

RWE AG

COMPLIANCE REPORT 2018



Powering. Reliable. Future.

RWE

Compliance.
Providing Orientation.

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PROVIDING ORIENTATION. COMPLIANCE.

RWE's way of doing business is characterized by integrity and compliance with the law. The principles and goals of this culture are set out in the RWE Code of Conduct.

Of particular importance to us is the prevention of corruption. The main focus of our Compliance Management System is therefore on identifying potential structural risks of corruption as well as avoiding corruption and non-compliant behaviour within the RWE Group. Besides risking damage to the Group's reputation, corruption may restrict economic growth, reduce equality of opportunity and add to poverty. RWE therefore aligns all its business activities and decisions with our compliance guidelines. Corruption and any kind of compliance violations will not be tolerated.

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) and the effectiveness audit was successfully completed at year-end 2013/14. At the end of 2018, a new review of the Compliance Management System was initiated by KPMG, which in addition to anti-corruption also includes the topics of money laundering prevention and foreign trade law/export control compliance.

Raising awareness among our employees

Raising the level of awareness among our employees is the key to preventing corruption. The RWE Code of Conduct which is binding for all employees and forms the basis of our Compliance philosophy, prohibits all forms of corruption and is specified by other Group Directives. The Code of Conduct is preceded by ten overall behavioural principles which summarise the Code's most important statements and thus offer quick orientation. Compliance with the Group 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 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 with changing focal topics. In 2018, the web-based training included the topics money laundering prevention and foreign trade law. 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. The roll out of the new training concept for the RWE Group companies began in 2018.

Organization and management

Our compliance organization is headed by the Chief Compliance Officer of RWE AG. 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 of RWE AG, RWE Generation SE, RWE Power AG, RWE Nuclear GmbH and RWE Supply & Trading GmbH. In addition, compliance officers have been appointed for individual companies of the RWE Group in Germany and abroad to ensure a uniform implementation of the Group-wide compliance principles for these companies. The Compliance Officers report to the Chief Compliance Officer on a regular basis.

The innogy SE financial holding also has a Compliance Management System and 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 in 2018 as well as in 2017.

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

Risk analysis

The compliance risk analysis is an essential 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 2018, the update and expansion of the risk scenarios for the areas of anti-corruption, money laundering prevention and foreign trade law/export control compliance was carried out. Based on these updated and expanded risk scenarios, risk assessments were conducted for the RWE Group companies.

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

Indications of potential violations of the Code of Conduct or other non-compliant behaviour can be communicated to his/her line manager or the responsible Compliance Officer. The contact details of the Compliance Officers are available on the intranet.

In addition, it is possible to contact an independent external contact person by phone or e-mail. The external contact person is available not only for employees but also accepts reportings of any indications made by external parties, such as suppliers and other business partners. Since April 1, 2011, the international law firm Simmons & Simmons has been acting as the external contact person for RWE group-wide, partially supported by local law firms. The contact details of the external contact person are available on the internet and intranet.

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