

RWE AG

# COMPLIANCE REPORT 2017



Powering. Reliable. Future.

**RWE**

**Compliance.**  
Providing Orientation.

## COMPLIANCE REPORT 2017

### PROVIDING ORIENTATION. COMPLIANCE.

RWE's way of doing business is characterized by integrity and compliance with the law. Any breaches of the law mean that the company may suffer major and severe reputational damage as well as causing serious disadvantages for communities, countries and companies.

Preventing corruption is of particular importance to us. That is why the Compliance Management System is mainly focussed on identifying potential structural risks of corruption. Besides risking damage to the company's reputation, corruption may restrict economic growth, reduce equality of opportunity and add to poverty. RWE therefore bases all its activities and business decisions on established rules for compliance and does not tolerate any corruption or other breaches of compliance regulations.

The Compliance Management System for anti-corruption was audited by the auditing company KPMG in accordance with IDW Audit Standard 980 drawn up by the German Institute of Auditors (Institut der Wirtschaftsprüfer). The efficacy audit was successfully completed at year-end 2013/14. A new review of the Compliance Management System by an auditing company is scheduled for 2018.

#### **Raising awareness among our employees**

We want to completely avoid corruption in all our processes. Our prevention strategy relies on raising the level of awareness of our employees and executives. The RWE Code of Conduct forms the basis of our Compliance philosophy. It prohibits any type of corruption and is binding for all our employees. In 2016, the Code of Conduct was revised. Ten Principles of Conduct were added to the Code of Conduct and placed before it. They summarize the most important statements and thus offer quick orientation. The Code of Conduct is given concrete form by Group Directives. A new Group Directive, "Compliance Due Diligence", came into force. Compliance with the directives is supported by organizational requirements, such as the four-eyes principle, segregation of duties, authorization concepts and approval provisions.

The appropriateness of the underlying internal control system is regularly examined by the Group's Internal Audit department.

## **Communication and training about anti-corruption policies and procedures**

For the practical effectiveness of a compliance organization it is of vital importance to create an awareness of critical issues in the day-to-day work environment. Appropriate communication is therefore highly essential for the success of a compliance organization. Internal media within the Group are used to inform our employees about behaviours in line with compliance rules and potential risks of non-compliance. Our employees also receive compliance training each year on a web-based training programme providing changing focal topics. Participation in the web-based training programme is obligatory for all employees. Employees without access to a PC are instructed by their line managers. In addition, our employees take part in attendance training sessions, calibrated according to the risk of corruption associated with the relevant activity and organized by the Compliance Department. The Executive Board is also integrated in this training concept. After restructuring of the Group, we aligned the training concept for the RWE companies with an even stronger focus on risk aspects. The revised programme will be rolled out at RWE in 2018.

## **Organization and management**

Our compliance organization is headed by the Chief Compliance Officer. On 1 October 2016, Mr Christoph Meyer-Haferkamp took over this function.

The Chief Compliance Officer of RWE AG is responsible for the Compliance Management System for corruption prevention of RWE AG, RWE Generation SE, RWE Power AG and RWE Supply & Trading GmbH. A uniform implementation of compliance principles on anti-corruption at RWE AG, RWE Generation SE, RWE Power AG and RWE Supply & Trading is ensured by Compliance Officers in Germany as well as internationally. The Compliance Officers report to the Chief Compliance Officer on a regular basis.

The innogy SE financial holding has adopted RWE's established Compliance Management System for anti-corruption as it stands and has appointed its own Chief Compliance Officer.

## **Transparency**

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

In addition, every executive with personnel responsibilities is required to submit an annual report concerning the implementation of the Code of Conduct within his/her area of responsibility. The rate of reports submitted by executives acts as an indicator of compliance awareness at RWE (without innogy SE). We strive for a response rate of 100%, which we reached both this year and last year.

There is always something “secretive” about corruption offences. To make compliance-sensitive processes transparent, in 2010 we have implemented an IT tool in which all donations, sponsoring activities, compliance-relevant consulting agreements and contributions to public officials that are considered relevant for the purpose of our directive have to be recorded. This tool is continuously being developed and improved.

### **Risk analysis**

The compliance risk analysis is an important part of our Compliance Management System. The identification and assessment of compliance risks takes place in a two-stage process. In the first stage this process was launched in 2012 with the centralized development of the risk profiles for the Group companies. In the second stage the focus was on the development of detailed corruption risk scenarios, which were discussed and dealt with in risk workshops in the individual Group companies. This detailed analysis was carried out by the Compliance Officers on a Group-wide basis and completed in 2016 with a centralized aggregation of the results from the Group’s view before the spin-off of in-nogy SE. In 2017, RWE initiated an update/expansion of the risk scenarios for the areas of corruption, foreign trade/export control and money laundering, which is scheduled for completion in 2018.

The Group’s Internal Audit department regularly carries out preventive compliance audits in the Group companies, focussing, in particular, on compliance with the Code of Conduct. If there are indications of compliance violations, they are examined and corrective measures are taken, if necessary, in a systematic follow-up process.

### **Reporting violations of the Code of Conduct**

Every employee is encouraged to initiate discussion on questions concerning our Code of Conduct and compliance with it with his or her line manager and/or the responsible Compliance Officer. The same applies to indications of violations of the Code of Conduct. The Compliance Officers are appointed for all business units and Group companies and are always available as contacts for compliance-related matters, especially in the area of corruption prevention. The Compliance Officers’ contact details are available on the intranet.

Indications of potential violations of the Code of Conduct can be communicated to line managers or Compliance Officers. It is also possible to contact an independent external third party via phone or e-mail. The third-party contact is available not only for employees but also accepts reportings of any indications made by external parties, such as suppliers and other business partners.

Indications of potential compliance violations are recorded by the Compliance department, examined by the Group function responsible for investigating the violation and, if necessary, corrective measures are taken in a systematic follow-up process.

Since April 1, 2011, the international law firm Simmons & Simmons has been acting as the third-party contact for RWE group-wide, partially supported by local law firms.

Group Compliance  
[compliance@rwe.com](mailto:compliance@rwe.com)

RWE Aktiengesellschaft  
Altenessener Str. 35  
D-45141 Essen