advance of digitalisation. We provide support for this path by making workplaces more flexible in terms of time (partly through part-time

opportunities) and location (e.g. home office). At the same time, we are digitalising workplaces and structuring our facilities to meet the current needs of our workforce. In future, we will continue to assess whether ongoing digitalisation of processes is a sensible option.

##### Organisation, management and performance measurement

**Establishment of diversity management in the organisation**  
Our commitment to diversity in the company culture is enshrined in our Social Charter and our corporate mission. We reject any form of discrimination, require a working environment free of prejudice and promote a diverse corporate culture. Our diversity management plays a key role here.

We interpret diversity management as a long-term management function in order to deploy the right competences at the correct place in the company. The Diversity Office defines the framework for the entire RWE Group, and the decentralised Diversity Champions are our multiplicators within the companies. They establish binding goals and priorities for the RWE Group that are tailored to needs. Voluntary employees from the Group also support diversity management within the different companies.

The diverse personalities and capabilities of each individual are the central focus. This gives every employee the opportunity to fully exploit their potential.

On Diversity Day, RWE celebrated diversity in the company at a total of five locations. Diversity Day is a day of action initiated by the Charter of Diversity (Charta der Vielfalt e.V) when companies and institutions publicly demonstrate their commitment to the topic of diversity by taking action within the company or outside. Our campaign on Diversity Day this year was a digital treasure hunt that all our employees were able to take part in. The objective was to raise the awareness of our workforce for the topic of diversity and to make them aware of the diversity that already exists within the company.

We are currently in a process of continuous knowledge exchange with the enei network, one of the biggest diversity networks in the English-speaking world. Furthermore, RWE engages with other diversity networks like the Boss's Business initiative and the company is a founding member of the Charter of Diversity.

#### **Appointing more women to management positions**

As a technology-based company, we have to contend with the ongoing challenge of increasing the proportion of women working in our company. We therefore provide women with strategic support for entering our company structure and climbing up the career ladder. The women's network at the RWE Group including innogy SE brings approximately 500 women at 14 locations together. The network promotes Group-wide communication on the latest challenges in the energy industry and generates momentum to enable women to develop their individual career paths. We will continue to provide support with other initiatives, for example the MINT Women initiative. This approach brings together women in our company who have taken scientific and engineering degrees and it strengthens their profile. Around 160 women from different hierarchical levels within the Group have taken part in the initiative. Furthermore, we promote women with the RWE Female Leader Initiative, which fosters networking for women managers within the RWE Group.

The proportion of women in management positions was around 16% for the RWE Group at the end of 2019. The percentage was 27% for the first management level below the Executive Board of RWE AG and 19% at the second management level below the Executive Board of RWE AG.

At the Supervisory Board meeting held on 23 June 2017, the Supervisory Board passed a resolution defining goals for the compliance period to 30 June 2022 in the form of target quotas. These amount to 0% for women in the Executive Board. A target quota of 30% was defined for the first management level. The target quota of 20% women in the second management level takes account of the current appointment situation and the difficult conditions in the employment market.

The number of women on the 20-strong Supervisory Board of RWE AG is currently six, of which three are drawn from the employee side, see ▶ [GRI 102-22, page 20](#). This means that the statutory regulations have been implemented. During the year under review, no women were present on the Executive Board of RWE AG.



#### **Promotion of inclusiveness**

RWE uses the RWE Inclusiveness Action Plan to promote the inclusion of people with disabilities in all the company's activities. The agreed targets will continue to be implemented in the companies of the RWE Group. Their sustainable impact is demonstrated in the constant employment rate for people with disabilities, in the package of internship places for young people with disabilities and the sustainable, barrier-free establishment of workplaces for people whose ability to take part in the workplace is compromised. Our community and social responsibility towards people with disabilities is defined across Europe through the Social Charter and our commitment to the Charter of Diversity. This commitment will continue to be implemented in a practical way by campaigns to raise awareness and strategic measures in human resource development, training, employment and health measures and appropriate workplace design and a barrier-free approach. Employee representatives also play a role in structuring and monitoring the implementation of inclusion here. The ratio of employees with disabilities at RWE in Germany was 9.7% in 2019 (2018: 9.4%). This means that we have complied with the statutory quota of 5.0%.

#### **Combining work and private life**

Combining work and private life is a top priority at RWE and the company promotes getting the work-life balance right within the framework of the individual national circumstances and the specific opportunities available in the Group companies. We have created the structural conditions for getting

the work-life balance right with mobile working and flexible working hours including management positions, and up to 24 months of unpaid special leave. Additional benefits are available to help employees combine career and health, alongside combining career and family. For combining "Career and Children" there are additional packages for (prospective) parents including the Lumiland daycare nurseries located close to the company's premises. Employees are now also able to make use of nursery places in Essen, Dortmund and Cologne. Parent and child offices are also available, and a central mediation centre for childminders, nannies, emer-

gency mothers and au pairs is also available – even in situations when private childcare is suddenly not available at short notice.

Additionally, RWE provides support for care scenarios with comprehensive services. For example, employees can get advice from an online portal about subjects like patient instructions and long-term care insurance, or they can also obtain expert advice at on-site events. We also provide support with selecting care services or organising support in the home.

#### GRI 405-1 Diversity of governance bodies and employees



##### Proportion by gender in the RWE Group<sup>1</sup>

	Unit	2019	2018
Proportion of women in the company	%	12.8	11.2
Proportion of men in the company	%	87.2	88.8
Proportion of women in management positions <sup>2</sup>	%	15.8	15.3

1 Data relate to the employees of RWE stand-alone including Operations acquired from E.ON.

2 Encompasses the first four management levels. Encompasses RWE AG, RWE Generation SE, RWE Power AG and RWE Supply & Trading GmbH.

##### Age structure of RWE stand-alone

in %	2019	2018
Proportion < 20 Years	1.5	1.4
Proportion 20–24 Years	4.8	4.6
Proportion 25–29 Years	6.6	6.3
Proportion 30–34 Years	7.5	7.7
Proportion 35–39 Years	8.8	8.3
Proportion 40–44 Years	7.7	7.7
Proportion 45–49 Years	10.0	11.2
Proportion 50–54 Years	19.5	21.5
Proportion 55–59 Years	24.1	22.7
Proportion ≥ 60 Years	9.5	8.6

A survey of data on minorities is subject to the individual national regulatory standards. Differentiation is therefore only possible on the basis of gender and age. For disclosures on the composition of the Executive Board and the Supervi-

sory Board see ▶ [RWE Annual Report 2019, page 207](#) and the ▶ [RWE website](#). The career profiles of the Members of the Executive Board and the Supervisory Board can also be found here.



#### GRI 405-2 Ratio of basic salary and remuneration of women to men

In 2017, the Act to Promote Transparency of Pay Structures (Entgelttransparenzgesetz) came into force in Germany. The objective of the act is to implement the requirement of equal pay for women and men for equal or equivalent work. Against

this background, pay regulations and structures are to be made more transparent for employees. RWE implements all the statutory regulations and answers all enquiries from employees within the defined framework.

RWE pays women the same salary as men when they are in equivalent positions. We observe the principle that employees at RWE receive remuneration on the basis of the activity carried out, independently of gender. The amount of pay is

therefore dependent on qualifications, the activity being carried out and the experience of the employees. The employee representatives also ensure that the principle of equal treatment is observed.

## GRI 413 Local communities

### GRI 103 Management approach (including 103-1, 103-2, 103-3)

#### Challenges

Wherever we have operations, our actions exert an impact on local communities. Our power plants and opencast mines offer jobs and therefore support the structure of the individual regions. In some places, this has already been happening for a long time. We temporarily take over very large areas of land for our opencast mines. This is associated with serious changes in the profile of the landscape. In some cases, these operations may necessitate resettlements of individual villages or parts of local settlements. Furthermore, employee, supplier and customer traffic associated with our plants also exerts an impact on the neighbourhood.

#### Organisation, management and performance measurement

We want to operate in a socially ethical way at our operating locations and be perceived in a positive light. With this in mind, we enter into dialogue with neighbouring residents and other groups which are impacted by our business operations or whose activities exert an impact on the business activities of RWE. Wherever we have operations, we want to cooperate with the local communities where we are working.

#### Dialogue with neighbouring residents and other stakeholders affected

We engage in a lot of different stakeholder dialogues. These are intended to communicate information and to involve neighbouring residents and other groups who are affected by our business activities. This is primarily related to our opencast mines and our power plants. For more information on integrating our stakeholders, see ▶ [GRI 102-43, page 23](#) and ▶ [GRI 102-44, page 23](#).



Public interest in paying visits to opencast mines and power plants of RWE increased once again in 2019. During the past year, around 52,000 visitors took part in tours through the facilities and rehabilitation areas of RWE Power. Over the past ten years, RWE has welcomed around 600,000 visitors. Providing visitors and neighbours with a transparent and fact-based picture of its operations is a top priority for RWE. Furthermore, we maintain contact with neighbouring residents and engage in dialogue with them as part of our donation and sponsorship activities. We focus on promoting youth work in regional associations and supporting local heritage and customs.

#### GRI 413-1 Operations with local community engagement, impact assessments, and development programmes

At all our major locations, we exchange views with the people living in the region. We regularly analyse the needs of communities and the impacts on the environment within the framework of the licensing procedure in Environmental and Social Impact Assessments. A detailed disclosure of the results is not practicable owing to the large number of licensing procedures.

Our aim with the programme “3malE” Education with Energy, is to motivate young people for topics related to energy and engineering. We also discuss the energy supply of the future with them. In 2019, 782 experiment kits were loaned to 247 schools and 336 nurseries, nearly 17,000 teaching packs were sent to teachers, and 19 members of staff went into schools as energy ambassadors.

## GRI 413-2 Operations with significant actual and potential negative impacts on local communities

The operation of opencast mines is unavoidably associated with interventions in the landscape and with the resettlement of local communities. RWE is very much aware of the impacts of these interventions for the region.

### Structuring resettlement with a consensus

When people are being resettled, the important issues associated with this topic are not simply about fair compensation for their material assets. Intangible assets like tradition, community and a sense of belonging also play a key role. So that these needs can be met as far as possible, RWE has been committed for decades to the offer of community resettlement with the aim of finding solutions that are ethical and socially compatible. The people being resettled are involved on many levels in the process from the planning stage to implementation. They receive comprehensive support through the relevant government agencies, local authorities, and most importantly from our company. Their requirements also play a central role within the framework of the required licensing procedure. They are involved in selecting the location of the resettlement site and they play a key role in designing the new village. This has ensured that the majority of the people being resettled were always involved in the resettlement of the community. Vibrant new settlements can be created in accordance with the ideas of the citizens. They can be provided with appropriate infrastructure where community life can be continued with familiar social structures and similar cultural life. Socially acceptable resettlement cannot be achieved without this input.

Since the 1940s, more than approximately 41,000 residents have been resettled in a socially acceptable way. So far, more than 30 new and vibrant localities have been created as a result in this process. In 2018, around 150 properties were acquired in four localities alongside additional agricultural and other parcels of land.

Although the Growth, Structural Change and Employment Commission (see ▶ [GRI 305, page 54](#)) recommended ending electricity generation from coal in Germany at the latest by 2038, it did not call into question the need for the resettlements in advance of the Garzweiler opencast mining operations. The authorities and municipalities have even emphasised the necessity of resettlement.

Nevertheless, the resettlement of the third resettlement section in the Garzweiler opencast mine was called into question during the public debate in 2019 and by a few people earmarked for resettlement after submission of the recommendations by the commission. However, most of the affected people have demonstrated a lively interest in the resettlement so that this is continuing at a dynamic pace. In the meantime, agreements have been reached for three quarters of the properties. These include the properties relating to the infrastructure of the local authority and the church.

The new location is currently being restructured and community activities are increasingly being relocated to the new site. Putting a stop to the process of the resettlement at this very advanced stage would fly in the face of the concept of a joined-up resettlement. Furthermore, the lignite deposited below the relevant locations will be required at the beginning of the 2020s and therefore long before the recommended exit from coal. RWE has therefore emphasised that it wants to complete these final resettlements in the Rhineland as planned. As a result of this, RWE is proactively promoting community life and the quality of the living conditions at the new location during the construction phase. One example of this is the community marquee transferred to the village community for the period running up to completion of construction of the multi-purpose hall, the sports facilities and the church.

### Structuring new landscapes

Extraction of lignite by opencast mining inevitably leads to a temporary impact on the landscape. However, a key attribute for lignite opencast mining in the Rhineland is that simultaneous and sustainable reinstatement of the original use is a constituent element of the operating processes. Recultivation is therefore part of opencast operations throughout the entire lifecycle. It takes account of the environmental requirements and the leisure and recreational needs of the local community. Today, forested areas more than 80 years old can be found in recultivated former opencast mining districts, for example in Ville. Moreover, new water meadows have also been created along with areas of fertile agricultural land. For more information on reinstatement of opencast mines, see ▶ [GRI 304, page 51](#).

## Catastrophe/emergency planning and response

### GRI 103 Management approach (including 103-1, 103-2, 103-3)

#### Challenges

As the biggest power producer in Germany, RWE is a constituent element of the basic services known as critical infrastructure. We are therefore well aware of our macroeconomic responsibility to society as a whole. (Cyber) security management is therefore a central management function at RWE. A major incident, involving for example a cyber-attack on power plants, can lead to complete supply outages, with extremely negative impacts on public life. It can likewise pose a threat to health and life in power plants and the surrounding area. Such an incident can also constitute a threat to the economic future of the company. This means that it is necessary to cater for a broad spectrum of potential incidents by adopting appropriate planning measures and implement relevant training programmes – including incidents with a low probability of occurrence but entailing substantial impacts. Prevention of incidents like this is the primary goal.

#### Organisation and management

As part of its management function (governance), Group Security at RWE AG defines Group-wide regulations for safeguarding the Group security of RWE AG. Business Continuity Management (BCM) and Crisis Management are also a constituent element of this model. An integrated approach also entails establishment of Cyber Security Governance, Cyber Security Management and the Cyber Security Incident Response Team within Group Security.

Risk assessment is used to identify critical assets and roll out suitable technical and organisation measures for protecting those assets. So that the Group is prepared for cyber-attacks and is in a position to respond to them, the threat situation is continuously analysed and evaluated.

As an operator of critical infrastructure, reporting pathways to the government agencies involved are defined in legislation. We work together with government agencies to make preparations for the scenarios entailed in an emergency. Exercises simulating emergencies are carried out at local level and these generally take place in cooperation with the authorities operating on the ground there, for example the police and fire service.

However, the commitment of the Group extends beyond these statutory requirements. RWE is a member of the German Cyber Security Council (Cyber-Sicherheitsrat Deutschland e. V.), the Alliance for Cyber Security (Allianz für Cybersicherheit) of the Federal Ministry for Security in Information Technology (BSI) and UP KRITIS<sup>1</sup> of the BSI. The latter is the initiative for cooperation between business and the state to protect critical infrastructures in Germany.

In accordance with the Nuclear Safety Officer and Reporting Ordinance (AtSMV), the operators of nuclear facilities in the Federal Republic of Germany must report any notifiable events occurring to the relevant responsible state supervisory authorities. The aim and purpose of the official reporting procedure is to monitor the security status of these plants and to make improvements using the knowledge obtained from the reported events in the framework of the supervisory procedure.

#### Measures and performance measurement

Integrated crisis organisation has been established for meeting the challenge of crisis situations, comprising central and local crisis staffs. These crisis staffs are supported by crisis management plans. In addition, crisis exercises are carried out at regular intervals to deal with different scenarios.

In 2019, our Group-wide Cyber Security Awareness campaign “Human Firewall” was continued. Alongside online training sessions, billboards and articles, live-hacking events provide an effective method for raising awareness. The effectiveness of the method was tested by means of a phishing campaign initiated in-house. Emails were sent to RWE employees who had been equipped with standard phishing technologies. The number of clicks on the link included were used as a measured value.

The notifiable events occurring at the sites of our nuclear power plants were also reported to the relevant supervisory authority in 2019 in accordance with the regulations of the Nuclear Safety Officer and Reporting Ordinance (AtSMV). The general public was also informed about all notifiable events through press releases. Out of a total of seven nuclear power plants operating in Germany in the year 2019, two nuclear

<sup>1</sup> Initiative for cooperation between industry and state for the protection critical infrastructures in Germany.

power plants are operated by RWE Nuclear GmbH (Emsland and Gundremmingen C). Units A and B of the Biblis nuclear power plant, unit B of the Gundremmingen power plant, the Mülheim-Kärlich nuclear power plant and the Lingen power plant (KWL) were being decommissioned.

Seven notifiable events were reported at the RWE nuclear power plants (nuclear power plants Emsland: 5, Gundremmingen C: 1, Mülheim-Kärlich: 1). All the notifiable events were classified at level 0 on the International Nuclear Event Scale (INES) for nuclear and radiological events. Level 0 applies to notifiable events with no significance for safety or very little.

## GRI 414 Supplier social assessment

### GRI 103 Management approach (including 103-1, 103-2, 103-3)

For information on the general Management Approach on Procurement see ▶ [GRI 204, page 37](#) and ▶ [Non-financial Report, pages III-VI](#).

Depending on the requirement put out to tender, suppliers are also interrogated on criteria such as compliance with statutory regulations and RWE's internal rules for minimum wage, and for environmentally relevant criteria within the

scope of pre-qualification. Relevant criteria are applied when we assess the offers submitted by our suppliers during the course of the tender process and the cost-benefit analysis. The regulations governing the contractual relationship with individual suppliers are explicitly agreed in separate contractual clauses on the basis of a risk assessment for specific product groups.

### GRI 414-1 New suppliers that were screened using social criteria

There may be many different impacts on society. In order to ensure that our suppliers act in conformity with social and ethical principles, and in accordance with the law, we have developed a range of different measures

The principles of the United Nations Global Compact are a constituent element of contractual relationships for all new and existing direct suppliers.

respect of illegal activities such as money laundering or terrorism, or human-rights violations. This process is managed by our Compliance Department. Since there are no direct supplier relationships when procurement is carried out in the wholesale markets, RWE has adopted a variety of different measures to ensure that our suppliers act in accordance with the Code of Conduct, the national legal system and internationally recognised principles for compliance with social and ethical principles, see ▶ [Non-financial Report, page IV](#).

A separate work instruction and a checklist are used by the Purchasing Department for commissioning disposal services in order to establish the suitability of the supplier. In such cases, compliance with the defined criteria can be reviewed in supplier appraisals and used for future tender processes in the framework of the internal appraisal system.

In order to safeguard human rights and social standards in our hard-coal supply chain, we work together with other companies in the Bettercoal organisation, which carries out audits with suppliers, see ▶ [Non-financial Report, page V](#), and ▶ [Bettercoal Annual Report](#).

In the case of suppliers that are monitored through the Counterparty Approval Process, regular reviews are carried out to ascertain whether there are indications or breaches in

### GRI 414-2 Negative social impacts in the supply chain and actions taken

The RWE Purchasing Department does not maintain any business relationships with suppliers if there is information in the public domain indicating that they breach the principles underlying the Global Compact. RWE is committed to implementation of the Global Compact.

Information "in the public domain" relates to all generally accessible sources from which information can be obtained. Press reports containing merely the suspicion of a breach are not sufficient in this case. Rather, we rely on legally admissible or officially confirmed facts. Furthermore, we use published

negative lists (World Bank Listing of Ineligible Firms and Non-Responsible Vendors) drawn up by the World Bank based in Washington/USA. When suppliers are in contention for being included on the list of RWE's suppliers, the background check is carried out by the relevant purchaser before any orders are awarded. In the case of existing suppliers, the review is performed centrally in the vendor accounts section.

We can only report on the proportion of suppliers checked in the Counterparty Approval Process. See ▶ [Non-financial Report, page V](#). We regularly carry out reviews of our counterparties, their management and the majority shareholders. A number of different databases are used to review them on a daily basis. This ensures that RWE and all the suppliers that are subject to this Counterparty Approval Process comply with regulations in relation to potential compliance risks. Procurement has to deal with an exceptional situation when purchasing is carried out in the wholesale markets. An appraisal is not possible here due to an absence of direct supplier relationships.

In order to exert more leverage for the demands of sustainable production and transport conditions in the hard-coal supply chain, we joined forces with other large European energy utilities to establish the Bettercoal Initiative in 2012.

The objective of Bettercoal is to bring about improvements in all important production countries and raise environmental and social standards in the production of coal throughout the world. For this purpose, on the one hand audits are carried out in coal mines and binding measures are adopted in order to eliminate any defects identified. On the other hand, Bettercoal carries out an intensive dialogue with all the stakeholder groups and the people affected including production companies and mine operators.

This enables the Bettercoal Initiative to create more environmental protection over the long term, improved production and working conditions, and takes more intensive, sustained account of the interests of neighbouring residents. More in-depth information is available on the Bettercoal website, including details of the participating coal mines.

## GRI 415 Public policy

### GRI 103 Management approach (including 103-1, 103-2, 103-3)



#### Challenges

A secure and environmentally compatible supply of electricity is a constituent element of public service. As part of this obligation, the operation of power plants is subject to a large number of statutory and downstream regulations in the EU, at national and partly also at regional level. Political decisions leading to changes in existing regulations or implementation of new regulations therefore exert a major influence on our business activity. Additionally, developments at international level outside the EU also exert an indirect influence, for example at international level.

#### Organisation and management

RWE bases its actions on the applicable legal framework conditions and ensures compliance with the existing regulatory standards. It is equally important that we explain our actions here and inform others about the impact of existing and planned legal and sublegal regulations. A top priority here is objective fact-based presentation. We also participate in dialogue at the political and community levels, both in direct personal contact and through the media and the Internet (social media channels). Communication with our stakeholders provides us with helpful ideas for aligning our entre-

preneurial activities. Particularly at the present time when the company is undergoing change, it is important to discuss expectations and assessments for the future of the energy supply with as many external stakeholders as possible so as to reflect the diversity of different positions. At the same time, dialogue gives us the opportunity to provide better communication relating to corporate decisions and the underlying motives. This approach highlights the fact that we also believe part of our role is to act as advisors for a successful energy transition which achieves a balance between climate protection, competitiveness and security of supply. We believe we have an obligation to provide answers for our stakeholders and we want to be a credible partner in the discussion standing shoulder to shoulder on an equal level. This enables us to meet the expectations of transparency placed on us by society, see ▶ [GRI 102-43, page 23](#), and ▶ [GRI 102-44, page 23](#).

Our conduct in relation to policymakers is clearly regulated in the Code of Conduct, see ▶ [GRI 102-16, page 18](#). We state there that dialogue with representatives of government institutions and political parties is indispensable from our standpoint. However, we want to avoid exerting undue influence in these contexts. We have therefore made a commitment to strict neutrality in relation to political parties and we do not



make any donations to political parties, or organisations and foundations which are closely related to political parties. Employees have the opportunity to report breaches of the Code of Conduct through various channels, see [GRI 102-17, page 18.](#)



### Measures and performance measurement

The Corporate Affairs Department at RWE AG coordinates our contacts. The Department Head reports directly to the Chief Executive Officer. RWE maintains two liaison offices in Brussels and Berlin as points of contact. RWE strives to contribute its perspective and specialist expertise to debates in the public domain. This also applies to climate policy initiatives. As early as 2009, RWE made a commitment to the goal of climate neutrality in the European electricity sector significantly before 2050 as part of an initiative by eurelectric, the sector association which represents the common interests of the electricity industry at a European level. We have also proactively supported the revision of the European Emissions Trading System (EU ETS) at European level by bringing forward the target trajectory for CO<sub>2</sub> reduction by 2030 and introducing a market stabilisation reserve. This was rolled out in 2018 and since then has led to a significant increase in CO<sub>2</sub> prices in the EUR Emissions Trading System.

Since 2010, we have been entered in the Transparency Register of the European Union and we publish relevant information there. We would welcome establishment of a Transparency Register in Berlin based on the Brussels model.

We operate offices in Brussels and Berlin, each with a staff of four employees (which include two assistants and one respectively). The pro-rata RWE outgoings for the office still operated jointly by RWE and innogy in Berlin last year and for the RWE office in Brussels amounted to some 1.5 million euros in 2019. Alongside other functions, a further nine employees within the Group are also engaged in lobby work.

In 2019, we were in direct contact with policymakers and government agencies, for example through discussion formats in Berlin and Brussels, or through bilateral exchanges in

The Hague, London and Düsseldorf. Topic-related "Power Plant Talks" were held at the sites of nuclear power plants and a dialogue has been established with local-authority policy-makers in the Rhineland Mining Region. Furthermore, we communicate indirectly through the associations we are members of, for example the German Association of Energy and Water Industries (BDEW), see [GRI 102-13, page 16.](#)



In 2019, the main themes addressed in discussions with policymakers focused on the energy transition and climate protection policy in general. The focus in the EU was on elections to the European Parliament. The emphasis in Germany was on the Climate Protection Plan 2050 and the future of coal, and on the amendment to the 13th Federal Emission Control Act (Bundesimmissionsschutzverordnung). In the Netherlands, we engaged with a number of topics in discussions with government including renegotiation of a national energy agreement, exit from coal and the role of co-incineration of biomass as a contribution to the Dutch CO<sub>2</sub> reduction strategy, see [GRI 102-43, page 23](#), and [GRI 102-44, page 23](#). In the United Kingdom, we engaged in discussions about Brexit, the British capacity market, and on national climate protection policy.



Associations are an important tool for us in political work and for the articulation of common interests to policymakers, social institutions and other players. As far as we are concerned, they are a place for exchanging ideas on positions and are therefore indispensable for our companies. Our memberships in associations are always directed towards strategic objectives, and related to current and future activities of the Group. RWE cooperates on the positioning of associations with differing intensity but specific association positions may also deviate from our own principles. In the reporting year, we established a process for the topic of climate in order to identify discrepancies of this nature. We also reviewed the positioning of 18 association organisations relating to the Paris Climate Agreement on the basis of public documents. RWE is committed to the targets of the Paris Agreement and would like to ensure that the associations are in conformity with our position. We have published the complete results and a description of the selection and approach in an [independent report.](#)



### GRI 415-1 Political contributions



RWE has made a commitment to neutrality in relation to political parties and we do not make any donations to political parties, or organisations or foundations which are closely related to political parties.

## GRI 417 Marketing and labelling

### GRI 103 Management approach (including 103-1, 103-2, 103-3)

#### Challenges

We provide customers with a secure and reliable supply of electricity, gas and heat. It is only possible to reach an informed decision about a product if it is transparently labelled. There are different statutory regulations on labelling in the countries where we supply customers. Particularly detailed regulations on the labelling of electricity are on the statute book in Germany.

#### Organisation, management and performance measurement

##### Transparent product labelling

We want to provide all our customers with comprehensive and transparent information about the energy mix of the individual product and the associated environmental impacts, see ▶ [GRI 417-1, page 74](#).



## GRI 417-1 Requirements for product and service information and labelling

Electricity labelling is an instrument for increasing market transparency in the electricity market. All electricity bills issued by the RWE Group throughout Europe include information on the energy mix, CO<sub>2</sub> emissions and radioactive

waste in accordance with the statutory regulations. Furthermore, the relevant information is also provided transparently online ▶ <https://www.group.rwe/en/the-group/organisational-structure/rwest>



## GRI 419 Socioeconomic compliance

### GRI 103 Management approach (including 103-1, 103-2, 103-3)

#### Challenges

Integrity, honesty, acting in accordance with the law and respect for our fellow human beings and the environment form the basis of our entrepreneurial activity. We are subject to laws, regulations and comparable rules and procedures. These conditions and the RWE Code of Conduct form the framework for carrying out our operations. Any breaches may entail significant consequences for the financial result and reputation of RWE. Individual employees may also be personally liable. A top priority for our employees and subcontractors is that their conduct and actions should be in accordance with the law and ethical principles.

RWE has also adopted guidelines defining a responsible approach in the area of personal data to complement the RWE Code of Conduct and our sustainability principles. The guidelines provide an operational framework for a responsible approach to personal data both internally and externally. Each employee is also obligated to a duty of confidentiality when handling personal data. The aim is to protect personal data against misuse and thereby sustainably strengthen the trust of employees and customers over the long term. The Group Data Protection Department at RWE works closely together with the Information and IT Security Department in

order to implement data protection measures in accordance with the latest technological standards and to guarantee the level of protection for confidentiality. Furthermore, the Group Data Protection Department is responsible for development and updating the data protection management system and upholding a uniform understanding of data protection at RWE. Working together with the data protection coordination offices and the data protection partners in the specialist departments ensures that efforts are made to continually raise awareness of the amended data protection requirements. Furthermore, the Group Data Protection Department ensures appropriate management for data protection incidents. The Group Data Protection Officer regularly reports on data protection issues to the Executive Board of RWE AG.

#### Organisation, management and performance measurement

The principles of general compliance and the Compliance Management System are defined by the Chief Compliance Officer of RWE AG, for RWE AG, RWE Generation SE, RWE Power AG, RWE Supply & Trading GmbH and the Renewable Energy business that was transferred by E.ON to RWE over the course of the year.



The Chief Compliance Officer of RWE AG is supported in complying with his functions and responsibilities at the level of RWE AG by Compliance Managers and at the local level by the Compliance Officers of the individual RWE companies. The focus of activity for the content is on prevention of corruption, see ▶ [GRI 205, page 38](#). Alongside this function, measures for export control compliance and prevention of money laundering are continuously developed further and implemented.

The compliance function at RWE AG has a coordinating and consolidating role for other compliance areas defined for RWE such as competition and antitrust/energy law, company and capital market law, employment law, tax law and environmental law / environmental management, occupational health and safety, corporate responsibility and data protection law. The Chief Compliance Officer of RWE AG bundles information from these compliance areas within integrated compliance reporting to the Executive Board and the Audit Committee of RWE AG. However, responsibility for operational content always remains with the functions bearing individual responsibility for areas such as legal affairs, employment law and Group data protection.

#### Anti-competitive behaviour

It is important for our company to be perceived as trustworthy and transparent. We earn this trust through fair conduct. RWE also keeps within the law and complies with legislation in competitive situations. Our efforts are directed towards ensuring that all our business activities are in accordance with the conditions of fair competition at all times. We also observe regulatory and anti-trust requirements for unbundling. Our operations are based on these rules. In this way, we therefore meet our responsibility as a major player in the economy.

In order to prevent anti-trust, anti-competitive behaviour, we raise the awareness of all employees and management including Members of the Executive Board to this issue. Attendance events, online training sessions and individual needs-specific specialist presentations are held within the Group on the requirements relating to conformity with behaviour in accordance with competition legislation.

#### GRI 419-1 Non-compliance with laws and regulations in the social and economic area

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Our Group-wide survey on fines due to incidents of corruption revealed that no sanctions had been incurred in this area.

# Appendix

# Key sustainability indicators



## Economic performance indicators

### Installed capacity

#### Power generation capacity

as at 31.12.2019, in MW	Renewable energy	Pumped storage, batteries	Gas	Lignite	Hard coal	Nuclear energy	Total 2019 <sup>1</sup>	Total 31.12.2018 <sup>1</sup>
Lignite & Nuclear	7	-	400	10,255	-	2,770	13,459	13,459
European Power	670	2,336	13,553	-	3,977	-	20,879	23,906
Of which:								
Germany <sup>2</sup>	55	2,336	3,767	-	2,341	-	8,538	9,872
United Kingdom	55	-	6,676	-	-	-	7,035	8,595
Netherlands/ Belgium	560	-	2,323	-	1,636	-	4,519	4,652
Turkey	-	-	787	-	-	-	787	787
innogy – continuing operations	3,639	-	-	-	-	-	3,639	3,571
Operations acquired from E.ON	4,864	20	-	-	-	-	4,884	-
<b>RWE Group<sup>2</sup></b>	<b>9,180</b>	<b>2,358<sup>3</sup></b>	<b>13,953</b>	<b>10,255</b>	<b>3,977</b>	<b>2,770</b>	<b>42,863</b>	<b>40,937<sup>3</sup></b>

1 Including capacities which cannot be allocated to the specified energy sources (e.g. oil-fired power plants).

2 Including capacities which are not owned by RWE but we can deploy at our discretion on the basis of long-term agreements. At the end of 2019, these plants taken together generated a net output of 2,986 MW as in the previous year, of which 783 MW were attributable to hard coal-fired power plants.

3 Including low generation capacities at RWE Supply & Trading

### Power generation by primary energy source

#### Power generation

in billion kWh	Renewable energy		Pumped storage, batteries		Gas		Lignite		Hard coal		Nuclear energy		Total <sup>1</sup>	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Lignite & Nuclear	-	-	-	-	0.2	-	48.3	67.2	-	-	21.2	21.8	70.1	89.2
European Power	2.2	1.1	1.8	2.1	50.6	47.2	-	-	14.2	27.4	-	-	68.9	78.0
Of which:														
Germany <sup>2</sup>	0.2	0.7	1.8	2.1	7.8	5.5	-	-	4.7	13.0	-	-	14.6	21.5
United Kingdom	0.4	0.4	-	-	33.5	33.2	-	-	0.7	0.5	-	-	34.6	34.1
Netherlands/ Bel- gium	1.6	-	-	-	6.6	5.5	-	-	8.8	13.9	-	-	17.0	19.4
Turkey	-	-	-	-	2.7	3.0	-	-	-	-	-	-	2.7	3.0
innogy – continu- ing operations	9.7	8.8	-	-	-	-	-	-	-	-	-	-	9.7	8.8
Operations acquired from E.ON	4.5	-	-	-	-	-	-	-	-	-	-	-	4.5	-
<b>RWE Group</b>	<b>16.4</b>	<b>9.9</b>	<b>1.8</b>	<b>2.1</b>	<b>50.8</b>	<b>47.2</b>	<b>48.3</b>	<b>67.2</b>	<b>14.2</b>	<b>27.4</b>	<b>21.2</b>	<b>21.8</b>	<b>153.2</b>	<b>176.0</b>

1 Including capacities which cannot be allocated to the specified energy sources (e.g. oil-fired powerplants).

2 Including electricity from generation assets not owned by RWE we can deploy at our discretion on the basis of long-term agreements. In 2019, 3.6 billion kWh were purchased (previous year: 5.0 billion kWh), of which 1.5 billion kWh were from hard coal-fired power plants (previous year: 2.3 billion kWh).

## Corporate Governance

Corporate Governance		Unit	2019	2018
R&D costs <sup>1</sup>	€ million	21	116	
Proportion of women in the company <sup>2</sup>	%	12.8	11.2	
Proportion of women in management positions <sup>3</sup>	%	15.8	15.3	
Share of the RWE Group's revenue earned in countries with a high risk of corruption	%	7.8	12.2	



1 In accordance with the [RWE Annual Report 2019, page 33](#).

2 Data for 2019 for RWE stand-alone including Operations acquired from E.ON, the data for 2018 encompass RWE stand-alone

3 Encompasses the top four management levels; from 2018, only RWE AG, RWE Generation SE, RWE Power AG, RWE Supply & Trading GmbH. Countries rated lower than 60 on a scale of 0 to 100 in the Corruption Perceptions Index by the anti-corruption organisation Transparency International (TI), with 100 corresponding to the lowest risk of corruption. Data for RWE including innogy – continuing operations and Operations acquired from E.ON.

## Environmental performance indicators

	Unit	2019	2018
Specific NO <sub>x</sub> emissions <sup>1</sup>	g/kWh	0.33	0.41
Specific SO <sub>2</sub> emissions <sup>1</sup>	g/kWh	0.11	0.16
Specific dust emissions <sup>1</sup>	g/kWh	0.01	0.01
Ash <sup>1</sup>	thousand mt	4,197	6,344
Gypsum <sup>1</sup>	thousand mt	920	1,517
Primary energy consumption <sup>1, 2</sup>	million GJ	934	1,213
Water consumption <sup>1, 3</sup>	m <sup>3</sup> /MWh	1.43	1.53
CO <sub>2</sub> emissions EU ETS <sup>4</sup>	million mt	87.1	116.9
CO <sub>2</sub> emissions Scope 1 <sup>5</sup>	million mt	91.7	120.4
CO <sub>2</sub> emissions Scope 2 <sup>6, 8</sup>	million mt	4.59	5.0
CO <sub>2</sub> emissions Scope 3 <sup>7</sup>	million mt	187.2	188.7
Specific CO <sub>2</sub> emissions EU ETS <sup>9</sup>	mt/MWh	0.569	0.670
Specific CO <sub>2</sub> emissions Scope 1 <sup>10</sup>	mt/MWh	0.599	0.684
Share of the Group's power generation accounted for by renewable energy <sup>11</sup>	%	10.7	5.6

1 All plants were included which are covered by the environmental management of RWE. This comprises the plants of RWE stand-alone.

2 Fossil fuels used without biomass.

3 Difference between the water consumption of the plants less returns to rivers and other surface waters; up to 2015, excluding power plants with sea-water cooling, including cooling-tower losses.

4 Plants which fall under the scope of the European Emissions Trading Scheme (EU ETS) including figures for generation capacities which are not owned by RWE that we can deploy at our discretion on the basis of long-term agreements. In 2019, these plants emitted 1.3 million metric tons of CO<sub>2</sub> (previous year: 2.0 million metric tons). This includes the plants of the RWE Group.

5 Scope 1: EU ETS amounts plus the emissions from plants which do not fall under the scope of EU ETS. The figures for CO<sub>2</sub> emissions Scope 1 (in accordance with GHG Protocol) include the emissions of the RWE Group including innogy.

6 Scope 2: indirect CO<sub>2</sub> emissions from the transmission and distribution of electricity purchased from third parties in innogy's own grids.

7 Scope 3: indirect CO<sub>2</sub> emissions that do not fall under Scope 1 and Scope 2. They are produced through the generation of electricity procured from third parties, the production and distribution of used combustion fuels, as well as the consumption of gas sold to customers. Data for the RWE Group including innogy.

8 Calculation on the basis of the countries with principal share (2019: Germany, United Kingdom, Netherlands, Slovakia; 2018: Germany, United Kingdom, Netherlands, Hungary).

9 Data for the RWE Group including innogy – continuing operations.

10 Data for the RWE Group including the emissions of innogy.

11 Including Operations acquired from E.ON and innogy – continuing operations.

## Social performance indicators

	Unit	2019	2018
Workforce <sup>1</sup>	FTE	19,792	17,748
Fluctuation rate <sup>2</sup>	%	7.3	5.5
Training days per employee (Germany) <sup>3</sup>		3.8	3.5
Health quota <sup>2</sup>	%	93.2	93.5
Work-related and commuting accidents <sup>3</sup>	LTI <sub>F</sub>	2.1	1.9
Work-related and commuting accidents of innogy SE	LTI <sub>F</sub>	2.3	2.2
Fatal work-related accidents <sup>4</sup>		2	2

1 Employees of the RWE Group.

2 Data for RWE stand-alone.

3 Lost Time Incident Frequency (number of occupational accidents with at least one day off work for every one million hours worked); data for the RWE Group including reports known to us from third-party companies (subcontractors).

4 Data for the RWE Group

# Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information<sup>1</sup>

To RWE AG, Essen

We have performed a limited assurance engagement on the disclosures denoted with “☒” in the Corporate Responsibility Report of RWE AG, Essen (hereinafter: “the Company”), for the period from 01 January 2019 to 31 December 2019 (hereinafter: “Report”). Our engagement in this context relates solely to the disclosures denoted with the symbol “☒” gekennzeichneten Angaben.

## Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter: “GRI-Criteria”).

This responsibility of Company’s executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

## Independence and Quality Control of the Audit Firm

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

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer”: “BS WP/vBP”) as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a

comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures denoted with “☒” in the Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures denoted with “☒” in the Company’s Report for the period from 01 January 2019 to 31 December 2019 has not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner’s judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement

<sup>1</sup> PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the Corporate Responsibility Report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
- Analytical evaluation of selected disclosures in the Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the disclosures
- Inspection of samples of relevant documents and evidence

### Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures denoted with “☒” in the Company's Report for the period from 01 January 2019 to 31 December 2019 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

### Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Frankfurt, 6 March 2020

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Michael Conrad  
Wirtschaftsprüfer  
(German Public Auditor)

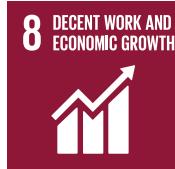
ppa. Susanne Klages

# Progress Report on the Global Compact 2019

With the signing of the ten underlying principles of the United Nations Global Compact (UNG) RWE has expressly committed itself to upholding human rights and labour standards, to promote environmental protection in their business activities and prevent corruption. RWE supports the UNG and wants to make a contribution to the worldwide implementation of its ten principles. They form the basis of the RWE Code of Conduct. Also we integrate them into our business processes and implement concrete actions for their enforcement.

The following table shows which concrete measures we have implemented and which achievements, as evidenced by key figures, we were able to demonstrate in the reporting period. It also illustrates how, by implementing the ten principles, we are contributing to the objectives of the Sustainable Development Goals, relevant for us.

UN Global Compact	Sustainable Development Goals	Measures at RWE	
Principles	Goal/Target	Measures	Performance Indicators
<b>Principle 1:</b> Support for human rights		<b>Diversity Management:</b> - Diversity Office (p. 66) - Diversity Champions (p. 66) - Exchange with the enei-network (p. 66) - MINT Women Initiative (p. 66) - RWE Female Leader Initiative (p. 66) - Women's network at RWE and innogy (p. 66)	<b>~ 16%</b> Proportion of women in management positions RWE Group (p. 66)
<b>Principle 2:</b> Elimination of human rights violations		<b>RWE Code of Conduct:</b> - Standards for the conduct between the employees themselves (p. 61)	
<b>Principle 6:</b> Elimination of discrimination	<b>5.5:</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life;	<b>RWE Social Charter:</b> - Establishment of ILO core labour standards	
<b>Principle 7:</b> Precautionary environmental protection		<b>Strategy to reduce the CO<sub>2</sub> emissions:</b> - Expansion of renewable energy (p. X) - Optimisation of the power plant portfolio (p. XII)  <b>Energy management</b> - at RWE Generation und RWE Power in conformity with ISO 50001 (S. 47)	<b>~ 11%</b> Share of Group's power generation by renewables (p. 78)
<b>Principle 9:</b> Development and dissemination of environmental technologies	<b>7.1:</b> By 2030, ensure universal access to affordable, reliable and modern energy services;  <b>7.2:</b> By 2030, increase substantially the share of renewable energy in the global energy mix;  <b>7.3:</b> By 2030, double the global rate of improvement in energy efficiency;	<b>Offer Flex2Market Model</b> (p. 41)  <b>Research and development:</b> - Increasing the flexibility and efficiency of conventional plants (p. 42/43)	<b>70%</b> of the installed hard coal capacity in 2013 removed from the grid or converted to biomass consumption (p. XII)

UN Global Compact	Sustainable Development Goals	Measures at RWE	
Principles	Goal/Target	Measures	Performance Indicators
<b>Principle 1:</b> Support for human rights	 <b>8 DECENT WORK AND ECONOMIC GROWTH</b>	<p><b>RWE Code of Conduct:</b></p> <ul style="list-style-type: none"> <li>- Standards for the conduct between the employees themselves (p. 66)</li> </ul> <p><b>RWE Social Charter:</b></p> <ul style="list-style-type: none"> <li>- Establishment of ILO core labour standards</li> </ul> <p><b>Pay and social benefits above the relevant national average</b></p> <p><b>Supplier management :</b></p> <ul style="list-style-type: none"> <li>- Assessment and Review of suppliers for goods, plant components and services (p. III/IV)</li> <li>- Counter Party Risk Assessment in procurement of fuels (p. V)</li> </ul> <p><b>Membeship "Bettercoal" since 2012</b></p> <ul style="list-style-type: none"> <li>- Active in Committees (p. VI)</li> <li>- Part of a delegation that visited Russia (p. VI)</li> </ul>	<b>~ 10%</b> ratio of employees with disabilities at RWE in Germany (p. 66)
<b>Principle 2:</b> Elimination of human rights violations			<b>39</b> places entry-level qualification "I can do it!" ("Ich pack' das!") (p. 65)
<b>Principle 3:</b> Ensuring freedom of association	<b>8.5:</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value;		
<b>Principle 4:</b> Abolition of all forms of forced labour			
<b>Principle 5:</b> Abolition of child labour			
<b>Principle 6:</b> Elimination of discrimination			
<b>Principle 7:</b> Precautionary environmental protection	 <b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b>	<p><b>Strategy to reduce the CO<sub>2</sub> emissions:</b></p> <ul style="list-style-type: none"> <li>- Optimisation of the power plant portfolio (p. XII)</li> </ul> <p><b>Environmental management:</b></p> <ul style="list-style-type: none"> <li>- in conformity with ISO 14001 (p. XII)</li> </ul> <p><b>Research and development:</b></p> <ul style="list-style-type: none"> <li>- on facilitating use of lignite as a material (p. 43)</li> </ul> <p><b>RWE Code of Conduct:</b></p> <ul style="list-style-type: none"> <li>- Commitment regarding resources and use of environmentally friendly technologies (p. XII)</li> </ul> <p><b>Supplier management:</b></p> <ul style="list-style-type: none"> <li>- Interrogation of environmentally relevant criteria in the course of prequalification (p. 60)</li> </ul>	<b>51%</b> Reduction of annual CO <sub>2</sub> emissions from 2012 to 2019 (p. X/XI)
<b>Principle 9:</b> Development and dissemination of environmental technologies	<b>9.4:</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities;		<b>100%</b> level of coverage environmental management at RWE stand alone (p. XIII)
<b>Principle 7:</b> Precautionary environmental protection	 <b>13 CLIMATE ACTION</b>	<p><b>Strategy to reduce the CO<sub>2</sub> emissions:</b></p> <ul style="list-style-type: none"> <li>- Optimisation of the power plant portfolio (p. XII)</li> </ul> <p><b>3malE Initiative (discovering, exploring and experiencing energy) (p. 35, 68)</b></p>	<b>51%</b> Reduction of annual CO <sub>2</sub> emissions from 2012 to 2019 (p. X/XI)
<b>Principle 8:</b> Initiatives to promote greater environmental responsibility	<b>13.1:</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries;		<b>782</b> experiment kits were loaned to schools and nurseries (p. 68)

UN Global Compact	Sustainable Development Goals	Measures at RWE	
Principles	Goal/Target	Measures	Performance Indicators
<b>Principle 7:</b> Precautionary environmental protection		<p><b>Environmental management:</b>            - in conformity with ISO 14001 (p. XII)</p> <p><b>Biodiversity Policy (p. 51)</b></p> <p><b>Biodiversity strategy for areas in the Rhineland Lignite Mining Region (p. 51)</b></p>	<b>100%</b> level of coverage environmental management at RWE stand alone (p. XIII)
<b>Principle 8:</b> Initiatives to promote greater environmental responsibility		<p><b>15.5:</b> Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species;</p>	
<b>Principle 9:</b> Development and dissemination of environmental technologies		<p><b>RWE Code of Conduct:</b>            - Commitment regarding resources and use of environmentally friendly technologies (p. XII)</p> <p><b>Supplier management:</b>            - Interrogation of environmentally relevant criteria in the course of prequalification (p. 60)</p>	
<b>Principle 10:</b> Anti-corruption measures		<p><b>Compliance Management System:</b>            - Compliance officers inside Germany and in other countries (S. VII)            - Review by a professional services firm (p. VIII)</p> <p><b>RWE Code of Conduct:</b>            - Prohibits any form of corruption (p. VII)</p> <p><b>Group guidelines:</b>            - Organisational regulations (double-checking (four eyes) principle, separation of functions, authorisation concepts and licensing regulations) (p. VII)</p>	<b>100%</b> Feedback rate for the management survey (p. VII)

# Contact and imprint

**Publisher**

RWE Aktiengesellschaft  
Altenessener Str. 35  
45141 Essen  
Germany

**Contact persons**

Dr Jens Wiggershaus  
Dr Christine Negrini  
Tobias Heck  
Julia Brune  
Corporate Responsibility  
Altenessener Str. 35  
45141 Essen  
Germany  
Phone +49 201 12-15593  
Email responsibility@rwe.com

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**Translation**

Tristam Carrington-Windo

# Stay in Dialogue

[responsibility@rwe.com](mailto:responsibility@rwe.com)

RWE Aktiengesellschaft  
Altenessener Str. 35  
45141 Essen  
Germany

[www.rwe.com](http://www.rwe.com)