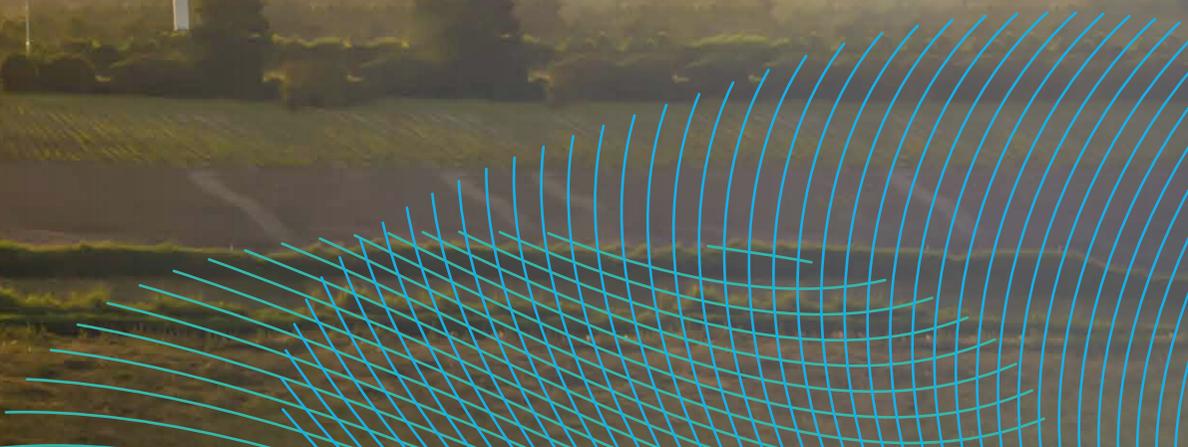




**RWE**

**Together we turn  
passion into  
sustainability**

**Sustainability Strategy Report 2022**



## Highlights from 2022



**35 TWh**

electricity from  
renewable sources



**83%**

of our investments are  
in green technologies



**18,310**

employees working  
for sustainable and  
reliable energy



**0**

serious environmental  
incidents

## Further reports

-  [Annual Report with Non-financial Group statement 2022](#)
-  [Sustainability Performance Report 2022](#)
-  [Sustainability Management Report 2022](#)

## Sustainability Strategy Report 2022

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## 01 Meet RWE

A transforming  
energy company  
with sustainability  
at its core



## A transforming energy company

**We are RWE. Our company is at the leading edge of the shift to sustainable energy.** Our operations around the globe ensure that people and businesses get the electric power they need in increasingly climate-friendly ways. RWE has been around for 125 years. And in that time, our society has changed dramatically. With this, the way electricity is produced has changed in a similar way. RWE produced the very first megawatt hour from hard coal. Later, lignite and nuclear fuel rods were our main sources. Today, they have been replaced with natural gas, wind, sun and water. We are further going this way to a zero-carbon energy system. Sustainability is getting more and more important for RWE, as well as for people, customers, countries and companies.

**We're growing our green business while responsibly phasing out coal and nuclear energy.** Sustainability is a core principle of our corporate strategy and culture, and we're making rapid strides in broadly and deeply integrating it into the company.

These times could hardly be more challenging for societies and businesses worldwide. People are shocked by the war which Russia's invasion of Ukraine has provoked and struggling with rising prices for power, gas and basic retail goods. Businesses and entire economies are in turmoil and weighed down by a generally pessimistic mood. At the same time, the climate crisis is accelerating and the window for limiting global warming to 1.5 °C rapidly closing. The UN Environmental Programme has estimated that current →

policies, if they continue unchanged, will drive a 2.8 °C increase in global temperatures by the end of this century. So it is now clearer than ever that we must accomplish the required transition even faster to keep our planet healthy and avert a catastrophe.

**RWE, one of the largest producers of climate-friendly electricity, is leading the way to a green energy world.**

We're implementing a comprehensive investment and growth strategy, which we have dubbed 'Growing Green', to expand our already large and steadily increasing international green generation capacity to 50 GW by the year 2030. By that time, RWE will have invested more than €50 billion (gross) in this project. Our portfolio includes offshore and onshore wind, solar, biomass, gas-fired and hydropower generation plants as well as hydrogen and battery storage facilities. Our subsidiary RWE Supply & Trading creates bespoke energy solutions for large customers. RWE is active in the attractive markets of Europe, North America and Asia-Pacific.

In keeping with our purpose, 'Our energy for a sustainable life'. RWE is committed to delivering value to societies, communities, employees, shareholders and stakeholders.



**“RWE has successfully weathered this crisis so far. We have supported where we can.”**

**Interview**

# Markus Krebber

RWE's Chief Executive Officer (CEO) looks back and ahead

**A global pandemic, surging inflation and a war in Europe: 2022 has certainly not been a year of recovery. What has been the impact on RWE?**

Coming from two years with the Covid-19 pandemic, we have certainly all wished for easier times in 2022. The war in Ukraine has brought immense human suffering to the country. Over 8 million people have fled their country due to a senseless war, started by the Russian leadership. In these dark times, it was heart-warming to see the support and help offered by our colleagues, the #TeamRWE. We as a company also contributed directly to help those in need. Besides this humanitarian catastrophe the war has plunged Europe into a serious energy crisis. This has been one factor for the inflation we see in most of the European countries – and a dramatic change that we have all observed on our daily bills. RWE has successfully weathered this crisis so far. We have supported where we can to safeguard security of supply. Despite the discontinuation of gas deliveries from Russia, the energy supply system was kept up and running at all times.

**You mentioned the current energy crisis in Europe: What has been the reaction of RWE and what does this mean for sustainability?**

We organised imports of large quantities of liquefied natural gas (LNG) to Europe. On behalf of the German government, we chartered two special ships, docked at Wilhelmshaven and Brunsbüttel, in order to regasify ocean shipments of LNG. Moreover, at the government's request, we brought several lignite-fired power plants back online and deferred the decommissioning of two lignite units as well as of the Emsland nuclear power station, in order to reduce the amount of gas used to generate electricity.

I know that many people do not like to see lignite units running longer in the short term. But the consequences of an electricity shortage would have been even more dramatic. And let me be clear: We do not lose sight of the global challenges we face such as climate change and biodiversity loss. We have to accelerate the transition to renewable energy sources to keep the 1.5-degree goal of Paris alive – and RWE is a leading catalyst with our investments and transition. We are committed to that.

**An important step to accelerate the company's transition has been the announcement of an earlier coal exit: Why did we take this step?**



**“With this decision, we are making a significant contribution to climate protection and creating the basis for putting the company on a 1.5-degree CO<sub>2</sub> emission reduction path.”**

All scenarios point to it: In advanced economies coal must be phased-out in the early years of the next decade to limit global warming to below 1.5-degree. At the beginning of October, we made this far-reaching decision: We agreed with the German federal and state governments to accelerate the coal phase-out by eight years until 2030. With this decision, we are making a significant contribution to climate protection and creating the basis for putting the company on a 1.5-degree CO<sub>2</sub> emission reduction path. It is not just a question of

phasing out earlier. Our agreement provides for earlier entry into renewable energies and modern gas-fired power plants, which will later be converted to hydrogen. Only in this way can we succeed in ending lignite-based power generation by 2030. RWE will make a massive contribution to this project in the Rhenish mining area. We also want to build 3 GW of H<sub>2</sub>-ready gas-fired power plants at our coal-fired power plant sites as back-up capacity. The decision we took was about creating the conditions for a modern, long-term sustainable solution for security of supply. But it is also about securing good industrial jobs in the region and at RWE in the future.

**Looking at our growth business: What impact on sustainability are we aiming for here?**

We have been dealing with sustainability for a long time because the development is irreversible. And it is still gaining momentum. The shift towards a sustainable society is not a contradiction to economic development and prosperity. On the contrary, it can give new impetus to industry and the economy. It has long since become a yardstick for social acceptance and the commitment of investors. We have the ambitious goal of being climate neutral by 2040. On the way to achieving this, we are investing €50 billion gross in our green core business worldwide by 2030. That's €50 billion for climate protection. We are massively expanding our capacity in offshore and onshore wind power, solar, storage, flexible backup capacities and hydrogen. In 2030, the capacity

will amount to more than 50 GW – almost double today's figure.

### **How do you communicate this transition to the over 18.000 employees at RWE?**

Our employees – #TeamRWE – are doing a remarkable job in challenging times. When I speak to the colleagues it is clear: Sustainability is driving them, no matter if you talk to our employees in the administrative offices or on site. We all understand our responsibility. We want to use our impact for good. 'Our energy for a sustainable life': This is a deliberately high demand on ourselves. The company must live up to it – and the company is all of us.

In 2022 and in addressing current challenges, we have driven our green transformation in remarkable ways. To name just a few achievements: We commissioned two gigawatts of clean energy projects and currently have more than 5 GW under construction. With four major offshore auctions, we have set the course for further future growth and accelerated the organic expansion of our project pipeline. We also expanded our green portfolio through strategic acquisitions. In this respect, the acquisition of Con Edison Clean Energy Businesses stood out and catapults us into the top league of renewable energy players in the US as well.

### **Are you optimistic when looking ahead? What does it need to make the global energy transition possible?**

It was impressive to see how Europe worked together to tackle the energy crisis, characterised by a spirit of pragmatic and quick decision-making. We need more of this attitude to drive the energy transition decisively in the coming years. In Germany, for example, after decades of discussion, LNG terminals were built in less than a year to diversify our gas supply. During this time, RWE has proven to be a reliable partner in building key infrastructure, securing gas supplies and providing additional electricity capacity to replace gas. The 2020s are thus the key decade on the path to climate neutrality. There are a number of indicators that show that there is no longer a lack of will: There is the great willingness to change in the companies that have recognised the opportunities of the transformation. Enthusiasm, a spirit of optimism and the will of society as a whole – these are the ingredients for tackling the task together. But this also requires the courage to resolve existing conflicts. And the strength to once again put the common good above the interests of individuals.





# Sustainability as an integrated part of doing business

**Sustainability is at the core of our corporate strategy, and our purpose – ‘Our energy for a sustainable life’ – accurately describes our path.** We’re making progress in expanding our share of renewable energy and consolidating our position as a Group that is transitioning to a sustainable business model. Within the scope of our ‘Growing Green’ strategy, we have made a commitment to spending €50 billion to build renewable energy plants, battery storage facilities, gas-fired power plants and electrolyzers by 2030. Our target is to double our generation capacity to 50 GW with these technologies over the next few years. This naturally includes striving for sustainability in all of our activities. In order to build a business that is ready, able and willing to meet today’s and tomorrow’s challenges, it’s vital for us to consider all real and potential, small and large-scale impacts throughout our value chains. The sustainability

landscape is dynamic, with themes that are constantly evolving as some challenges grow in importance and more is learnt about each one.

**We have grasped the need to take a systematic approach to identifying important topics related to environmental, social and governance issues.** It’s crucial for us to engage with our stakeholders and apply their feedback to appropriately modify our strategic priorities and planning. At the same time, we’re striving to gain fresh insights and hone our expertise in topics and issues that are important to us. RWE interacts with a wide range of stakeholders on a daily basis: political decision-makers, non-governmental organisations, customers, partners, suppliers, shareholders, creditors and our own employees, who in many cases are represented by trade unions or other bodies. We value these contacts, not least →

because they give us opportunities to align and adjust our sustainability priorities. By engaging in a dialogue with our stakeholders, we learn which topics RWE needs to address.

**Our sustainability strategy points out what is most important for us and complements our green growth ambitions.** For defining our strategy, in 2021 we carried out a large-scale online survey of a wide range of stakeholders to get their feedback on environmental, employee and social matters, human rights, and our efforts to combat corruption and bribery. We used our internal expertise and external sources, such as sustainability standards and ratings to form a list of potential topics. To make sure to cover all relevant concerns, we broke each topic down further into subtopics and invited the stakeholders to add their own suggestions. The valuable feedback we received enabled our management to identify nine main topics for our sustainability efforts going forward. To validate the results, in 2022 we also carried out a supplementary online survey of a group of in-house employees.

Our sustainability strategy underpins our ambition to grow globally while respecting environmental, social and ethical principles and goals. The nine topics address the entire spectrum of environmental, social and corporate governance matters: Climate change, innovation, biodiversity, circular economy, social responsibility, occupational health and safety, diversity, equity and inclusion, compliance and ethics and sustainable investments. We grouped these topics in three We-Statements that are underlining our joint responsibility at RWE to drive sustainability forward – within our company and with partners. Our actions are guided by these priorities. Our aim is to set an example in transitioning

from a conventional business model to a sustainable one. A comprehensive catalogue of measures guides us for achieving our strategic ambitions and goals. Both the strategy and the action plan are regularly updated.

**Our sustainability strategy is built on our corporate values and a clear compass.** They guide RWE's Executive Board and employees: Trust, passion and performance. They form part of our culture and demonstrate how we want to be perceived by customers, partners and society. Moreover, our Code of Conduct establishes Group-wide behavioural rules and obliges our employees to demonstrate responsibility, honesty, loyalty and respect to both people and the environment. The values and principles are set out in further documents and policies on specific topics. Sustainability is more and more integrated part of many of these documents and policies, making the topics everybody's business.

**One key to our company's success is our ability to recognise change early on, to plan for certain scenarios, to manage risk effectively and to seize opportunities arising from such changes.** Our Group-wide risk management system is tasked with identifying, assessing and controlling quantifiable risks as early as possible. This includes opportunities and risks arising from sustainability matters in cases where these exceed the notification thresholds in the applicable laws. The challenges we face in managing sustainability matters arise from the long-term horizon over which many changes materialise and the substantial uncertainty surrounding the assessment of their potential effects and probabilities of occurrence. In line with the topics of strategic relevance, we identified potential risks arising from RWE's business activities and business relations. These risks may →

### Deep Dive

## Our priorities



### We grow:

We are growing green and creating long-term value by investing in technologies for a sustainable future.



### We act:

We apply scientific principles to conserve nature for future generations.



### We care:

We acknowledge our stakeholders' interests and act responsibly wherever we operate.

affect the company as well as its business environment and stakeholders. Some transitional risks, i.e. risks from long-term developments, are difficult to identify or quantify. Non-financial risks mentioned in this statement represent potential material risks that may have a high probability of occurrence and severe ramifications before potential mitigation measures are taken (gross perspective). They were assessed in a total of three areas: influence on RWE, influence exerted by RWE, and relevance for stakeholders. We take appropriate actions to mitigate these risks – some of our approaches and progress are described in this report.

We continuously strive to assess risk more accurately, e.g. when it comes to the risks from climate change. In 2022, we conducted the first cross-portfolio climate risk assessment for a set of business activities. The assessment focused on climate projection scenarios that are the best possible fit for the lifetimes of our newest assets. In so doing, we also considered long-term scenarios. Projected changes to climate variables were identified using a Group of global climate models. Various sources of uncertainty are mitigated by taking account of various driver scenarios, among other things. The first result of the assessment reveals a higher relevance for assets that are planned, under construction, or have recently been commissioned. In addition, as a rule, technology-dependent climate data were also analysed for identified material risks and adaptation solutions were implemented, some of which were extensive. Examples are flood protection for run-of-river power stations and retaining basins for plants with water-based cooling systems. The first step of the vulnerability assessment revealed, among other things, changes in wind, sunshine, precipitation and drought →

Deep Dive

# From analysis to reporting – how we define our most material topics

It is important for businesses to understand their most material impacts. As value creation models, societal attitudes and knowledge alter, companies have to keep track of these developments.

We conduct an analysis every year to identify, assess, and prioritise the themes that matter to our stakeholders and our business. In doing so, we consider both the impact that we as a Group have on our surroundings and the impact that the identified themes may have on us as a business. The results fuel our strategic discussions and lead ultimately in the structure of this report – it shows our stakeholders the priorities of our work in the different sustainability areas.



duration as being technology-specific climate hazards. The next step will involve looking at further specific data such as the age and service life of individual assets to specify vulnerability.

**RWE is a Group of strong operating companies – with distinguished impacts on sustainability.** Our holding company RWE AG defines the frame and overarching targets for the Group. Our operating companies can add additional topics and actions when it might be required from a regulatory or strategic perspective. This approach allows the units to focus on areas that are most material to their activities. For example, our offshore business has defined the topics of biodiversity, local benefits, climate change and circular economy as focal points – these are derived from the overarching Group goals and priorities. Group and operating companies work closely together to expand the reach our sustainable and responsible business practices at RWE.



Interview

## Sven Utermöhlen

The Chief Executive Officer (CEO) of RWE's Offshore Wind business about the material sustainability topics for the renewables business

### Was 2022 a successful year for RWE's offshore business?

A lot is happening right now in the expansion of offshore wind power worldwide – and it is a confirmation of our strategy that RWE is heavily involved in its growth. We are the world's number 2 for offshore wind power. In 2022, we connected our offshore wind farm, Kaskasi, to the grid off Heligoland. Also in the German North Sea, we are driving forward the development of a large offshore wind cluster of more than 1.5 GW together with our Canadian partner Northland Power. In the US we have won the rights to lease sites for two offshore wind farms, our first offshore wind farms in the US: a site in the New York Bight area, suitable for 3 GW of generation capacity and a site off the coast of Northern California. In the Netherlands, we have won the permit to build Hollandse Kust West VII with 760 MW, based on an unique concept for the integration of the wind farm in the Dutch energy system.

### What contribution can renewables, and specifically offshore wind, play to climate targets?

The expansion of national and international targets is ambitious and right! More renewables help the climate and increase the supply of electricity; they contribute to lowering the recently high energy prices in the long term and permanently. Offshore wind energy has the potential to make a significant contribution: It is a reliable and predictable source of renewable energy, which can complement other renewable energy sources like solar and onshore wind power. This can help to ensure a stable and diversified energy mix, reducing the dependence on fossil fuels and improving energy security. The Intergovernmental Panel on Climate Change (IPCC) has repeatedly highlighted the important role that renewable energies can play in mitigating climate change in their reports.

But all reports on the current status show one thing: The deployment needs to increase substantially to meet the 1.5 °C goal. Targets alone are not enough. It's not as if you set new GW figures and the rest happens by itself.

That can only be done through massive investments. With 'Growing Green' in 2021, RWE has adopted a strategy that is proving to be absolutely right, even in the crisis. In addition to flexible backup capacities and storage facilities, we are fully committed to renewables: Last year, RWE invested €4.4 billion net in the green energy world. In October, we acquired Con Edison Clean Energy Businesses one of the leading operators and developers in the field of renewable energies in the USA – this is a huge boost for our green expansion.

**Accelerating growth means more impacts. What role does sustainability play nowadays when planning, constructing and operating a wind farm?**

Sustainability is right on top of the agenda in the industry. Renewables have an impact – first and foremost a positive one for the climate because they enable countries, businesses and people to decarbonise. Building out of renewable energies is one of the key levers to keep the world on a path to limit the consequences of global warming. But we are even looking beyond direct emissions from power production, for example in the production process of concrete for our foundations, the steel making process for our towers or by reducing the emissions of the ships that bring our construction and maintenance crews safely to our farms. Whenever possible we partner with manufacturers and peers to work on climate-friendly solutions, to make renewable energy even more the tool of choice to protect the climate. But our assets and activities have

other impacts as well, and we have to be conscious about them. For us in the offshore business the engagement with local stakeholders is a key concern. We want to be the partner of choice for communities by creating value and benefits close to our sites. In that sense we work with fisheries and support a just transition by helping to upskill people and providing employment.

**What other topics are on the agenda for your business?**

The first topic is biodiversity. Biodiversity loss is closely connected to climate change and one of the great challenges we need to stop from further progressing. Already today we conduct in-depth assessment of the impacts of our assets for example on marine biodiversity. We don't only look to reduce impact but instead work towards creating new habitats and nature inclusive designs to meet our target of having a net-positive impact on biodiversity for new assets by 2030. The second topic is circularity: Renewable energy assets are already up to 90% circular. The main sticking point are the rotor blades. We are the first company worldwide to introduce fully circular rotor blades – namely at the new Kaskasi wind farm off the coast of Heligoland, which we completed in late 2022. Three of the wind farm's 38 wind turbines, supplied by Siemens Gamesa, feature rotor blades made from a new type of resin that allows for the different materials to be separated at the end of life. We aim to ramping up recyclable blades with the ambition to have 100% recyclable blades installed for new assets by 2030.





## Sound governance for sustainability themes

### **Sustainability is integral to our corporate governance.**

Instead of treating environmental, social and governance topics as separate, isolated issues, we address them broadly across the Group. This helps us to maximise the benefits of responsible business practices. RWE is organised so as to ensure clear accountability and alignment with strategic objectives.

The governance of RWE and its subsidiary Group companies ('RWE Group') is primarily determined by applicable statutory regulations, the Articles of Incorporation of RWE and the provisions of the German Corporate Governance Code ('GCGC'). Sustainability plays a role in the highest management bodies of our Group: In compliance with legal requirements, RWE has a 'dual governance system'. This means that the members of our Executive Board (a management body)

and Supervisory Board (a monitoring body) are clearly separated, without any overlap between the two. The Supervisory Board has 20 members, ten of which are elected at a general meeting in accordance with the German Stock Corporation Act; the other ten are elected by our employees in compliance with the German Codetermination Act. The Supervisory Board has a sub-committee that meets regularly to discuss strategic and sustainability matters. Furthermore, other committees are responsible for example for auditing or determining the sustainability elements in the executive remuneration. Staffing a company's responsible corporate bodies appropriately is a key element of good corporate governance. Therefore, the Supervisory Board published specific goals with respect to its composition and established a skills matrix. One field of expertise that is deemed material is sustainability. Detailed information about the matrix and →

the skills of the individual members of the Supervisory Board can be found in the Corporate Governance Declaration that we publish separately.

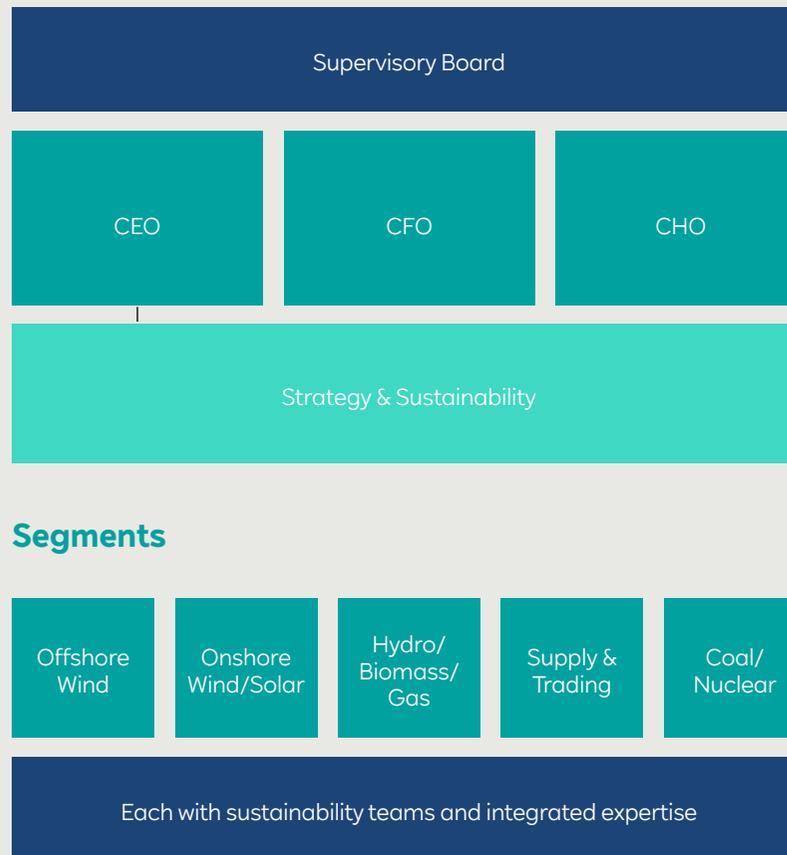
The Executive Board is responsible for managing the Group, also concerning environmental, social and governance matters are concerned. A breakdown of accountabilities by Executive Board member can be found in the schedule of responsibilities. Each Executive Board member runs their area under their own responsibility. We take an integrated approach to spurring sustainability, which is why we distribute responsibility for our main topics. The Executive Board and Supervisory Board closely collaborate and regularly communicate with one another for the company's benefit. Our purpose, 'Our energy for a sustainable life', accurately reflects the fact that our actions are guided by the principle of sustainability. The degree to which sustainability targets are achieved determines both the short-term and long-term remuneration of the members of the Executive Board of RWE AG. The current remuneration system for the members of the Executive Board of RWE AG has been in place since fiscal 2021. The Annual General Meeting endorsed the remuneration system on 28 April 2021 with a majority of 93.19%. We disclose detailed information in the annual Remuneration Report, which we publish separately.

**The Strategy and Sustainability Department is responsible for group-wide development and steering of important sustainability topics.** It works closely with the Group's functional departments to align ambitions, targets and potential measures. It regularly reports to the Executive Board on progress made in achieving prioritised sustainability objectives and informs the Supervisory and Executive →

Deep Dive

# Sustainability organisation in RWE

## RWE AG



We have a strong sustainability organisation at RWE that ensures we progress on our most important strategic topics while complying with the regulatory requirements. Our company's strategic orientation is determined by the Executive Board of RWE AG, which is responsible for establishing and achieving the Group's objectives. The Supervisory Board is directly involved in the corporate and sustainability strategy for example via the Strategy and Sustainability Committee. We take an integrated approach to spurring sustainability, which is why we distribute responsibility for our main topics. The Strategy & Sustainability Department is assigned to the office of the CEO and is in charge of developing the Group's sustainability strategy, reporting and implementing initiatives of strategic relevance. This is done by working closely with the relevant functions and Group companies, which can develop their own strategies and in most cases have appointed their own sustainability officers.

Boards on important matters as required. The Director Strategy & Sustainability reports directly to the CEO of RWE AG. Strategic targets and actions are aligned between RWE AG and the operating companies within the scope of a structured strategy steering process.

Another part to steer sustainability action in the Group is regular reporting about progress. The Strategy & Sustainability Department provides the Executive Board with quarterly updates. As the Executive Board is jointly responsible for the strategy and the steering of the Group they discuss all relevant matters in the regular meetings. The accountability for implementing new processes and conducting projects to drive sustainability lies in specialist departments of RWE AG or the RWE operating companies.

**RWE has well-established processes and procedures for instilling a healthy business culture across all of its organisation's levels.** These encourage employees to adopt proper values and empower them to speak up against any wrongdoing. The integrity of our actions is a major requirement for successful long-term growth. Our RWE values – passion, trust, and performance – are the core of our identity. They provide stability and reliable guidelines for our behaviour and decisions. Living our corporate values therefore helps all employees to achieve our vision and provides a frame of reference for our strategic decisions. Our values are what we stand for at RWE: They define the kinds of behaviours that we embrace and are the ideals with which we hope that our customers, partners, suppliers and communities will associate us. They are the basis for RWE's success. Mindfully living and applying these values at work every day helps us to succeed in the face of increasing competition.



## RWE JOINED THE UN GLOBAL COMPACT

We also have robust labour standards in place to ensure that those who work for the company, either directly or via its supply chain, are treated fairly and with dignity and respect. The principles enshrined in the RWE Code of Conduct constitute the framework for RWE's corporate and social activities. We intend it to encourage our staff to accept responsibility. The RWE Code of Conduct is designed to clearly guide them in their day-to-day work. Based on the principles of the United Nations Global Compact, which we joined in 2004, and the OECD Guidelines for Multinational Enterprises, it ensures that our activities conform to laws as well as social and cultural norms and values. In order to anchor these principles as a guide for everyone concerned, it constitutes the basis for all other company regulations.

Once a year, each member of management with responsibility for staff must confirm compliance with their division's own Code of Conduct.



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## 02 We grow

We are growing green and creating long-term value by investing in technologies for a sustainable future



## We grow: Sustainable investments

### The challenge

Companies need to transition. We are at the forefront of this development by accelerating our growth in renewable energy. We rely on both public and private investments for tackling the challenges of our age. According to the World Bank, in the current decade six trillion dollars a year need to be spent to achieve the UN Sustainable Development Goals. Companies play a major role in this by investing in people, their skills and new technologies. It's crucial for financial resources to flow into more sustainable activities. We can see that consumers are now more aware of the environmental and social impacts of their daily choices, also where investing their money is concerned. Because of this, investors are increasingly applying environmental, social and governance criteria to their decisions. Through all of

these developments, it's important to encourage companies to take bold steps on their transition journey.

### Our ambition

Greener, bigger and more valuable – that's RWE in 2030. In line with our 'Growing Green' strategy, we are significantly picking up our pace and investing more than €50 billion (gross) in our core business. Overall the company is expanding the net power generating capacity of its portfolio by 25 GW to achieve a total output of 50 GW in the attractive markets of Europe, North America and Asia-Pacific. →

## Our approach

We are firmly committed to investing sustainably. Most of our capital expenditures are green as defined by the EU taxonomy regulation on sustainable activities. RWE is in fact already one of the world's leading renewable energy companies. Our choice to make renewables one of the focuses of our new strategy therefore makes complete sense. We intend to more than triple our offshore wind power generation capacity from 2.4 to 8 GW by 2030. Regarding onshore wind and solar energy, we are expanding our installed generation capacity from 7 to 20 GW. In Europe and North America the increase will be roughly split between these two energy generation modes. The unique potential of solar in particular will be tapped to a much greater extent than is presently the case by boosting capacity from less than 1 to 8 GW. Our battery storage business is also clearly focused on growth. The company is currently involved in projects with a combined installed battery capacity of over 0.6 GW, and this figure is poised to surge to 3 GW by 2030. RWE will mainly take advantage of opportunities to improve the reliability of supply in its traditional markets (Germany, the United Kingdom and Benelux) by expanding its flexible generation capacities there.

With an installed capacity of 14 GW, we currently operate Europe's second-largest fleet of gas-fired power plants. More such stations are planned, with a total generation capacity of around 3 GW and a clear decarbonisation roadmap. A roadmap for 'green conversion' will also be developed for all existing power plants. RWE is also going to significantly expand its trading in green energy sources as well as the range of tailored energy solutions offered to

large customers. The experience we have gained by implementing our own transformation makes us the partner of choice for decarbonising industry. We are also planning to tap new business opportunities by importing hydrogen and ammonia to supply industry in Europe.

Our growth programme is flanked by an accelerated coal exit. In the United Kingdom and Germany, we already phased out hard-coal-fired power generation in 2019 and 2021, respectively. We are currently using hard coal in only our Dutch stations Amer 9 and Eemshaven, where biomass is co-fired. From 2025 and 2030, respectively, we will no longer be using hard coal in these plants. Conversely, the phaseout of lignite, which is produced and used to generate electricity in the Rhenish region to the west of Cologne, is significantly more complex for RWE due to the social ramifications. We agreed with the German government and the state of North Rhine-Westphalia that we would stop producing electricity from lignite in the Rhenish mining region as soon as 2030 for climate reasons.

We are funding this growth with green financing: Green bonds are our preferred tool for channelling investments to climatically beneficial projects that help achieve the Paris Agreement and the Sustainable Development Goals of the United Nations. Our Green Bond Framework of April 2020 is the basis for all allocations.

## Our progress

The energy industry has been affected by the impacts of the war in Ukraine since early 2022. Despite the challenging environment, we have managed to hit a number of mile-

stones in our growth strategy. The acquisition of Con Edison Clean Energy Businesses, in particular, signified a huge step forward, making us one of the leading solar power producers in the United States. We also secured our first maritime sites for offshore wind farms there in two auctions. We had important breakthroughs in Europe as well. Triton Knoll and Kaskasi, two large-scale offshore wind farms, went online and we reinforced our flexible generation portfolio with the acquisition of Dutch gas-fired power plant, Magnum.

Last year, we successfully completed a series of wind power and solar projects. At the end of 2022, 32% of our total capacity was renewable – and we will grow this number further with a pipeline of projects around the globe. In March 2022, El Algodon Alto in Texas entered commercial operation. Altogether, the wind farm's 91 turbines have a capacity of 200 MW. We invested approximately €280 million in the wind farm. One month later, we completed our Triton Knoll offshore wind farm. It is located off the eastern coast of England and has 90 turbines with a total capacity of 857 MW, making it one of the largest wind farms in the world. In June, the Swedish onshore wind farm Nysäter was inaugurated. The 114 turbines boast a combined capacity of 474 MW. RWE holds a 20% stake. In November, the Blackjack Creek onshore wind farm in Texas was completed. It is wholly owned by RWE. In all, its 50 turbines have a capacity of 240 MW. By December, all 38 turbines on our Kaskasi wind farm in the German North Sea had been put online. Together, they have a combined capacity of 342 MW. Kaskasi is located 35 kilometres to the north of Heligoland. Three turbines were fitted with recyclable rotor blades from Siemens Gamesa, which feature a new resin that allows the different materials to be separated after use. This is the first →

time that these circular rotor blades are being used in Germany. In 2022, we upped our solar capacities by 318 MW to 804 MW. At 196 MW, our new photovoltaic ground-mounted system, Hickory Park, in Mitchell County in the state of Georgia made a significant contribution in this regard. With these new additions to our portfolio, electricity production from renewables rose by 11% to 35,499 GWh. Wind power generation was up 20% on the previous year's level, driven above all by the progressive capacity expansion and more favourable weather conditions.

### Next steps

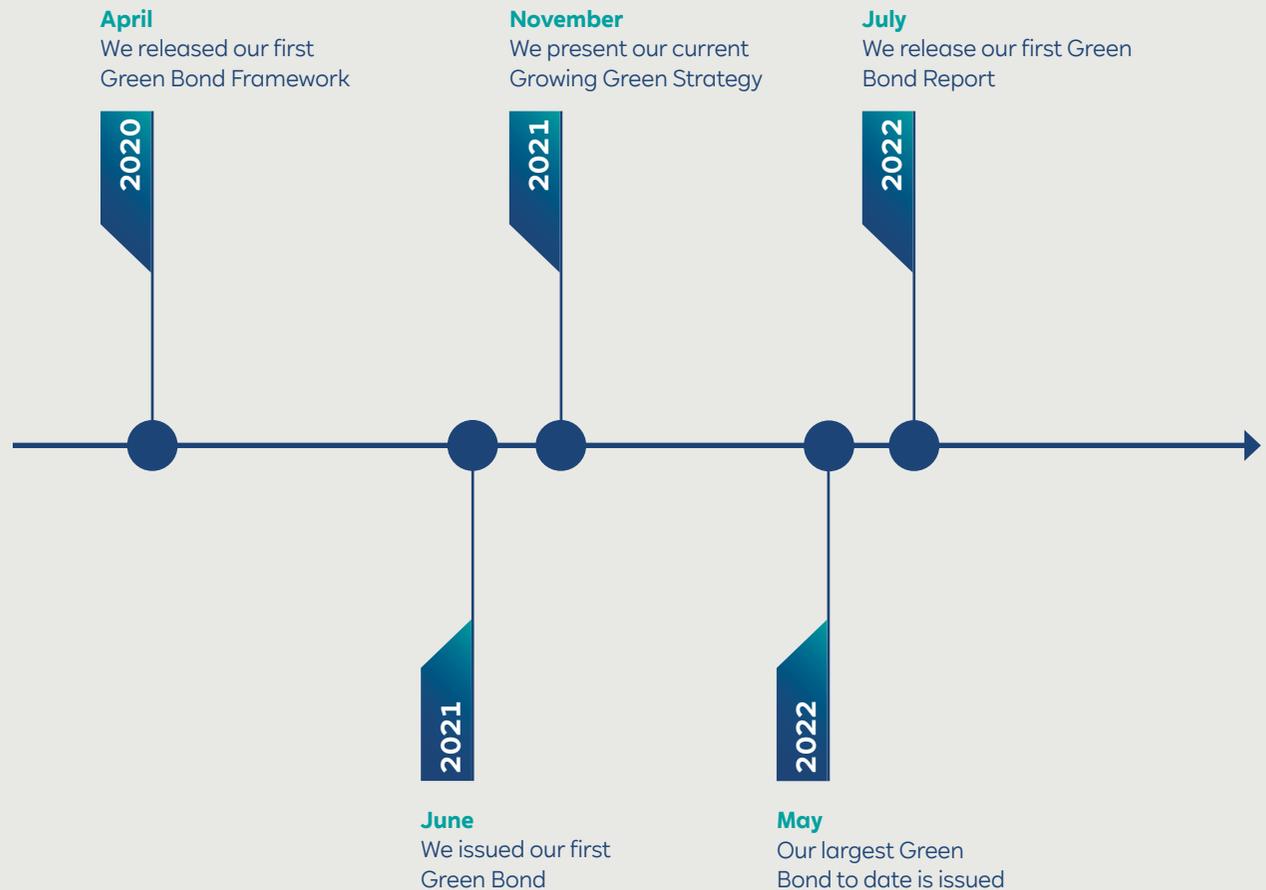
We have 6 GW of green capacity under construction. With the acquisition of Con Edison Clean Energy Businesses, we are accelerating our growth even further. The new addition to the RWE Group will add over 3 GW of power generation capacity, mainly from solar. With our 'Growing Green'-strategy we have communicated clear targets for our growth. A large portion of the investments of €50 billion will flow into renewable energy technologies – enabling countries and companies to decarbonise. In 2023 we will revise our strategy and update our growth targets. We want to present the results of this to the public at our next Capital Market Day, which has been scheduled for the fourth quarter of 2023.

### Targets and indicators

In 2022, 83% of our investments flowed into sustainable activities – according to the EU Taxonomy guidelines. We aim to increase this share to above 90% in 2030.

### Deep Dive

## Green finance for green investments





## We grow: Innovation

### The challenge

Innovation is needed to tackle the most urgent sustainability challenges. Many of the technologies that we use today to combat climate change are only largely available at reasonable costs because pioneers pushed the boundaries and prototyped new ways of producing electricity. This innovation is required – and all actors must continue to strive for better solutions.

### Our ambition

We are constantly looking for ways to get better – innovation is one way to do that. Innovation can make electricity cheaper, more reliable and with less impact on the environment and nature. That's why we constantly monitor the latest

technical developments, forge partnerships and encourage research into new processes and products. As an energy provider, we tend to be focused more on using rather than researching new technologies. Nevertheless, we do still contribute to innovation in our industry – whether it be by launching new projects, making funds available, creating the necessary infrastructure or offering our experience as a technology-forward company.

### Our approach

RWE is innovative in many ways. We are motivated both by a desire to remain competitive in an ever-changing environment as well as a passion to be a driving force of this change. Our innovation projects are dedicated to developing solutions that help us advance the utilisation of renewable →

energy, expand energy storage and become involved in large-scale hydrogen production. We also want to play a part in building a circular economy which puts carbon dioxide to the best ecological use. Research and innovation are steered by dedicated teams in the operating companies, as well as a team responsible for partnerships and technology screening at RWE AG. Many examples illustrate the breadth and variety of the challenges we face in light of the energy transition and demonstrate the creativity with which we are tackling them.

## Our progress

In 2022, we equipped three of the 38 wind turbines on our Kaskasi wind farm with recyclable blades, supplied by Siemens Gamesa. These rotor blades are made from a new type of resin that allows for the different materials to be separated. Taking this approach largely preserves their properties, and allows for the individual materials to be reused once the rotor blade has reached the end of its life. We are now testing the new rotor blades under real-world conditions. If they prove effective, we also intend to use them in future wind farms. In addition to renewable electricity, hydrogen will also play a major role in decarbonising 'hard-to-abate' sectors such as aviation or cement production. It is an all-rounder when it comes to the energy transition. It can be produced climate-neutrally, for example using electrolysis with electricity from renewable sources, and it can also be re-electrified if necessary. This makes it an ideal storage medium for wind and solar power. It also acts as an excellent fossil fuel substitute for industrial processes that cannot be decarbonised, such as steel or fertiliser manufacturing for example. It is no wonder that →



### Interview

## Jens Fuhrmann

As Strategic Development Manager, he explains the idea behind RWE's BECUS – Bio-Energy with Carbon Capture, Utilisation and Storage – projects

### How can RWE's biomass plants with carbon capture and storage can become CO<sub>2</sub> negative and be a game-changer on our way to climate neutrality?

Reducing emissions is on top of the agenda for most countries. Despite all the plans and efforts, recent calculations show that for example the Netherlands will still have a projected excess in the order of 11 to 36 million tons of CO<sub>2</sub> per year by 2030 compared to the 55% reduction target. Negative emissions are therefore needed more than ever. RWE has a dedicated team working on a solution that could be a game-changer: Our biomass power plants in Amer and Eemshaven to realise this with RWE's BECCUS (Bio-Energy with Carbon Capture, Utilisation and Storage) projects.

### Could you briefly summarise what BECCUS is all about?

In our biomass power plants we burn sustainable biomass to generate electricity. This explains already the first two letters of the abbreviation, Bio-Energy. Burning

biomass releases CO<sub>2</sub> that was previously stored in the biomass. Other than when burning fossil fuels, there is no extra carbon dioxide released into the atmosphere. That's why burning biomass is considered CO<sub>2</sub> neutral and we call it 'green' CO<sub>2</sub>. That's how it is going so far. But now we want to go one step further! We won't let the carbon dioxide go back into the atmosphere, but we want to capture it, use it and store it. This is what the abbreviation CCUS stands for: Carbon Capture, Utilisation and Storage. By capturing and storing this green CO<sub>2</sub> we achieve net negative emissions.

### What does RWE plan to do with the captured CO<sub>2</sub>?

There are two main routes: The utilisation of green CO<sub>2</sub> in products and the storage of CO<sub>2</sub>. For storage, the most promising options are saline aquifers or depleted gas and oil fields under the seabed. That has the advantage that we can use the oil fields' existing infrastructure. For the utilisation of green CO<sub>2</sub>, there are a lot of possibilities, e.g. so-called e-fuels. We are now scouting for partners who want to use our green CO<sub>2</sub> to make sustainable

products and thus replace, for example, oil. The demand is developing rapidly and this would be RWE's move into the circular green economy. Hence, we provide three products that society desperately needs at the same time: negative emissions, green CO<sub>2</sub> as a sustainable carbon supplier for the chemical industry and green firm flex electricity.

### **That sounds promising. How are you and your team doing so far?**

We are excited of our results so far: The project team that started in 2022 has developed a technical concept for a step-wise conversion of our assets to 100% biomass and subsequently adding carbon capture to get to BECCUS. The work commissioned in 2022 includes feasibility studies on all steps of the carbon value chain. However, there are still a lot of boundary conditions to be established, for example with regard to the regulatory and market framework in order to allow this concept to be feasible. Nevertheless, we believe in the concept and are taking big steps to realise it. A constant build-up of data and know-how as well as profound studies on various scenarios and requirements is one of our priorities. Another is to connect with relevant stakeholders, broaden our network and establish partnerships. On our way forward we'll collaborate to get into the next phase of the project to further explore feasibility, drive innovation and define the agenda for the upcoming steps in 2023. So I'd say: Stay tuned – we are passionate about what's to come.

developing the hydrogen economy is such a high political priority. And RWE has taken a leading role in this regard. Together with our partners, we are currently working on around 30 hydrogen projects centred on Germany, the Netherlands and the UK. One of the first cross-sector hydrogen initiatives in Germany is GET H2. GET H2 spans the entire hydrogen value chain, from production and transport to usage. The long-term objective is to build a nationwide hydrogen infrastructure in Germany. We are also planning to tap new business opportunities by importing hydrogen and ammonia to supply industries in Europe. In the US, we plan to combine our renewable generation expertise with local green hydrogen production and work with offtake partners for hydrogen or ammonia export as well as to help local industries to decarbonize.

### **Next steps**

We will continue to invest in state-of-the-art technology and aim to be a trailblazer in the rollout of promising new technologies. Our innovation priorities will be closely aligned to our strategies – growing sustainably in renewable and low-carbon electricity generation. We are also active in the development of floating wind – to enlarge the areas that are available for wind energy.

### **Indicators**

Our 1,184 patents and patent applications, based on 233 inventions, are testimony to RWE's capability for innovation. Last year, we drove forward 188 R&D projects, with around 340 RWE employees working full or part time on these endeavours. Such ventures often entail working with other

companies or research institutions, allowing us to benefit from their valuable insights. This approach is also financially advantageous, as the costs are then shouldered by many stakeholders. Last year, our R&D spending amounted to €20 million (previous year: €22 million).





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## 03 We act

**We apply scientific principles to conserve nature for future generations**



## We act: Climate change

### The challenge

The single biggest challenge that the energy industry as a whole faces is how to continue supplying affordable energy while at the same time reducing reliance on carbon to mitigate climate change. We're committed to complying with the Paris Climate Accords, the long-term goal of which is to limit global warming to well below 2 °C and preferably 1.5 °C. Decarbonising the power sector is essential for this. Recent reports by the Intergovernmental Panel on Climate Change (IPCC) underscore the urgency of taking action to avert the most serious consequences of global warming.

### Our ambition

We want to be climate-neutral by the year 2040. To achieve this, we are focusing on reducing our direct and indirect emissions. Our corporate and sustainability strategies are aimed at enabling the decarbonisation of our electric power system by stepping up the use of renewable energy sources. We're committed to converting or shutting down existing fossil fuel-consuming generation plants while meeting our responsibilities to our employees. Our interim targets for 2025 and 2030 provide an important guide for this. Those for 2030 have been confirmed as scientifically sound by the Science Based Targets initiative (SBTi): By that year, we want to reduce our Scope 1 and 2 greenhouse gas emissions by 50% per unit of electricity generated. Where upstream and downstream emissions (Scope 3) are concerned, we are →

aiming for a 30% reduction by 2030, in each case relative to 2019 as the base year.

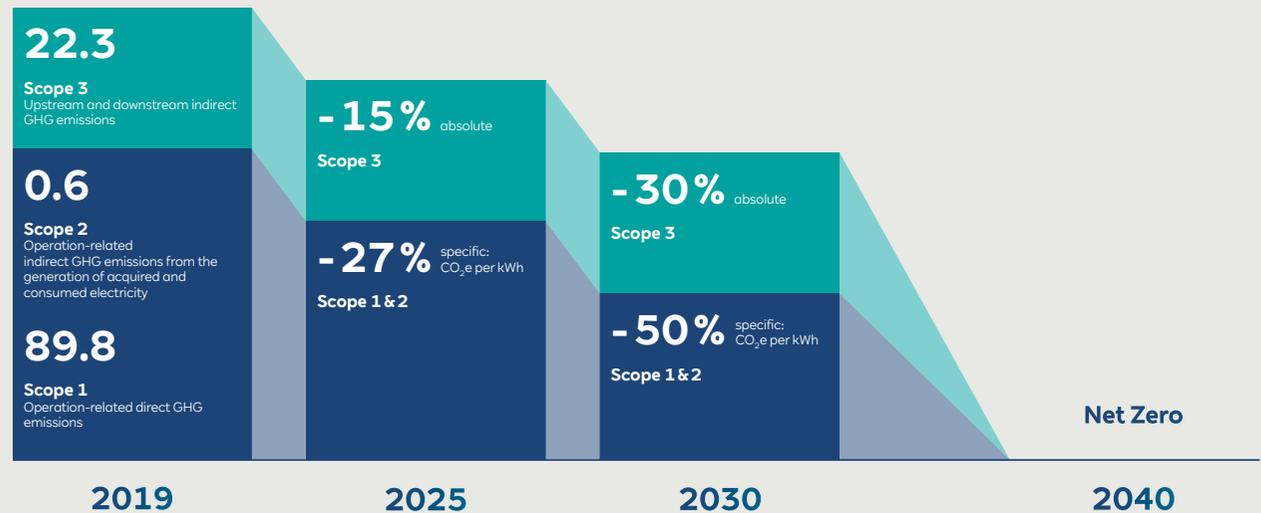
### Our approach

Climate topics are of highest importance for RWE. We have been setting ourselves ambitious goals for many years and have significantly reduced our carbon footprint in recent years. Our growth in renewables means we can help societies to decarbonise and end their reliance on carbon-intensive energy generation systems. RWE will play a major role in driving the expansion of these advanced technologies. As one of the world's leading renewable energy companies, we are going to invest more than €50 billion (gross) globally to expand our green core business by 2030. One way for our customers to receive safe, reliable energy while protecting the climate is by concluding long-term green power purchase agreements (PPAs). This is a long-term contract under which a business agrees to purchase electricity directly from a renewable energy generator such as RWE – ensuring certainty on both sides.

While working on expanding our green electricity portfolio, we consider all options to reduce our existing direct and indirect emissions: Our current climate targets as a whole have also been approved by the Executive Board, which receives strategic advice on relevant issues from the Strategy & Sustainability Department. Owing to the close link between climate and energy supply, operational responsibility is spread throughout the corporate Group. A variety of functions and organisational units are responsible for implementing measures. Progress is regularly reported →

### Deep Dive

# We will be net zero in 2040. Our interim targets are science-based.



We have a clear road to net zero. We aim to have no net impact on the climate by 2040 – this promise encompasses all three scopes. For 2025 and 2030 we have set targets – the later targets have been approved by the Science Based Targets initiative (SBTi) in 2020. 2019 serves as our base year.

to management, among other things in tandem with monitoring the success of our sustainability strategy.

## Our progress

Our ambition as RWE is to operate responsibly and take prompt action on an ambitious 1.5 °C climate path. In addition to substantially accelerating the expansion of renewable energies, this calls for an earlier phaseout of coal-fired power generation. In 2022, we concluded an agreement with the German federal government and the state of North Rhine-Westphalia for terminating our lignite-based power generation activities in the Rhineland mining area as early as 2030. This will prevent the extraction and use of around 280 million tonnes of coal, resulting in a significant reduction in our Scope 1 emissions from 2030 onwards. As a result of phasing coal out sooner, the total amount extracted from the Garzweiler open-pit mine will be roughly halved. It will also no longer be necessary to go ahead with the planned third resettlement phase. While certain lignite-fired power plants had to run more due to the consequences of the war in Ukraine, we continued the path of closing down existing plants and sites: On 1 April 2022, Unit A of the Neurath lignite-fired power station stopped generating electricity. With a net capacity of 294 MW, the facility began operating in 1972. It was decommissioned in accordance with Germany's statutory coal phaseout timeline, which also spelled the end of the road for our Frechen lignite briquette production facility at the end of 2022. The employees affected by the closures have since either retired or taken on other roles at RWE. →



### Interview

## Kirsten Lefter

As Head of the trading desk at RWE Supply & Trading, she talks about the role of Voluntary Emissions Reductions for the path to net zero

### First of all, what are Voluntary Emissions Reductions, or VER for short?

The consequences of climate change pose enormous consequences for the economy and industry in terms of the need for reducing emissions. This should be a core element of any climate strategy – as it is also in the case of RWE, where we will reduce our footprint by closing fossil-fuel assets and building out our renewable energy portfolio. However, not all emissions from production or operational processes can be eliminated by immediately switching to more climate-friendly alternatives. Where it is extremely complex to prevent greenhouse gas emissions, Voluntary Emissions Reductions – or VERs for short – are intended to voluntarily offset the emissions elsewhere. Thus, voluntary emission reductions provide an important contribution towards achieving climate targets.

### There are schemes such as the EU Emission Trading Schemes. What is the difference between these established schemes and the markets you are involved with VERs.

VERs clearly differ from mandatory trading of emission allowances for large industries as well as the energy transport sectors. Legally required CO<sub>2</sub> certificates are issued allowing emissions of 1 tonne of carbon dioxide each – in contrast, VERs cover the demand for voluntary carbon offsets that can be traded on the open market.

VERs certificates are based on the principle of compensation. A company can offset greenhouse gases it emits in one place somewhere else. This is made possible through the continuously growing number of climate protection projects that are certified accordingly. For a reforestation project in South America, for example, one VERs certificate is issued for each tonne of CO<sub>2</sub> that this forest can compensate. The revenue from the certificates is used by the project investor to fund the climate protection project.

### You set up a trading desk for these certificates at RWE in 2022. Why did you do this?

We believe in the growing potential of these certificates, in particular for sectors with hard-to-abate emissions. We see the RWE trading business perfectly positioned with our understanding of the customer and our expertise in trading. Together with potential customers of RWE we define how much CO<sub>2</sub> compensation is needed and get an overview of your sustainability strategy and measures. Following our company analysis and discussions, our experts present potential customers with a shortlist of suitable climate protection projects. RWE uses its own project portfolio that was assembled according to the strictest criteria for trading VERs certificates. This portfolio is of the highest quality, globally diversified and always up to date. All projects and their CO<sub>2</sub> saving volumes are verified according to strict criteria in recognised standards and by neutral auditors. The papers are traded via the international financial markets and trading companies, RWE Supply & Trading being one of them.

We have also considered other sources of emissions as part of our sustainability strategy, which includes a gradual switch to green power contracts for our sites as the current contracts expire. Our campus in Essen, with about 3,000 employees, has now been running on green electricity for two years. Within the scope of our offshore logistics, we also intend to introduce low carbon fuels and hydrogen in order to decarbonise the boats which carry our crews to offshore assets for maintenance and other work. We are also advancing the electrification of our company fleet: Most company cars for employees are operated in Germany. Our goal there is to give all those entitled to company cars access to electric vehicles and thus contribute to sustainability. To this end, our Group guidelines include 'green car policies' that prescribe certain CO<sub>2</sub> limits and thus promote the switch to electric vehicles or even currently hybrid models. We also promote the installation of wallboxes through subsidies. At our campus in Essen we offer over 300 charging points for employees and visitors. In the US we have ordered a first batch of fully electric trucks that will support the operation and maintenance procedures. We aim to test eleven of the vehicles under normal working conditions as performance, range, and durability are paramount to ensure the safety of our people and the operation of our assets. We have chosen three potential sites in Texas and Ohio with different weather exposures.

### Next steps

We are committed to transition to a 1.5-degree pathway as soon as possible. The accelerated coal exit will enable us to review our existing climate targets in 2023. We will continue to engage in initiatives that reduce emissions even further –

within RWE and along our value chain. An example of such initiatives is offered by RWE's Pembroke Net Zero Centre (PNZC) in South Wales. At the site of its existing 2.2 GW combined-cycle gas turbine power plant, PNZC will bring together innovative technologies including hydrogen production / combustion, carbon capture, battery storage, and floating wind from the Celtic Sea, into a major decarbonisation hub to support the UK and Wales' net zero ambitions. The projects will demonstrate how the integration of these technologies can work to provide decarbonisation - not only for a large-scale gas-fired power station, but also for local industry and transport networks in the surrounding region.

### Indicators

Last year, our power stations emitted 83 million metric tons of carbon dioxide, 2.1 million more than in the preceding year. This was due to higher capacity utilisation of our lignite-fired power plants caused by gas shortages. As a result of the increased emissions, our direct Scope 1 emissions also rose, advancing to 89.6 million metric tons of CO<sub>2</sub>e. Conversely, our indirect Scope 2 and 3 emissions remained essentially unchanged in 2022. Scope 2 emissions amounted to 2.8 million tons of CO<sub>2</sub>e and Scope 3 emissions to 22.1 million tons of CO<sub>2</sub>e. Due to the increased emissions from our power plants the carbon intensity (Scope 1 and 2) rose slightly to 0.57 million tons of CO<sub>2</sub>e per MWh of produced electricity.

# We act: Biodiversity

## The challenge

Globally declining biodiversity and the degradation of ecosystems pose risks for our planet and are aggravated by climate change. We accept responsibility for minimising the impact of our business activities on wildlife and ecosystems, and have made conserving biodiversity one of the priorities of our growth strategy. This means striving to reduce how our activities affect nature and avoid running the risk of causing serious harm to ecosystems. In regions in which we operate, environmental legislation and permit requirements constitute the framework for our operational activities. In some cases, our activities go even further than what is required by law or necessary in order to obtain permits.

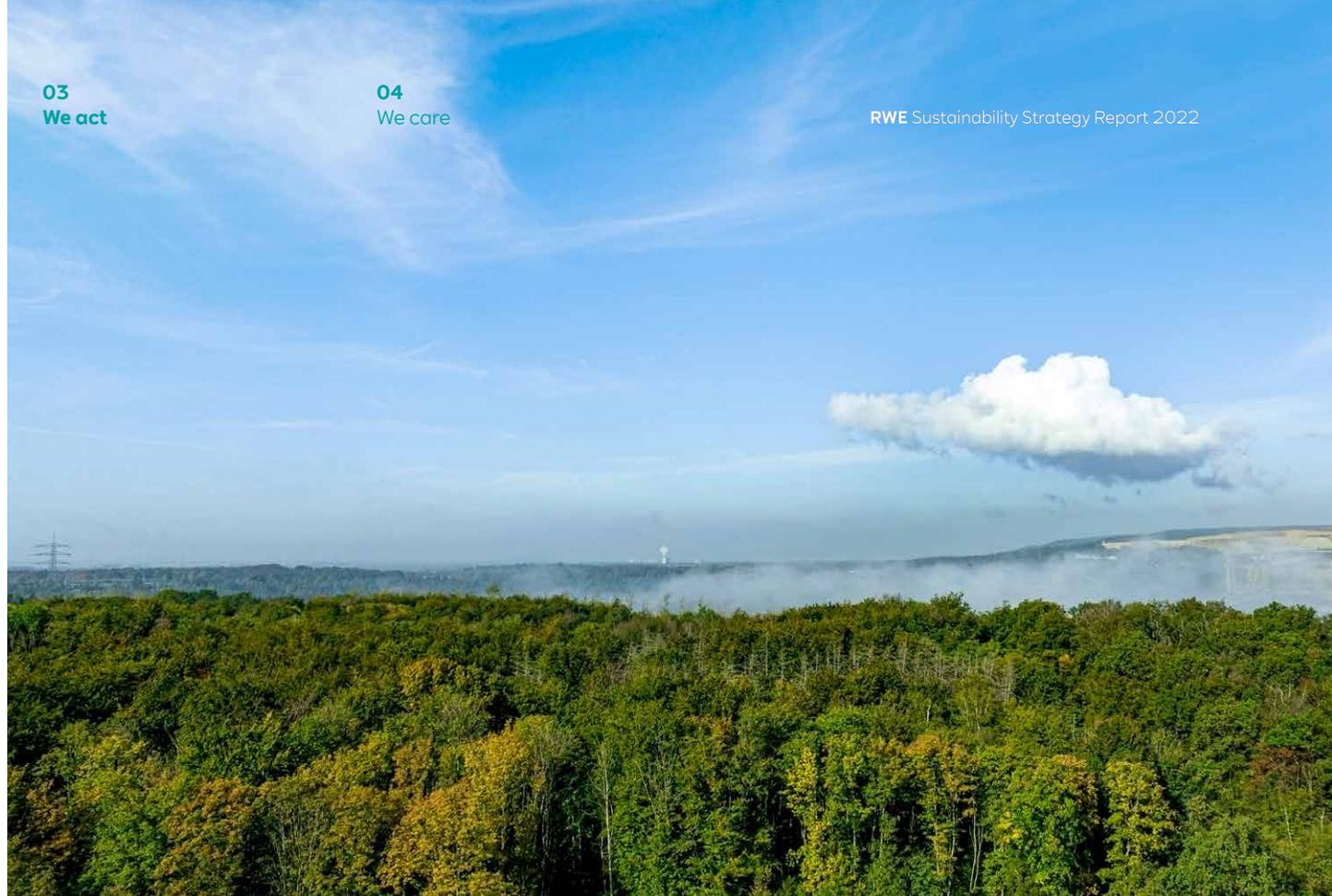
## Our ambitions

One of our ambitions is to ensure that all new assets which begin operation in or after 2030 have a net positive impact on biodiversity. Paying special consideration to flora and fauna is a key prerequisite for developing and operating wind and solar farms, coal and gas power plants, lignite mines, hydrogen power plants and battery and gas storage facilities. Every project is carried out and each facility operates within a unique natural environment. We are already taking this into account by complying with the

relevant legal requirements – for example, by assessing possible impacts in accordance with established regulations. We endeavour to avoid, reduce or compensate for negative impacts.

These principles are defined in our biodiversity policy. No standardised approaches for measuring these impacts exist yet, but we are working to develop them in initiatives such as Science Based Targets for Nature and are already trying out ideas in pilot projects which have potential for spawning wide-ranging applications for protecting biodiversity in future.

Our environmental management and reporting systems play important roles in our efforts to safeguard the environment. The coverage of our environmental management system is another performance indicator for RWE. Our target is 100% by certification and / or internal auditing. This figure is calculated from the share of employees covered by our environmental management system and the extent to which it is implemented. →



## Our approach

The Executive Board defines guidelines for the work we are doing to preserve biodiversity. It receives support for this from our Strategy & Sustainability Department, which also coordinates the measures carried out within the Group. The operational units, each of which include appropriate experts for meeting all relevant requirements, must fulfil our legal obligations across the planning, construction, commissioning, operation and dismantling of facilities.

Our Code of Conduct requires us to responsibly use natural resources and encourages the use of environmentally friendly technologies. Other Group regulations specify our goals and processes for protecting the environment and preserving biodiversity. For example, our Group environmental protection guideline establishes consistent principles for environmental protection based on ISO 14001:2015. It applies to all Group companies which are covered by the consolidated financial statements and whose business activities involve personnel and/or facilities. Each RWE company appoints an environmental officer as a member of its management. Acting within the framework established by the environmental management system, these officers ensure that environmental protection is implemented responsibly and in accordance with the operator's obligations, and that all actions are aligned with our sustainability principles. There are also environmental management officers and central environmental coordinators who regularly review, evaluate and improve the relevant environmental management systems.

Biodiversity is important in the Rhineland lignite mining area, where we are replanting the sites of former open-pit mines.



We have already gained decades of experience in and broad expertise on these activities. Since 2015 we have had a dedicated biodiversity policy on this aspect of our business which describes RWE's approach to conserving and promoting biodiversity in the lignite mining region of Germany's Rhineland. Our biodiversity strategy employs environmentally

sensitive indicator species that are typical of intact ecosystems to develop and implement measures for optimising habitats in recultivated areas. We use ecological mapping to monitor these species in representative parts of a recultivated zone and assess their status in the context of scientifically verified environmental cycles. After specialists evaluate the findings on an observed species, we improve and finetune the measures as appropriate.

## Our progress

In 2022 we took steps to improve how we measure our impact on biodiversity. RWE has joined a global initiative by the Science Based Target Network (SBTN). Around 100 companies, associations and experts are working on developing scientific criteria to measure the effects on biodiversity as part of a "Corporate Engagement Program". Our recultivation efforts in the Rhenish mining area continued including the regular exchange with science and other stakeholders. In the Rhenish mining district, RWE can avail of the experience within the recultivation research centre, which has been monitoring and improving recultivation measures since 1994. Up to now, 23,000 hectares have been recultivated and more than 1,500 plant as well as 3,100 animal species have been identified.

To increase biodiversity at and around onshore wind farms, last year we launched a pilot project which is appropriate for serving as a model for other projects. On the recultivated site of a former open-pit mine near Bedburg, small bodies of water and piles of deadwood and rocks were created alongside the turbines to provide new habitats for indigenous species. The results from the research are to be used as →

a blueprint for all onshore wind farms across the RWE Group and thus enhance biodiversity at many of its sites.

RWE is also participating in the Dutch 'Black Blade' study, in which each of seven RWE wind turbines in Eemshaven is being fitted with two white rotor blades and one black one. One aim of this study is to ascertain whether painting rotor blades black will help birds fly between turbines more safely. The study is based on the premise that the black blade provides greater contrast, thus improving the rotor's visibility. If so, it will make it easier for birds to spot and avoid wind turbines. The effects on the birds will be studied over a period of three years. The Dutch Black Blade Study goes further than an earlier study in Norway that only looked at how wind turbines affect local birds. In addition to examining flight safety, it also considers how the black-painted blades visually impact the landscape and evaluates the painted blades themselves. It fits in well with RWE's strategy of taking innovative approaches for operating its facilities in harmony with local ecosystems. RWE and the province of Groningen launched the project in 2021 in collaboration with the Dutch government, nature organisations devoted to protecting birds and other wind energy companies.

In a first-ever international innovation competition, ARC Marine Ltd., Verlume Ltd. and ForWind, the Center for Wind Energy Research at the University of Oldenburg have been selected with their proposals. An invitation was issued to submit innovative solutions for improving the environmental impacts of offshore wind farms and integrating offshore wind power into the electrical grid. RWE hosted this competition because of its strong conviction that collaborating with companies, start-ups and individuals around the →



Interview

## Katja Wünschel

Biodiversity is a key concern when developing new wind and solar farms. Our Chief Executive Officer (CEO) Onshore Wind and Solar Europe & Australia shares her insights

### What was your highlight in 2022 when it comes to sustainability?

You cannot think renewables without sustainability. I have been at different wind and solar parks in 2022 and have seen great steps where we innovate to ensure the planet is fit for future. In a wind farm in Germany, we worked closely with the colleagues from RWE Power and their expertise to enhance the biodiversity quality. I could see the impacts myself at a site visit. In the Netherlands we participate in a study to reduce the danger of collision for birds. But what impressed me most was the dedication of our teams to strive for the best solutions and innovations.

### What are the drivers of this development?

Minimizing impacts is not new to us. We do sound and in-depth environmental assessments for most of our assets. In most cases we take appropriate measurements when any realms are at risk. In the past years we see that it goes beyond complying with the laws that exist: Some countries include criteria in der selection process and ask for innovation on biodiversity. It is great

that we can show the decision-makers and other stakeholders our new policies on biodiversity, circular economy and human rights that we at RWE are serious about going the extra mile.

### Speaking of biodiversity: What is our ambition and what role is onshore wind and solar playing here?

Renewable energy projects, such as wind and solar farms, can have both positive and negative impacts on biodiversity. Therefore, it is important for renewable energy companies to understand and manage these impacts to ensure that we minimise negative impacts and promote positive outcomes. At RWE, we take biodiversity protection very seriously. We follow a comprehensive biodiversity management approach that includes conducting baseline biodiversity surveys, identifying and assessing potential impacts on biodiversity, and developing mitigation measures to avoid or minimise negative impacts. We also work with ecologists and local stakeholders to design and implement habitat enhancement and restoration programmes that promote biodiversity in and around our renewable energy projects.

world will generate valuable new insights for sustainably and cost-effectively expanding the use of offshore wind for generating power.

### Next steps

We continue our efforts and research to limit the impacts on biodiversity. As there is the challenge of quantifying impacts on the different biodiversity realms, we will work closely with external initiatives, such as the SBTN. For most of our upcoming assets we conduct a detailed analysis of potential impacts that will be publicly available for interested stakeholders.

### Indicators

Measuring impacts on biodiversity is a challenge. We are currently assessing ways to measure the success of our biodiversity efforts in one or more metrics. We recognize efforts from a diverse set of stakeholders that are joining us on the way.

Our environmental management system and established reporting to cover potential environmental events are important mainstays of our endeavours to protect environmental matters. RWE uses the degree of coverage of its environmental management system as a key performance indicator. Our objective is to achieve 100% coverage by way of our environmental management system either via certification or internal audits. Coverage is made up of the share of the workforce covered by the environmental management system and the degree of coverage. We achieved this goal yet again in 2022. In addition, we aim to avoid severe environmental incidents, which, based on our

definition, have serious ramifications that are of substantial public interest and can only be controlled or managed with external support. They also include permit infractions caused by or associated with our activities. Once again, there were no such incidents in the reporting year.

# We act: Circular economy

## The challenge

Far more natural resources are now consumed in the world than produced or regenerated. Yet we depend on supplies of raw materials and products, some of which are crucial for the energy transition. The circular economy is an opportunity for us to reduce our dependence on supplies of primary materials while creating more value by using resources more efficiently. This in turn can accelerate growth, boost competitiveness and mitigate risks while curbing environmental impacts at the same time.

## Our ambitions

We want to become a company which applies the principles of the circular economy at every step of the way. Our goals are to consume fewer natural resources, minimise waste and design processes and facilities which permit the reuse or recycling of materials. We apply the recovery rate as an indicator. This figure shows the share of our total waste that could be reused. We have set ourselves the goal of increasing it to over 90% by 2030. We are aware of the importance of circular economy and our impact on the environment and (scarce) resources through our business activities. Therefore, we do not only comply with regulatory requirements but aim to be fully



circular by 2050 also considering limitations of our influence due to market conditions and along the supply chain.

## Our approach

The RWE Code of Conduct defines general goals for environmental protection and resource use, and a Group guideline mandates efforts to achieve a circular economy. Taking necessary steps to increase circularity is an integral part of the way we work from early project development, through construction, operation and decommissioning phases. Our internal policy on circular economy outlines our framework: It highlights three core circular principles. Applying these principles across our diverse set of activities means among other things a sound review of our consumption to find potentials to reduce the inflow of virgin materials.

On Group level, the Strategy & Sustainability Department is accountable for developing overarching targets and amend Group-wide policies. Every direct subsidiary develops and maintains a Circular Economy roadmap with suitable targets and KPIs for the respective business. Circular Economy, like all sustainability topics, is embedded in our strategy and performance management process and is in addition integrated into the surveillance auditing process based on the environmental governance of RWE.

## Our progress

After the goal of a circular economy had been anchored in our sustainability strategy, in 2022 a working group of internal experts developed a roadmap outlining the next steps and goals. Our recycling targets for 2030 were then →

defined on that basis. A corresponding official group-wide policy was also formulated and put into practice. This outlines for internal and external stakeholders our approach, responsibilities and processes to develop a circular business.

While there are already established processes for recycling many wind turbine components, including the tower and components of the nacelle, for a long time the challenge of recycling the rotor blades resisted attempts to find a solution. That changed in 2022, when RWE's Kaskasi wind farm off the coast of the German North Sea island of went into operation with wind turbines equipped with recyclable rotor blades. The 81-metre-long blades are the first of their kind which are designed to permit their reuse for other purposes at the end of their useful lives. They are thus helping to pave the way to completely recyclable wind turbines. The Kaskasi wind farm is playing a key role in testing them under operational conditions.

### Next steps

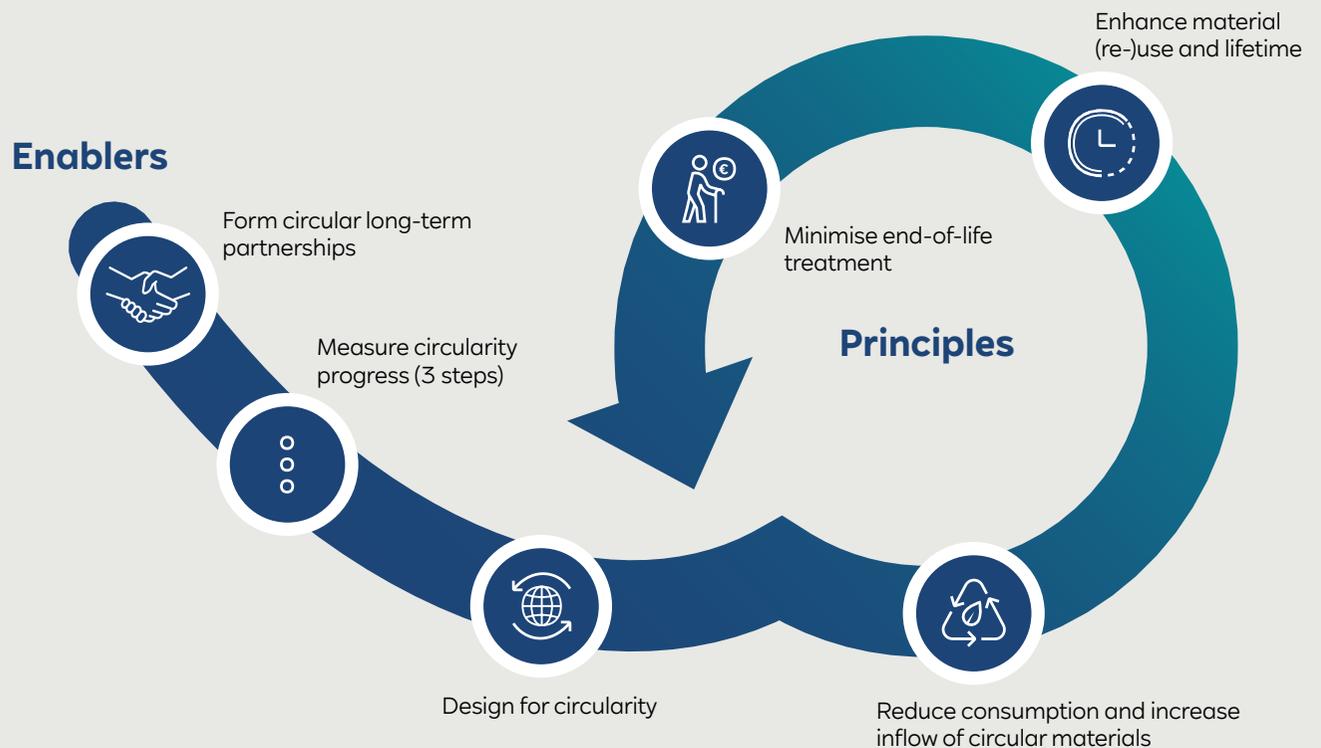
Our operating units will now work on specific actions to implement our Group goal. In addition, we plan to report on our recycling rate in the future.

### Indicators

In 2022 we have newly defined our recycling rate as key indicator for the circularity. We have the target of being fully circular by 2050. On the way there, we aim to increase our recovery share in our outflows to 90%.

### Diagramm

# RWE's circular economy framework features three circular principles





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## 04 We care

We acknowledge the interests of our stakeholders and do business responsibly wherever we operate



# We care: Social responsibility

## The challenge

The transition to a carbon-neutral economy will change how people, communities and ultimately also businesses operate. Facilities will be decommissioned, including quite a few longstanding sites, which will heavily impact employees, suppliers and partners, and local communities. At the same time, the emergence of new ways to generate electric power

is spawning fresh opportunities and possibilities. But growth is only possible if it is supported by most stakeholders. Engagement and dialogue is essential and an integral part of a business' responsibility for society. The support is critical to sustaining the pace of the renewable energy build-out.

## Our ambitions

Social responsibility encompasses a wide set of stakeholders: A company with over 18,000 employees and numerous production sites has ties to communities and social networks. RWE wants to be seen as a company and partner you can trust. We strive to make a positive contribution to the communities in which we operate. Our corporate values are guiding our conversations with local authorities, communities, neighbours. Early engagement and communication with the residents and communities around our plants is important to us. It's vital for RWE to conduct a dialogue with

them, cultivate good relationships, explain our actions and engage stakeholders. We want to be a good employer for our employees everywhere that they work for us. In the spirit of a 'Just Transition', we stand by employees who are impacted by the energy transition and seek socially acceptable solutions and new prospects for them.

## Our approach

As a company, it's essential to acknowledge the interests of numerous stakeholders within and outside the organisation. Without our employees around the globe, we would be unable to deliver the growth we envision. Transitioning in a growth industry calls for creating positions and recruiting new staff, yet in the coal and nuclear sectors we face the necessity of downsizing personnel in the medium term. Over the next few years, thousands of jobs will have to be eliminated in a socially acceptable manner. This also means accommodating these workers elsewhere. The announced early exit from coal is a decision with far-reaching consequences for many staff. While more of them will be needed in the short term to operate additional power plants during the energy crisis in Europe caused by the ongoing war in Ukraine, terminations are expected to accelerate significantly towards the end of the decade. As in the past, RWE intends to conduct the decommissioning process in a socially acceptable manner. Affected colleagues were given the opportunity to retire early without suffering financial losses. This measure was supported by state aid. RWE continued to offer other career prospects to younger employees for whom early retirement isn't an option, either within the company or elsewhere. Extensive qualification and retraining measures will support this transition. In the renewable energy sector, on the other hand, we are →

growing – and recruiting the best talent for our business. Our new Employer Value Proposition aims to do just that: ‘Our energy has impact.’ RWE AG and its HR team create the framework for employees. The operating companies have their own HR departments, which implement independent processes and measures in areas such as career development and recruitment while taking account of regional needs.

### Our progress

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



## EUROS WERE INVESTED IN LOCAL COMMUNITIES.

mainly involves redesigning team rooms and offices in order to create a more comfortable working environment and create a balance between individual work stations and work spaces designed for interaction, in which colleagues can collaborate more effectively than in the past. We continue to engage in the communities close to our sites and intend to have an open ear for concerns and feedback. In 2022 allocations continued in the United Kingdom via so-called community funds, and wind farms operated by RWE in the UK and Ireland invested over € 5 million in local communities. Local residents are taking advantage of these funds, which have been made possible by renewable energy, to shape their own strong, sustainable future. From January 2023, the ‘RWE climate bonus’ will generally apply to all existing RWE plants as well as future ones after once they begin operating in Germany. An amendment to the German

Renewable Energy Act has made this possible. Our programme will allow municipalities to receive a ‘climate bonus’ of up to 0.2 cents for each kilowatt-hour (kWh) of electricity generated by local wind turbines, which will especially benefit communities with powerful plants. This creates an additional incentive to replace older units with modern ones.

### Next steps

In 2023 we aim to establish a common framework on community engagement at RWE to connect different practices we currently find within the Group companies. We recognize that early, consistent and open communication with all our stakeholders is paramount – when shutting down existing power plants, when changing the purpose of long-standing sites and when developing and building new assets.

### Indicators

Our engagement index is an important indicator of our employees’ mood. This index is captured at Group level to determine what is working well in our organisation and where there is still room for improvement. Since 2021 we have been surveying and documenting employee motivation group-wide each year. Four of the 24 questions asked in the survey are explicitly relevant to our engagement index. In the year being reviewed, the engagement index rose to 84%, up 3% compared to 2021 and surpassing the 78% target. Therefore, all key indicators improved, based on a participation rate of 74% (compared to 67% in 2021).

Interview

# How we successfully managed our hard coal phase-out

In 2021, two units of our Westfalen and Ibbenbüren hard coal power plants ceased operation. Three colleagues share their perspective about the transition at both sites



Natalie Henßen

Hartmut Frank

Christian Dirks

## What was the strategy for implementing the coal phase-out in a socially responsible way?

**Natalie Henßen, Head of the HR Coal phase-out team:**  
Our aim was to agree on a clear and socially acceptable set of rules as quickly as possible to provide the appropriate framework for the phase-out. Our top priority was always our people. To this end, we established – uniquely at RWE – a dedicated ‘HR coal phase-out team’. Our goal was always to find and implement the best individual solution. And that worked out really well: My HR team knows the history of every single employee affected and was thus able to take care of everyone individually. It also worked well thanks to the continuous, trusting and transparent collaboration between HR, the power station management team and our worker’s council. We even set up a transfer company as a back-up solution. But so far we haven’t even needed it, as to date we have found a solution for every colleague. That makes us confident for the rest of the process.

## How was the strategy implemented at both power plant sites in 2022?

**Hartmut Frank, Power Station Manager:**  
We formed a cross-site team for the power stations, with a total of seven managers being part of this team. Together with HR and the Worker’s Council, we drew up a milestone plan on the basis of which the workforce reduction was determined. In doing so, we also had to take into account the work that still needed to be completed and how many employees we would need to ensure operations could continue at the sites in a sustainable way. Throughout the process, we held many individual meetings. This was intense and involved a lot of emotions. Looking back, 2022 was an exhausting, eventful, but also very successful year. It couldn’t have gone better – both technically and in terms of our personnel.

## Are the employees satisfied with the process from your point of view?

**Christian Dirks, Worker’s Council Chairman of both power plants:**  
Today I can answer this question with a resounding ‘yes.’ At the beginning of the process, I couldn’t have said that for sure. After the closures were announced, I held over a hundred talks in a very short space of time. With people you know well, who pour out their hearts to you, with whom you have worked for a long time. Switching off in the evening was difficult. In the end, though, we achieved a great result. We really couldn’t have done it any better. It worked out so well because everyone pulled together: Our HR team, the power station management team and the worker’s council. Together we searched for the best solutions and found them. If we hadn’t been so open and trusting with each other, and if we hadn’t also had great support from our Executive Board, we wouldn’t have achieved this result.

# We care: Diversity, equity and inclusion

## The challenge

Every day more than 18,000 people contribute their best efforts to drive our company's success. Our employees are as diverse as our portfolio, and their widely ranging experience, backgrounds and talents are what define our company. We regard this as a strength that helps us grow, which is why this topic is so relevant to RWE. Legal requirements also apply to us in many markets, for example regarding the promotion of women to management positions and anti-discrimination.

## Our ambitions

We have set ourselves targets for promoting various aspects of diversity at different levels of our company. German law mandates a minimum share of 30% women on the supervisory boards of stock market-listed companies and companies which practice codetermination. The proportion of women on RWE AG's Executive Board is 33.3%. By 2030, the proportion of women in management positions group-wide is required to be at least 30%. In Germany, severely disabled employees must also account for at least 5.0% of large companies' workforces.



## Our approach

It's important for us to create a working environment in which all employees can grow and develop as individuals and get support for their particular phase of life. Diversity, non-discrimination and inclusion are anchored in our Code of Conduct for the entire corporate Group. We explicitly reject any form of discrimination and actively promote a diverse

corporate culture and honest cooperation. The Diversity & Inclusion team of the Human Resources Department at RWE AG is responsible for developing appropriate Group-wide goals and measures. Individual companies continue to have dedicated contact persons. We also have 'Diversity Champions': a network of employees who act as multipliers across all Group companies. The Group's representatives for the severely disabled as well as various employee networks – such as the women's network and the LGBT\*IQ network – are involved in implementing measures and creating an inclusive corporate culture.

To promote gender diversity, the general rule at RWE is that all leadership and management positions shortlist a woman. Additional initiatives are carried out at the operational level. For example, hiring measures include a variety of one-on-ones with the aim of overcoming systemic bias. We raise awareness through campaigns and purpose-designed measures in the fields of personnel development, training, employment and health as well as suitable workplace designs and accessibility.

## Our progress

In 2022, as in the previous year, the Diversity and Inclusion Week was organised virtually and had an international focus, with local sites and RWE operating companies once again hosting complementary events. The LGBT\*IQ and Friends network and our Women's Network also continue to expand internationally and hold their own online and offline events. A new focus is the 'Diversity Ambassador' community, which acts as a multiplier and ally community throughout the RWE Group internationally. The inclusion measures are →

reflected in, for example, our Group's over-fulfilment of Germany's statutory employment quota of people with disabilities. It is also reflected in offering internships to young people with disabilities and installation of barrier-free workplaces for people whose participation in working life is hampered. Similarly, digital accessibility is being driven forward across the RWE Group. More than 500 apps were reviewed and improvements for employees with disabilities initiated. These include, to cite a few examples, real-time subtitles, eye control and voice commands. We are also raising awareness amongst our employees by carrying out campaigns and targeted measures in the areas of personnel development, training, employment, health, and appropriate workplace design and accessibility.

### Next steps

Jointly with our strong diversity networks in the Group we aim to continue our efforts to build an even more inclusive culture at RWE through appropriate processes and communication. We strive to increase our share of women in particular in management functions.

### Indicators

In 2022, we increased the quota to 20.8% in part by filling vacancies at the management level. At the close of 2022, the 20-member Supervisory Board of RWE AG included seven women, four of whom are employer representatives. The share of women on the Executive Board of RWE AG was 33.3%. Diversity and inclusion targets in Germany are supplemented by the legally prescribed 5% quota for severely disabled people.

### Deep Dive

## RWE Diversity & Inclusion Week

Strengthening an inclusive culture is everybody's duty every day. We see diversity as an asset at RWE that helps people and business to grow. To make the different dimensions of diversity visible and to connect people around the organisations we celebrated the Diversity, Equity and Inclusion Week in 2022. The week was filled with an array of events and activities aimed at boosting awareness about diversity and inclusion in the workplace. The theme for diversity and inclusion week was 'Inclusion is ... at #TEAMRWE'.

Diversity is a priority across the Group, including its top management. The event kicked off with a welcome speech and detailed discussion about gender equality from the RWE Supply & Trading Chief Commercial Officer (CCO) Ulf Kerstin. He explained how RWE Group is focusing on gender equality and creating strategies which help to remove gender inequality. During the week outside perspectives were a valuable contribution to the discussion. A speaker from HeForShe, a global movement to mobilise men and boys to take action to promote gender equality, explained the need for action and the work of his organisation. With the human suffering and the migration wave caused by the war in Ukraine, the week looked at the experience of senior Ukrainian executives who have been forcibly temporarily

displaced. Chief Human Resources Officer and Labour Director of RWE AG Zvezdana Seeger explained and discussed how teenagers perceive inclusion and what they expect from businesses and other generations. The event concluded with a panel discussion featuring the question. How are the LGBT\*IQ community and their allies transforming the global economy? As CEO of RWE Renewables Americas Silvia Ortin discussed, the LGBT\*IQ community and their allies are transforming the global economy by advocating for workplace protections, creating job opportunities for members of the community, increasing visibility, and supporting the recognition of same-sex marriages and families in countries where it is not yet legal.



# We care: Compliance and ethics

## The challenge

Integrity and compliance with the law are essential prerequisites for business activities. We want to achieve growth in accordance with both applicable laws and our own values and principles. We interpret compliance and ethics not simply to mean preventing corruption and bribery, but also include value-driven actions in dealing with our suppliers and partners. We apply the same standards to them as to ourselves, for example when it comes to protecting the environment and inalienable human rights.

## Our ambitions

We align all business activities and decisions with defined compliance requirements. We have a zero tolerance policy towards corruption and compliance violations of all kinds. Our Code of Conduct, which is binding for all employees, defines the relevant goals and principles.

## Our approach

Overall responsibility for managing compliance in the RWE Group rests with the CEO, who acts via the Chief

Compliance Officer (CCO). Organisationally, she and her team belong to the Legal Department. Compliance officers have also been designated at Group companies in Germany and other countries; they are responsible for working towards uniform implementation of the group-wide compliance principles across all companies and their subsidiaries. The CCO regularly reports to the Executive Board and the Audit Committee of the Supervisory Board on compliance-relevant matters. Other major components of our internal control system are organisational requirements



such as the dual control principle, separation of functions, authorisation chains and approval regulations.

The Internal Audit Department regularly reviews the appropriateness of the underlying internal monitoring system. To ensure compliance with the law, our compliance management system is regularly audited. Regular compliance risk analyses also play a vital role. We involve the relevant specialised departments and operating units in analysing compliance risks, in everything from identifying and assessing the main areas where compliance is at risk to defining required actions.

Training ensures that employees are aware of and comply with our rules. The Executive Board is also involved in ensuring this. Employees may also attend classroom courses, depending on the risk level of their activities. All employees are regularly informed via in-house channels about other compliance topics such as new developments, existing and new Group guidelines, requirements for compliant behaviour and the risks that may be associated with violations. We encourage our employees to report violations of our Code of Conduct and other non-compliant behaviour to their supervisors, the responsible compliance officers or managers and / or the CCO.

Employees throughout the Group can also take advantage of a web-based whistleblowing system, anonymously if they wish, to report incidents such as violations of our Code of Conduct or the European General Data Protection Regulation, so-called white-collar crimes and other actions that might harm the company. Our employees and outside parties such as suppliers and business partners also have →

the option of phoning or emailing an independent external contact person. We treat all received information confidentially and take all appropriate steps to protect whistleblowers from suffering any disadvantages as a result of submitting such a report. We always follow up on tips about possible compliance violations.

While investigating submitted information, we respect the interests of persons affected by a report who deserve protection. They are recorded by the Compliance Department and reviewed by the Group functions responsible for the investigation. Any required corrective action is taken within the scope of a systematic follow-up process. When compliance violations by employees and / or business partners are identified and corroborated, appropriate steps are taken. To prevent corruption and bribery as well as other violations of the RWE Code of Conduct, all executives are required to submit annual reports on how the Code of Conduct has been implemented in their areas of responsibility. The point of this is to ensure transparency around compliance with the Code of Conduct and assess the level of compliance awareness at RWE. The response rate reflects the level of compliance awareness. Our goal is a response rate of 100%, which has been consistently achieved every year.

## Our progress

In 2022, we continued to focus on raising awareness among our employees. They receive annual compliance training via a web-based training programme with a changing focus. In 2022, the theme was 'dealing with business partners'. Participation is mandatory for all employees.

Starting in 2023, the German Supply Chain Due Diligence Act requires some companies to comply with human rights and environmental due diligence requirements in their supply chains. In the reporting year, appropriate and effective risk management for complying with due diligence obligations was introduced and embedded in all relevant business processes. This has made it possible to minimise the risk of human rights violations and offer those involved new possibilities for making contact. A wide range of measures have already been implemented, including the publication of a Group policy statement vetted by the Executive Board that defines responsibilities and processes. Within the scope of this programme, the strategy and sustainability director has been designated as the Chief Human Rights Officer. With support from the sustainability team, this director coordinates activities in the Group, often while consulting closely with procurement departments and other units. Each segment also has designated responsibilities for due diligence in the area of human rights. To formalise and strengthen our approach to protecting human rights, we carried out a risk analysis in 2022.

## Next steps

We aim to keep a reliable compliance culture at RWE that ensures we can deliver our growth in our focus markets. For this reason, the compliance management system will be further improved. Furthermore, we will detail out the processes for human rights due diligence in 2023 as the new German Supply Chain Due Diligence Act comes into effect and will closely monitor the first-time application of our updated procedures.

## Targets and indicators

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



Interview

## Kunal Chandra

Besides his role as Director Strategy & Sustainability at RWE, Kunal Chandra oversees RWE's efforts on human rights

### What role do human rights play in business nowadays?

It is important to understand that human rights are not new on the stage. The UN Universal Declaration of Human Rights was adopted in 1948 and it was at the time a cornerstone of the post-war order. For a company with a multinational footprint respecting and promoting has always been a topic – no company would still exist if it had continuously and heavily disregarded these rights. At RWE we joined the UN Global Compact – a round of global companies committed to responsible business conduct – shortly after its founding. The 10 principles of the Global Compact have human rights as one cornerstone. With the UN Guiding Principles on Business and Human Rights these duties have been detailed out.

### Besides your role as Director for Strategy & Sustainability you oversee RWE's management of human rights since 2022. Tell us more about the role and your work.

In my role I am responsible for ensuring we take the necessary steps to reduce any risk of human rights violations – both within our company and within our broader value chain. I supervise the colleagues that are responsible for assessing the risks and checking potential or concrete cases of violations and acting when required. At RWE we have a network of colleagues in the most important Group companies that have similar task. As we have a wide-ranging set of business activities it makes sense to have experts close to these businesses evaluating risks and taking appropriate measurements to ensure we can live to our standards at any time and at any place.

### What have you done in 2022, especially with regard to the new German Supply Chain Due Diligence Act?

We welcomed the new law in Germany that supplemented existing legislation in other countries. As a company working in numerous legislations it is important to have certainty about the rules and regulations – and if possible a uniform application. Therefore we are also

looking into the efforts on European level to implement human rights due diligence. For the German law we have taken the necessary steps to comply with all due diligence obligations: In close collaboration with our experts from Compliance, Legal and Procurement we have evaluated our existing approach and taken steps to lift it to a new level. We have now a new public policy on human rights and a dedicated management system with responsibilities and processes. Our suppliers are screened based on aligned criteria for any potential violations. We are continuing to define this approach – as you can imagine this takes time when you have tens of thousands of suppliers. Sometimes a supply chain has up to seven sub-levels.

# We care: Occupational health and safety

## The challenge

Our employees are among RWE's most valuable resources, and their health, safety and wellbeing are therefore especially important to us. Occupational safety and health protection are key components of RWE's corporate policy. They involve consistently monitoring a range of factors for a wide variety of workplaces. Here the guiding principle is that 'all injuries are preventable, and occupational safety and health protection take priority'. Our overriding goal is to ensure the on-the-job safety of each and every employee as well as humanly possible, regardless of whether they hold an office job, work in an open-pit mine or perform maintenance of our power plants, solar plants and wind turbines.

## Our ambitions

The purpose of health management is to provide appropriate services as required to help employees maintain and improve their physical, mental and social health and wellbeing. Owing to the enormous importance of and high priority attached to occupational safety within the RWE Group, the Executive Board's remuneration is tied to its success. Here the key performance indicator is the number



of occupational accidents that cause the loss of one or more workdays per million hours worked (LTIF). Our group-wide commitment is to keeping it below 1.9.

## Our approach

On the Executive Board of RWE AG, the Chief Human Resources Officer (CHO) and labour director is responsible for group-wide coordination and evaluation of occupational health and safety. They are informed, advised and supported by the health and safety unit of RWE Power AG. Group initiatives, programmes and standards in connection with occupational safety and health protection are carried out and implemented with the participation of the Health & Safety unit of RWE Power AG with the involvement

of each Group company's central organisational units for health and safety. There is also a guideline for formulating and applying occupational health and safety standards within the RWE Group as a whole.

In each of the Group's individual companies, the corresponding Executive Board members or managing directors make sure that legal requirements for occupational safety and health protection are complied with. Each Group company is required to designate at least one member of its Executive Board or top management to be responsible for occupational safety and health protection. The basis for complying with legal obligations is an appropriate occupational health and safety management system that meets the requirements of established AMS standards. The Group's companies are →



01  
Meet RWE

02  
We grow

03  
We act

04  
We care

advised to get this system certified by an outside body. The principal tasks of health management include medical and emergency medical services, developing and improving services for promoting health and preventing accidents and medical problems, ergonomically designed workplaces and social counselling. The RWE Group's international health standard (IHS) defines a minimum set of health-related products and services that must be offered to all RWE employees worldwide. The responsibilities for ensuring this in each individual country are also defined. When required, the Group companies may offer their employees additional health-related products and services.

### Our progress

Sadly, in November 2022 an employee of a partner company of RWE Power AG was fatally injured while doing cleaning work. 'Root cause analysis' is being applied to systematically identify the fundamental causes of this accident and develop measures and strategies for preventing any more like it from occurring in future. All fatal accidents are systematically investigated, as well as all events and activities which pose a considerable risk of serious or fatal injuries. In order to communicate essential knowledge and skills related to occupational health and employee safety, all of the Group's companies carry out prevention programmes targeting managers. They are designed to run for several years. Minimum standards for measures to protect staff from

Covid-19 haven't been defined for the entire RWE Group internationally since February 2022; this is now the responsibility of the individual companies. To prevent infections within the scope of operations, Group companies or sites take appropriate steps depending on the assessed risk on site. They can include, for example, personal hygiene and distancing rules, use of face masks, remote work, restrictions on business trips, events and meetings, and free Covid-19 tests.

### Next steps

We continue to strive for the highest standards when it comes to health and safety of our employees.

### Indicators

The key performance indicator established for occupational safety is the number of work-related accidents among in-house and contract staff resulting in at least one day of absence for every 1 million work hours (lost time incident frequency – LTIF). The target within the RWE Group is 1.9. This figure was exceeded in 2021, but the LTIF dropped back down to 1.5 in 2022. The LTIF for RWE personnel was 1.1 and also dropped compared to the preceding year. Our objective remains to allow not a single fatal work-related accident among our staff or the employees of our partner companies. Unfortunately a contract worker had a fatal accident while cleaning a coaling system at one of our power plants in November 2022. As always, the incident is being investigated by conducting a root cause analysis. This method is applied to systematically identify the reasons for events with a view to developing measures and strategies to prevent them in the future.



Interview

## Michael Figgel

Director Safety of RWE Generation about the success of 'Mission ZERO'

### What is the idea behind Mission ZERO?

The objective of Mission ZERO is to clarify our ambition in RWE Generation to strive for zero harm. In addition, Mission ZERO communicates our set of standards how we want to act and work safely. It embraces the belief that every incident is avoidable if the necessary prerequisites are given on leadership, organisation, engagement of employees and partner companies as well as on process safety. It is based on care and respect as the fundament of our desired culture so that every employee returns to his or her family healthy and safely.

### What has made Mission ZERO successful at RWE Generation in the past years since its start?

Mission ZERO is all about the simplicity of the goal and content. From the beginning communication provided clarity and consistency driven by the claim of zero harm as a mission of RWE Generation. Basically, Mission ZERO is built on three pillars: Firstly, 12 Life Saving Rules, secondly, 4 Behaviours and, thirdly, 12 Process Safety

Rules. With the help of Lessons Learned Flyers and Toolbox Talks deployed on the shopfloor, everybody – including our contractor staff – understood the direction of our journey and how to move the needle towards zero incidents. But all of this would have been in vain without the passion of the leadership team, the motivation of our staff and the belief in and identification with our goal. It is really a team effort and success!

### What has Mission ZERO reached in 2022?

In 2022 we focused on three clear priorities. Firstly, introduction of our Process Safety Rules. Secondly, fully embedding and sustaining the building blocks introduced in previous years, and thirdly, harmonising the critical pre-work evaluation of risk steps. In 2020 and 2021 we had been very successful with a centrally driven approach with a roadmap for the roll-out of the respective modules. The frequency LTIF<sup>1</sup> of Lost Time Incidents LTI<sup>2</sup> went down to a level of 0.4 which is low also benchmarked with other industries. In 2022 we did miss our overall target of 0.4 with an LTIF of 1.0. However, the total

number of people harmed at work was still almost 50% lower than before we embarked on our Mission ZERO. Additionally in 2022 many individual sites and departments achieved zero harm and their best ever annual safety performance as a result.

2022 was an opportunity to stop and adapt to what was happening. Based on root cause analysis of LTI in 2022, we decided to significantly shift our emphasis in 2023. Also, in this case Mission ZERO helps us to get back on track to further bring down not just the LTIF, but to avoid all harm arising. Looking forward, our focus is on local implementation of methodologies to ensure that our safety standards are lived and breathed. For example, we will now fully harmonise our 'Last Minute Risk Assessment' approach in all locations to strengthen the safety-relevant preparation of work on the shopfloor. Combined with the local activity plans we lay the cornerstones to continue the success story in the coming years.

<sup>1</sup> LTIF: Lost Time Incident Frequency Rate = LTI related to 1 million hours worked for our own workforce and contractor staff incl. accidents at work and business travel accidents

<sup>2</sup> LTI: Incident causing at least a loss of one shift

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