



RWE

**Expanding
the future together.**

Non-financial report 2020



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Non-financial Report

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

In this Non-financial Report, we are using the Standards of the Global Reporting Initiative (GRI) as a framework for the description of the concepts.

Our asset swap with E.ON has turned us into one of the world's leading renewable energy companies. We are now an all-rounder in electricity generation at the forefront of creating a sustainable energy system. In addition, we will ensure security of supply with our flexible power plants. RWE has defined a target of being climate neutral by 2040 at the latest. In order to achieve this, we will be investing billions of euros in wind power, photovoltaics and storage technologies, get involved in the production of green hydrogen and gradually cease generating electricity from coal-fired power plants. We are thereby contributing our share to attainment of the Paris climate protection goals – this was officially confirmed to us by the independent Science Based Targets Initiative at the end of 2020.

Non-financial reporting fully encompasses all segments as presented in the RWE Annual Report 2020. The time-based data related to the period from 1 January 2020 to 31 December 2020. In the case of data for a specific reference date, we report in line with the Group of consolidated companies as at 31 December 2020.

The Non-financial Report was audited and approved by the Supervisory Board of RWE AG. The external business audit for limited assurance was carried out by professional services firm PricewaterhouseCoopers GmbH, see [Assurance Report on page 20](#).

Business model

We report on our business model and our markets in the [combined review of operations in section 2.1 Strategy in the RWE Annual Report 2020](#).

Our company has changed fundamentally over the last few years. In the past, RWE was an integrated utility, which was active along the entire energy value chain. Now, we are a company specialising in power production and energy trading that wants to drive the transformation of the energy sector, aiming for more sustainability. Our goal is carbon-neutral electricity supply that is both secure and affordable. The road to the new RWE began in 2016 when we pooled the Renewables, Retail and Grid & Infrastructure divisions in a subsidiary called innogy and took it to the stock market. One-and-a-half years later, in early 2018, we agreed an extensive asset swap with E.ON, which was implemented in two steps. First, we sold our 76.8% investment in innogy in September 2019 and in return received E.ON's renewable energy business, a 16.67% stake in E.ON, and the minority interests in our nuclear power stations Gundremmingen (25%) and Emsland (12.5%) held by the E.ON subsidiary PreussenElektra. The second step was taken in mid-2020 and involved transferring certain innogy operations back to RWE in legal terms: the renewable energy business, the German and Czech gas storage facilities, and a 37.9% stake in the Austrian energy utility KELAG. Now we are focusing on the integration of the acquired business with more than 4,000 employees into the RWE organisation.

Our main business is now broken down by energy source for generating electricity, whereas energy trading is still presented separately. This results in the following five segments: (1) Offshore Wind, (2) Onshore Wind / Solar, (3) Hydro / Biomass / Gas, (4) Supply & Trading and (5) Coal / Nuclear. Segments (1) to (4) represent our core business. This is where we want to grow. In (5), we have pooled our German electricity generation from lignite, hard coal and nuclear fuel, which will lose importance due to the exit roadmaps established by the German state.

Sustainable finance

RWE is already making preparations for reporting based on the European taxonomy criteria. With this end in mind, the processes necessary for this reporting are currently being analysed and established, to the extent that this is possible at the present time. We expect that the first information on Sustainable Finance will be included by RWE in the Non-financial Report 2021.

Non-financial risks

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

When carrying out its risk-oriented audit planning, Internal Auditing regularly includes a review of various principles of the Code of Conduct as a focus for audit.

Potential risks were discussed for non-financial aspects additionally relevant from a sustainability perspective. These include environment, employee, and social concerns, and human rights and corruption / bribery. These risks could emerge from the business activities of our company or business relationships and could impact on the company itself, or on the company environment and its stakeholders, and which extend beyond reporting on the basis of the Act on Control and Transparency of Enterprises (KonTraG) (see [Risk Report in the combined review of operations in the RWE Annual Report 2020, page 69](#)). No further risks related to reporting obligations were identified by the Corporate Responsibility Team for the fiscal year 2020:

Aspects

Every year, the CR Department compiles performance indicators which assume material impacts caused by the business operations of the RWE Group. Integrating the relevant specialist departments, these indicators are proposed as targets and then reviewed by the Personnel Committee. On the basis of this review, targets are defined in consultation

between the Supervisory Board and the Executive Board for the following business year. These are then incorporated in the performance-related remuneration of the Executive Board, see section [2.11 Remuneration Report in the combined review of operations, page 82](#). The target definition took into account that the new segment of renewable energy business was integrated in the RWE Group structure over the course of 2020 and the valid concepts, structures and targets are being applied.

In relation to the aspects of human rights, corruption, and environmental, employee and social concerns, we have allocated the topics as set out in the table below. The aspects of environmental concerns and employee concerns are of great importance for the business activity of RWE. Furthermore, respect for human rights, anti-corruption and combatting bribery are highly relevant for our company. Social concerns such as the dialogue with our stakeholders on the ground are not taken into account in the CR components of remuneration for the Executive Board and are consequently not a constituent element of the Non-financial Report pursuant to the requirements of the CSR Directive Implementation Act (CSR-RUG).

Topics for the Non-financial Report

Statutory aspects pursuant to Article 289c Section 2 German Commercial Code (HGB)	Topics
Respect for human rights	Procurement practices
Anti-corruption and combatting bribery	Anti-corruption
Environmental concerns	Greenhouse gas emissions, environmental compliance
Employee concerns	Health and safety, motivation of employees
Social concerns	The aspect of social concerns is currently not material for RWE pursuant to Article 289c, Section 3 of the German Commercial Code HGB).

Respect for human rights

Procurement practices

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

Procurement of goods, plant components and services

Challenges

Up to now, we have sourced a substantial proportion of goods, plant components for conventional power plants and services from business partners who – like us – are based in the European Union. Following integration of the new renewable energy business, the focus of procurement is now also the American continent and the Asia-Pacific region. The majority of our procurement processes are carried out in countries of origin which are characterised by a robust legal framework. We have also implemented management systems and controlling instruments in order to ensure the best possible compliance with legislation and safeguarding standards relating to environmental, labour and social concerns, human rights, and prevention of corruption. Nevertheless, we are ultimately unable to conclusively guarantee that all potential negative impacts are entirely excluded as a result of our efforts. We are therefore working continuously on improvements and we cooperate in this process with other companies and organisations to address the challenges.

National and international standards are becoming increasingly concrete in relation to the expectations for sustainable supply chain management. For example, there are already national action plans for business and human rights in place, or such plans are currently being prepared. These regulations on the duty to respect human rights relate in particular to the UN Guiding Principles on Business and Human Rights. The UK Modern Slavery Act in the United Kingdom represents a requirement to do everything possible to prevent modern slavery occurring in our supply chains. Furthermore, there are legal initiatives on the statutory regulations relating to a duty of care for human rights in the supply chain at EU level and in Germany. We are committed to upholding human rights throughout RWE. We have therefore defined as a target the complete coverage of the procurement volume for goods, services and plant components with the RWE Code of Conduct. However, the biggest challenge lies in coverage for the entire supply chain because RWE as a company generally only has direct scope for taking action with suppliers or service providers we have direct business relationships with.

After the merger of the renewables divisions to form RWE Renewables GmbH, project development and plant operation underwent global expansion. Projects for renewable energy are being developed or implemented in North America, Europe and in the Asia-Pacific Region (apart from in the People's Republic of China). This also leads to an expanded supply chain taking account of the challenges of global procurement and the demands of local value added. The procurement organisation of the renewable energy business has to select, qualify and manage a wider range of suppliers and service providers with a high number of sub-suppliers in all areas of activity. This makes it all the more challenging to identify ESG risks in the supply chain and measures to minimise risk.

Organisation and management

The procurement organisations of the RWE Group manage the procurement relationships centrally. Group Procurement is assigned organisationally to RWE Power AG and reports to its Chief Financial Officer. Procurement by the renewable energy business is assigned to RWE Renewables GmbH and the department also reports there to the Managing Director responsible for finance. Group Procurement is responsible for the requirements of RWE AG and the divisions Hydro / Biomass / Gas, Coal / Nuclear and Supply & Trading, as well as the overarching requirements for the renewable energy business. Furthermore, Group Procurement is also responsible for drawing up guidelines, processes and systems relating to procurement. The Procurement Department for the renewable energy business is responsible for the direct requirements of this business for purposes of developing and realising projects, and for the operation and maintenance of the renewable-energy plants. The project-specific requirements of RWE Technology International will be supported by project procurement of RWE Technology International.

The common platform for procurement activities of the procurement organisations is provided by our Group Procurement Guideline. This defines uniform principles applicable throughout the Group for carrying out procurement.

The compliance rules and principles must be complied with for all procurement transactions alongside the RWE Code of Conduct. Our suppliers or service providers are also obliged to adhere to these regulations. We review relationships with business partners if it becomes known in the public domain that they have breached the principles of the UN Global Compact. We then take appropriate measures that we consider necessary and put them into action. Depending on the severity of a potential breach, these range from a review of the compliance system, through the agreement of measures for avoidance of breaches in the future, to terminating the business relationships.

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

Code of Conduct as a constituent element of all contractual relationships of procurement organisations

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

Supplier management is a key building block within the tactical procurement process for Group-wide procurement. One of the objectives of supplier management is safeguarding and improving the supplier service, and identifying and managing supplier risks. If there are any problems in relation to the business relationship, we involve our suppliers and work together with them to generate improvements.

Measures and performance measurement

Code of Conduct as a constituent element of all contractual relations

The procurement organisations bear responsibility for procurement procedures of the RWE Group. More than 12,000 suppliers are registered in our supplier portfolio for procurement of goods, plant components and services within the framework of business and plant operation, and product development and realisation. Some 500 of these suppliers are important for projects and operation, and are therefore strategically relevant.

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

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

During the year under review, the procurement organisations purchased goods, services and plant components with a total volume of around € 4.3 billion (2019: € 1.9 billion). We regularly monitor the proportion of the procurement volume in which the requirements of our Code of Conduct are a constituent element of the contractual relationship. During the year under review, the corresponding level of coverage of RWE Group Procurement met its target value of 100% in relation to the procurement volume for goods and services including the procurement volume for the renewable-energy business.

Declarations on the UK Modern Slavery Act

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

Procurement of energy sources

Challenges

A major challenge also involves excluding the possibility of money laundering or financing terrorism when procuring e.g. energy sources and derivatives in trading markets. There are also challenges of complex value chains and corresponding supplier relationships for the procurement of energy sources – similar to the procurement of goods, plant components and services. The standards already referred to in relation to the duty to respect human rights are also applicable here.

Review of trading partners on the wholesale markets

Organisation and management

Key elements of our value chain are the procurement of hard coal, natural gas, liquefied natural gas (LNG) and biomass, as well as trading in combustion fuels. The majority of the procurement of biomass is carried out directly, approximately 75%. Raw materials are traded as standardised products with defined quality attributes on international wholesale markets. These markets are the most important source of procurement for hard coal, natural gas and liquefied natural gas (LPG). Raw materials traded in these markets often change ownership several times after they have been first offered for sale by the producers. Generally, it is only possible for us to identify the immediate upstream owner, while the precise geographical origin of the raw material is not known when a transaction is concluded. There are therefore only limited direct supplier relationships between RWE and the producers. This means we are only able to exert indirect influence on the production conditions.

Measures and performance measurement

We are aiming to review all potential trading partners before we enter into any business relationships in the wholesale market. The review takes place in a standardised and multi-stage process. We expect all our business partners to accept and follow the RWE Code of Conduct, or if they have their own equivalent Code of Conduct to comply with this. We use international databases and information systems to review whether there are indications of any potential misconduct – independently of procurement volume with the individual trading partners. The Code of Conduct for the RWE Group defines our expectations for our own working practices, the standards for cooperation with contractual partners and the joint basis for establishing contractual relationships. Each supplier is evaluated using a fixed procedure in the form of the “Know Your Customer Process” (KYC), monitored for negative reporting in the media, and more in-depth investigations are then carried out as necessary. The audit and further investigations are performed by the Compliance Team of RWE Supply & Trading. A date for the next audit is also defined in the course of this process. The timing depends on the risk identified in respect of the party investigated. This is a continuous process which ensures that audits are carried out on a regular basis and not just at the beginning of a business relationship. Since 2014, we have also had access to the information gathered in the Bettercoal Initiative for the procurement of hard coal. In 2020, all the new business partners were reviewed by the KYC process. As part of our ongoing monitoring, we reviewed 4.5% of our active long-term business partners. This is equivalent to approximately 10% of all the approximately 2,200 reviews carried out in 2020. Based on the increase in review enquiries for new business partners, a decision was taken to build up further personnel resources. In 2020, no business partners were excluded on the basis of reviews.

In the context of the renewable energy business, procurement of energy sources is not material because electricity generation is based on renewable energy sources and these resources do not come under the procurement procedures addressed here. The procurement volume for energy sources by RWE Supply & Trading for the operation of conventional power plants was around € 2.7 billion (2019: € 4.1 billion) in 2020.

Anti-corruption and combatting bribery

Anti-corruption

Challenges

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

A key objective of the Compliance Management System is to establish compliant, rules-based conduct permanently in the mindset and actions of all RWE employees, and to strengthen the compliance culture within the Group sustainably over the long term. A top priority for us is the prevention of corruption. The Compliance Management System therefore focuses in particular on the identification of potential structural risks of corruption and the avoidance of corruption and non-compliance conduct within the RWE Group.

Over and above the risk of reputational damage for the Group, corruption can put constraints on economic growth, reduce equal opportunities and contribute to an increase in poverty. For this reason, RWE conducts all its business operations and makes its decisions on the basis of defined compliance guidelines and does not tolerate corruption or breaches of any other nature. Compliance requirements are also factored in when making decisions about entering into business relationships with suppliers or business partners and in the administration of donations, sponsorship measures and memberships.

Organisation and management

Integrity and acting in accordance with the law are key principles for the entrepreneurial activity of RWE. The RWE Code of Conduct forms the platform for our interpretation of compliance and it is binding for all employees. The Code sets out the targets and principles underpinning compliant behaviour. The Code of Conduct prohibits all forms of corruption and is given concrete form by additional Group guidelines.

We are committed to avoiding corruption completely in all our processes. We therefore do everything possible to raise the awareness of our employees and managers throughout the company.

Overarching management of the Compliance Management System to prevent corruption at the RWE Group is carried out by the Chief Compliance Officer of RWE AG. Compliance officers are also appointed for Group companies in Germany and in other countries to ensure uniform implementation of Group-wide compliance principles for prevention of corruption at these Group companies. RWE Supply & Trading GmbH has its own Compliance Department.

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

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

Measures and performance measurement

The Chief Executive Officer of RWE AG writes personally to each manager with a request to report on the implementation of the Code of Conduct in their area of responsibility. This management survey is carried out once a year in order to create transparency in relation to compliance with the Code of Conduct and obtain an overview of compliance awareness at RWE. The feedback rate for this management survey provides an indicator of compliance awareness at RWE. We strive to generate a feedback rate of 100% and this was indeed achieved in 2019 and 2020.

We always follow up reports of potential compliance violations. If such compliance violations by employees and / or business partners are substantiated, we introduce the measures that are necessary and appropriate from our perspective.

The Compliance Management System is regularly reviewed by an auditing firm in compliance with the Audit Standard 980 of the German Institute of Public Auditors (IDW). A conceptual audit was successfully completed in 2019 for the topic areas anti-corruption, prevention of money laundering and compliance with export control. After the integration of the renewables companies in 2020, an efficacy audit of the Compliance Management System will be performed throughout the Group from 2021, beginning with anti-corruption. This will then be followed by an efficacy audit of the topic areas prevention of money laundering and compliance with export control.

The regular compliance risk analysis is a key element of our Compliance Management System. In 2020, risk assessments were carried out in selected RWE Group companies that are particularly subject to risk for the topic areas anti-corruption, prevention of money laundering and compliance with export control. The risk assessments are being continued for other RWE Group companies in 2021.

Internal media within the Group inform our employees about compliance issues, such as current developments, existing and new Group guidelines, requirements for compliant behaviour. They also highlight potential risks if compliance is breached. Additionally, our employees receive compliance training each year on a web-based training programme with a changing focus topic. Alongside general compliance principles, the programme raised awareness for issues related to the Code of Conduct and compliant conduct in relation to conflicts of interest in 2020. Participation in the web-based training programme is mandatory for all employees. Staff members without PC access receive instruction from their supervisors. In addition, employees join in-person attendance training sessions organised by the Compliance Department. These are calibrated on an incremental scale of risk according to the risk associated with the relevant activity. In 2020, these training sessions were primarily virtual owing to the COVID-19 situation, for example by video conference or in online meetings. The Executive Board is also integrated in this training concept.

Environmental concerns

Greenhouse gas emissions

Challenges

In December 2015, virtually all the countries in the world joined together in the Paris Climate Agreement (COP 21) to make a commitment to limit the global rise in temperature to significantly less than 2 degrees Celsius compared with the pre-industrial level, and to work towards a limitation of 1.5 degrees Celsius. The countries signed up to national reduction commitments to achieve this aim. Consequently, the European Union made a commitment to reduce the emission of greenhouse gases by at least 40% by 2030 compared with the baseline year of 1990. In the course of her nomination for the new EU Commission, the Commission President and the Commissioner responsible for climate protection announced that the intention was to tighten the reduction target. In September 2020, they gave more concrete form to their deliberations and proposed a reduction target of at least 55% compared with 1990. While the member states consented to support this target in December 2020, the European Parliament then demanded a further increase in the minimum target to minus 60%. The two bodies have yet to reach agreement. At the same time, the EU has already offered the 55% target as the new European minimum commitment for the Paris Agreement.

Germany has anchored a sector-specific reduction in emissions of 62% by 2030 compared with 1990 in its Climate Protection Act (Klimaschutzgesetz). The Netherlands wants to achieve a 49% reduction compared with 1990 in their greenhouse gas emissions by 2030. The emission reduction in the United Kingdom envisages a fall of 68% by 2030, in each case by comparison with 1990.

Other countries where we also operate have likewise defined their own targets – for example, the USA announced it was going to re-join the Paris Agreement and Turkey, has made a voluntary commitment under the Paris Climate Agreement.

Political pressure to tighten the defined goals is coming not only from the Paris Climate Agreement but primarily also from a large number of initiatives generated by organisations in civil society such as Fridays for Future. These movements have ensured that climate protection is being made a much bigger priority in the political discussion.

Investors include the topic of climate protection in their company assessment. Our customers too are also increasingly taking into account sustainability aspects, e. g. the CO₂ intensity of the electricity we generate, in their procurement processes. The CO₂ intensity of the electricity generation output of the RWE power plant portfolio amounts to 0.45 mt CO₂/MW in 2020. Non-government organisations (NGOs) and campaigners are continuously stepping up their efforts to promote short-term shutdown of older coal-fired power plants in order to achieve climate targets, both against the background of the expectation of a reduction in greenhouse gas and other emissions.

RWE is pursuing a strategy geared to the long term. This is based on the applicable and the anticipated legislative framework conditions and our own and external expectations that we will sustainably reduce CO₂ emissions over the long term.

Organisation and management

We base our business model on sustainable development over the long term and we are contributing to the fundamental transformation of the energy industry – with the target of virtually CO₂-free electricity generation which continues to be secure and affordable, see [Non-financial Report, page 2](#).

“New RWE” also means a new perspective on our direct and indirect emissions. As a consequence of the integration of renewable energy and the deconsolidation of the grid and retail business, a new survey of our emissions was necessary in conformity with the international Greenhouse Gas Protocol Standard in 2020. In December 2020, a comprehensive new methodology was published which will provide the guideline for our reporting of greenhouse

gas emissions in the future. The newly determined emission values for the new RWE in 2019 also formed the platform for our work on further reduction targets.

On the basis of findings from climate science, the Science Based Targets Initiative (SBTi) officially confirmed that the new RWE climate protection targets are in compliance with the Paris Climate Agreement and the target used there to limit the warming of the earth to significantly less than 2 degrees. The SBTi is an initiative of CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

RWE is consequently one of the energy companies with confirmed “Science Based Targets,” in other words climate targets based on science. Currently, around 500 companies around the world have defined targets like this based on the latest climate science, which are in compliance with the Paris Climate Agreement (status December 2020). For the first time, RWE has used new Science Based Targets to define targets for direct emissions (Scope 1) and for indirect emissions (Scope 2 and 3) – and for the first time also for the other greenhouse gases in the Greenhouse Gas Protocol. The targets of RWE provide for reducing the greenhouse gas emissions from Scope 1 and 2 by 2030 in comparison with 2019 specifically (per kilowatt hour of generated electricity) by 50%. The emissions in Scope 3 are to be reduced by 30% by 2030 compared with 2019. Comprehensive reporting on our greenhouse gas emissions was established in the reporting year and is now reflected in the Sustainability Report. We will continue to develop this reporting further.

Our fossil-fuel power plants in the EU are subject to the European Emissions Trading System (EU ETS). Reporting on CO₂ emissions from these power plants is made to the national emissions trading offices, which in turn report to the responsible EU authorities. Rights and obligations of the emitters are regulated in detail at the level of the member states so that no additional corporate internal regulatory standards are necessary. The European Emissions Trading Directive is one of the regulations applicable for this area at European level. In Germany, the Netherlands and the United Kingdom, the relevant national regulations based on this directive are applicable, which were amended by national lawmakers following the last ETS reform.

The CO₂ data relevant for reporting are calculated in the opencast mines, at the relevant power-plant locations, and when combustion fuel is purchased. They are then collated centrally in the course of reporting for RWE. This ensures that for each metric ton of CO₂ emitted subject to emissions trading, a CO₂ certificate is purchased and then eliminated. The Group Management is integrated in the course of regular financial reporting.

The emissions generated by RWE are determined in operational terms by the use of our power plants in association with development in the energy markets. RWE Supply & Trading is primarily responsible for commercial optimisation to enhance utilisation of power plants. The prices for combustion fuels and the CO₂ certificates to be purchased determine the costs at which power plants are able to offer the electricity they produce on the wholesale market. The demand for electricity determines when and which power plants are used. More expensive power plants are correspondingly only deployed when there is high demand in the electricity market and they emit correspondingly lower levels of greenhouse gases and harmful air pollutants owing to the lower number of operating hours. The additional expansion of renewable energy, which has priority feed-in in Germany, for example, means that the operational hours and the associated emissions for all other power plants are continuously declining.

Climate protection and climate-protection measures constitute key elements of our corporate strategy. In this connection, the coordination of decision-making and preparing the groundwork are in the hands of Group Strategy, which integrates all the relevant divisions and generating segments, and reports to the Executive Board of RWE AG. For the organisational position of environmental compliance, see [Non-financial Report, page 14](#).

We also use appropriate risk management to safeguard the financial risks associated with emissions trading, see [Reduction of financial risks, page 13](#).

The renewable energy business makes a positive contribution to the emissions footprint of RWE because direct CO₂ emissions are not material for these activities. Rather, the emissions of the upstream and downstream value chain are of key importance here. The expansion of renewable energy is relevant for RWE, and the renewable energy business is responsible for this area.

Measures and performance measurement

As a leading international electricity utility, we have particular responsibility for the implementation of the emission reduction targets in the energy sector. The European Union intends to be climate neutral by 2050. We have defined this target for ourselves already for 2040 – and we are well on the way to achieving this. From 2012 to 2020, we reduced our annual CO₂ emissions in electricity generation by 62%. A reduction of at least 75% is projected by 2030. The gradual exit from coal-fired electricity generation plays a key role in this endeavour. Additional building blocks of our emission reduction strategy are provided by the rapid expansion of CO₂-free renewable energy, increased use of storage technologies and the use of climate-neutral combustion fuels for electricity generation.

We are therefore acting in compliance with the Paris climate protection targets as was recently confirmed to us by the Transition Pathway Initiative and the Science Based Targets Initiative. Our market profile also demonstrates just how seriously we take our environmental responsibility. The guiding principle “Our energy for a sustainable life” expresses our commitment that the new RWE with its workforce of some 20,000 employees is single-mindedly working towards a sustainable energy supply.

With our goal of carbon neutrality by 2040, we are being more ambitious compared with the objective of the European sector association Eurelectric, which had announced climate neutrality for the electricity industry “substantially before 2050”. We are therefore also significantly ahead of the targets of carbon neutrality by 2050 currently under discussion in Germany and at European level.

The proposals put forward by the “Growth, Structural Change and Employment Commission” (KWSB, Structural Change Commission) in January 2019 have been overwhelmingly well received by policymakers and stakeholder associations. Shortly after they were published, the Federal Government, the affected federal states and the power-plant and opencast-mine operators started negotiating the implementation of the recommendations. These talks led to a consensus in early 2020. On this basis, the Federal Cabinet published the draft of an Act to Reduce and End Electricity Generation from Coal (Coal Phase-out Act, Kohleausstiegsgesetz) on 29 January 2020 and thereby launched the parliamentary procedure. This process was completed in July 2020, and the Federal Parliament (Bundestag) and the

Federal Council (Bundesrat) passed the laws providing for the phase-out of coal and supporting the process going forward. At the beginning of February, the lignite companies operating in Germany signed a contract under public law previously approved by the Federal Parliament in order to increase the legal certainty for the exit conditions from lignite mining and coal-fired electricity generation. The EU Commission now only needs to grant its approval in relation to State aid rules.

Already at the end of 2020, the first hard coal-fired power plants with a capacity of 4.8 GW were taken out of the market. This was preceded by a tender for shutdowns with a minimum capacity of 4 GW. The results were announced at the beginning of December. RWE was selected with the two hard coal-fired plants Westfalen and Ibbenbüren in return for compensation of € 216 million. From 31 December 2020, both plants are therefore subject to a marketing prohibition. Until 8 July 2021, they will remain on standby, ready to start up if there are supply bottlenecks. In parallel, the Federal Network Agency and transmission system operators are assessing their relevance to the system.

The Coal Phase-out Act (Kohleausstiegsgesetz) also envisages that RWE will bear most of initial burden for phasing out lignite-fired electricity generation. By the end of 2022, the act provides for us removing around 2.8 GW of lignite-fired power plant capacity from the grid. At the end of 2020, the first 300 MW unit had already been removed from the grid in the Rhineland Lignite Mining Region. In 2021, three additional 300 MW plants will be switched off. In 2022, another 300 MW unit and two 600 MW units will also be shut down. The main sites affected are the power plant locations Neurath and Niederaußem, and to a lesser extent Weisweiler. In 2022, we will also cease production of lignite briquettes at the Frechen location and hence also operation of electricity generation capacity amounting to 120 MW. By the end of the decade, we will continue to significantly reduce our lignite-fired generation capacity. Already in the year 2025, a 300 MW unit is likely to stop operating in Weisweiler. The two 600 MW units at this site will follow in 2028 and 2029. The lignite from the Inden opencast mine is used exclusively at Weisweiler and this facility will then be closed down. Out of the other two 600 MW units, one is scheduled for shutdown at the close of 2029 and the other will be transferred to a “time-delayed shutdown” that is comparable with the existing legally-mandated security standby for four years on 1 January 2030. From 2030 onwards,

only our three most advanced lignite-fired units in the 1,000 MW class will remain in the market. They are projected to keep operating until the end of 2038.

Emissions over the medium and long term at RWE can be influenced by the ongoing development of the power plant portfolio. This relates to a range of potential measures including modernisation and efficiency enhancement of existing power plants, and replacement or shutdown of existing power plants. In the same way, we can change combustion fuel, for example from coal to biomass. Since 2012, measures such as decommissioning or a reduction in the capacity utilisation of coal-fired power plants have facilitated a significant decrease in CO₂ emissions from electricity generation by 62% for RWE. Additional planned measures are presented under [reduction of our own CO₂ emissions, page 13](#).

Reduction of financial risks

Financial risks associated with CO₂ emissions from our power plants are reflected in our risk management, see [combined review of operations in the RWE Annual Report 2020, page 69](#). We reduce these risks by concluding appropriate hedging transactions. Furthermore, we sell most of the electricity from our power plants in forward transactions and hedge the prices for the fuels and emission allowances required. The Commodity Management Committee (CMC) is responsible for concrete implementation of the hedging strategies within a framework approved by the Executive Board of RWE AG based on a number of factors including limits.

Most of the emissions are hedged by the purchase of European Emission Allowances (EUAs) on different exchanges. In 2020, we emitted 68.9 million metric tons of CO₂ from our plants in accordance with EU ETS. This was covered by an estimated 66.2 million EUAs, in addition to 1.1 million certificates allocated free of charge.

Reduction of our own CO₂ emissions

We use CO₂ emissions from plants subject to the European Emissions Trading Scheme (EU ETS) as an indicator for greenhouse gas emissions. We report emissions from our gas-fired power plant in Turkey together with the EU ETS emissions as the total CO₂ output for the RWE Group.

The recommendations of the Growth, Structural Change and Employment Commission (KWSB) entail further changes that go beyond the existing plans. These include retaining the Hambach Forest in conjunction with the shutdown pathway for lignite-fired power plants in the Rhineland Mining Region operated by RWE now established in law. These measures have far-reaching consequences for lignite production in the region. RWE Power AG therefore worked out a new concept in relation to plans for opencast mining in the Rhineland Mining Region in spring 2020 that incorporates the framework conditions of the agreement. RWE presented this concept to the North Rhine-Westphalia State Government, which has in turn launched a new guideline ruling process. After the draft of the new guideline ruling was published by the State Government at the beginning of October 2020, the consultation process followed until 1 December 2020 and we engaged in constructive participation. We are expecting a decision on the new guideline ruling in spring 2021.

Emissions balance in million metric tons of CO ₂	CO ₂ emissions		Free allocation of CO ₂ certificates		Shortage of CO ₂ certificates	
	2020	2019	2020	2019	2020	2019
Hydro / Biomass / Gas of which:	21.2	26.3	0.5	0.4	19.1	24.9
Germany ¹	3.5	3.3	0.5	0.4	3.0	2.9
Netherlands	7.0	9.1	-	-	7.0	9.1
United Kingdom	9.1	12.9	-	-	9.1	12.9
Turkey ²	1.6	1.0	-	-	-	-
Coal / Nuclear	47.7	61.8	0.6	0.7	47.1	61.1
RWE Group	68.9	88.1	1.1	1.1	66.2	86.0

1 Including figures for capacity of generation assets not owned by RWE that we can deploy at our discretion on the basis of long-term agreements. In 2020, these power plants emitted 1.1 million metric tons of CO₂ (previous year: 1.3 million metric tons).

2 Since Turkey does not participate in the European Emissions Trading Scheme, we do not need any emissions allowances for the CO₂ emissions there.

We carry out systematic reviews and adopt the available options for optimisation of the power plant portfolio. In the past, we have significantly increased the efficiency of our power plants and expanded the proportion of gas-fired generation for this purpose. In the case of electricity generation from hard coal, we succeeded in removing around 72% of the installed capacity in 2013 from the grid or in converting the capacity to biomass consumption (previous year: around 69%). Out of these, the upgrades to biomass are already making a contribution today with around 7%. In 2020, we shut down Aberthaw, our last British hard coal-fired power plant. Furthermore, as reported above, the power plants Ibbenbüren and Westfalen were also shut down within the framework of the German exit from coal.

Carbon capture and utilisation or storage is one course of action available for the reduction of greenhouse gas emissions. Apart from an absence of cost-effectiveness for Carbon Capture and Storage (CCS) projects, an appropriate legal framework has been lacking and there has been no acceptance for this technology. Nevertheless, RWE continues to carry out further research into Carbon Capture and Utilisation (CCU) technologies. They are an

important option for covering the supply of carbon required by industry. At the same time, the application of these technologies can reduce CO₂ emissions of fossil-fired power plants. Other sources of carbon, such as biomass, waste and sewage sludge, are also being investigated with the aim of establishing closed carbon cycles.

Environmental compliance

Challenges

The operation of our power plants and systems for electricity and heat generation, as well as our mines for the production of lignite inevitably result in our impacting on natural ecosystems. Our objective is to avoid the risk of serious negative impacts on ecosystems. Our activities here partly extend beyond the already stringent obligations arising from legislation or licences for the operation of opencast mines, power plants and other systems.

Organisation and management

In our RWE Code of Conduct, we describe our aspiration for environmental protection like this: We are committed to a responsible approach for natural resources and we promote the use of environmentally friendly technologies. The provisions of the Code of Conduct were applicable for all employees of the RWE Group in 2020.

The Group Guideline Environmental Protection is based on ISO 14001:2015 and defines uniform principles for environmental protection. This applies to all the Group affiliates that are integrated in the consolidated financial statements and have business operations with personnel and / or assets.

The responsibility for this environmental protection is with the CEO of RWE AG. The RWE companies each appoint environmental officers in the Executive Management. Furthermore, there are also environmental management officers and central specialist environmental coordinators who regularly review, assess and improve the relevant Environmental Management Systems. As part of integrated compliance reporting, the Chief Compliance Officer also reports on environmental protection topics, or on serious incidents relevant for the environment to the Executive Board and the Audit Committee of RWE AG. We identify environmental topics and associated risks and opportunities, regularly assess our environmental performance and make use of these results in order to initiate systematic improvements on a continuous basis.

In a number of companies, environmental management is additionally accredited and certified in compliance with ISO 14001 in order to manage our key activities with environmental relevance in generation.

Owing to the diverse statutory obligations and requirements for management – for example in the areas of occupational health and safety, and environment, and in a number of business areas such as energy and information security – RWE Renewables, RWE Generation and RWE Power rolled out an integrated management system for these topics to achieve synergies. Alongside compliance, these comprise the areas of energy, water, biodiversity, emissions, and wastewater and waste, depending on the business requirements.

Anchoring environmental protection in business processes

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

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

Measures and performance measurement

Necessary or recommended measures for maintaining or improving environmental protection are identified from different sources, including internal audits or monitoring audits of RWE AG in the uncertified companies. These measures include, for example, ensuring qualification of existing and new environmental management officers in the Group companies and supplementing environmental aspects relating to the lifecycle approach.

Group-wide coverage by environmental management

The level of coverage by our Environmental Management System provides RWE with a performance indicator. It is comprised of the proportion of the employees covered by the Environmental Management System and the level of implementation. We aim to achieve 100% coverage, either through certification or internal auditing. On 31 December 2020, the level of coverage for environmental management at RWE amounted to 99.3% as a result of the delayed complete integration of renewable energy business. 69% of the Environmental Management Systems were certified. During the reporting year, no serious environmentally relevant events were identified in an internal survey. Equally, no material monetary and no non-monetary sanctions in the environmental area were reported to us in an internal survey during the reporting period.

Employee concerns

Occupational health and safety

Challenges

As an industrial company, occupational safety and maintaining health are very important topics of concern to us. Our workforce and the employees of our subcontractors often carry out their assignments at workplaces that are subject to special requirements for occupational health and safety. In particular, these include activities in the sphere of open-cast mining, in technical areas at our power plants, and at wind turbines. These areas of application are subject to particular accident risks and health hazards for our employees and the workforce of subcontractors. So as to protect them, we are committed to continuous development of a culture of occupational health and safety. The ongoing robust development of a respectful management culture in an atmosphere of trust is absolutely essential for strengthening our culture of occupational health and safety. We are striving to ensure that the topics of management and personnel development are even more tightly dovetailed.

Good occupational health and safety promotes high levels of quality and demonstrates a good business policy. Sustainable prevention also exerts a positive impact on the motivation and satisfaction of employees, the quality of their work and the image of the company. This is why we comply with high standards, such as ISO 45001, and we continually work on improvements in this area.

In terms of health and safety, the year 2020 was defined by the COVID-19 pandemic throughout the world. As an operator of a critical infrastructure, it was our priority to protect our employees against potential illness and additionally to secure electricity generation.

Owing to the link between occupational safety and the compensation of the Executive Board, we describe this below. Information about health and safety is provided in our Sustainability Report.

Organisation and management

Our objective is for every employee to be healthy and to maintain their state of good health. We therefore make use of all the available opportunities to aid the recovery of sick employees and to prevent diseases and accidents. This applies equally to occupational safety, in other words the avoidance of accidents and to the promotion and retention of health.

Organisation of Health & Safety

The CEO of RWE AG is responsible for Group-wide management, coordination and evaluation of Occupational Health and Safety. The head of the organisational unit "Occupational Health & Safety" of RWE Power AG provides the CEO with information, advice and support in this area.

The consultation for the roll-out of Group objectives in the areas of Occupational Health & Safety, particularly in relation to Group policy and strategy, takes place in the "Steering Committee Health & Safety" (SCOS). The management of the SCOS is under the responsibility of the head of the organisational unit "Occupational Health & Safety" of RWE Power AG. The committee is made up of the heads of the H & S Departments of the companies and the heads of the organisational unit "Work Structure and H & S Culture Development" and the Industrial Medicine Department.

The structural and process organisation of Health & Safety is ensured through acknowledged management systems including international standards and rules. Corresponding regulations are defined in a guideline valid throughout the Group. This includes fundamental provisions for defining occupational health and safety policy and for structural and process organisation.

RWE has defined a target of all Group companies having certifiable management systems in the Occupational Safety Department. As of 31 December 2020, these have been externally certified for RWE (in some cases accredited) in 58 % of the companies (based on FTE = Full Time Equivalent) for RWE.

As part of the overall strategy, the Executive Board defines concrete goals for occupational health and safety. These goals are broken down within the companies based on hierarchical levels through the target agreement process. This forms a platform for drawing up Group programmes in order to develop a culture for occupational health and safety.

Continuous improvement of occupational safety

The occupational safety management systems cover the relevant management and business functions including the definition of targets, structures and processes, along with rules and tools relevant to occupational health and safety. This is intended to make the best possible contribution to achieving the corporate goals. The relevant processes for health and safety are systematically analysed and continuously improved using the Plan Do Check Act cycle. The integrated approach is applied for relevant activities that extend across management systems. These include management reviews, audits, analyses and event notifications.

Measures and performance measurement

Continuous improvement of occupational safety

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

We primarily focus systematically on investigating events and accidents with a high potential for risk. For this purpose, we deploy an independent, interdisciplinary analysis team in order to determine causes and derive suitable measures. In addition, we also support the subcontractors working for us with analysis and implementation of measures. For example, we have implemented an escalation process for incidents in the area of occupational safety in order to develop suppliers. These suppliers can also be suspended if there is a repeat and depending on the severity of the incidents.

Our objective is to treat the employees of our subcontractors in the same way at all times as RWE's own employees. We therefore take account of the number of accidents sustained by subcontractors in the LTIF rate. Over the course of the past ten years, RWE has established and expanded a reliable system of Workplace Safety Subcontractor Management (WSSM). Apart from reducing the accidents and work-related stresses for our subcontractors, the focus is on joint development of an H&S culture. In order to achieve this, we support our subcontractors from the tender stage to carrying out the work through to the phase of continuous improvement.

Furthermore, we have developed a concept for management training "H & S Culture – the Role of Management". The training sessions relate to a blended-learning concept comprising online training, attendance workshops and transfer phases on the topic of "responsibility in occupational health and safety".

The programme "Keeping your Mind on the Issue" was also developed. Customary behaviours for employees are established on the basis of combining knowledge building and exercise units and this leads to a greater level of awareness during work. This programme was piloted in the lignite-fired power plants division at RWE Power and successfully evaluated.

In 2017, the Health & Safety Department already developed the "Safety Academy" game. This involves small teams working together and answering questions interactively about Health and Safety. Situations from routine work every day are also trained in action fields. The game has meanwhile become an established and accepted teaching tool in the administrative sector.

In addition, the initiative "Mission Zero" was launched at RWE Generation in 2019. The objective is to create a uniform safety culture for RWE Generation that is internationally on the same level. It will be promoted consistently for all managers, employees and subcontractors. The project was continued in 2020.

After the outbreak of the coronavirus pandemic, RWE took measures to avoid infections within the company at an early stage. The central thrust was for employees to make maximum use of the opportunity for mobile working. In the case of employees whose activities require in-person presence at the workplace, we instituted strict social distancing and hygiene rules. All work processes were reviewed with the aim of avoiding or minimising contacts and they were adjusted if this was possible in operational terms. The measures included splitting up or physically distancing employee teams (for example at substitute sites) or reducing the number of people working on a shift. With the exception of the workstation itself, employees have to wear masks inside buildings. For this reason, RWE issued all employees with coverings for the mouth and nose as a minimum. Medical face masks were additionally provided in Germany to comply with national occupational safety regulations. Hand sanitisers are mandatorily available in all company buildings. Furthermore, all meetings are held online, business trips only take place if this is absolutely essential from a business perspective and approved by the supervisor. In addition, "physical" participation at external events such as conferences is not permitted.

The key performance indicator we use for occupational safety is the number of occupational accidents with at least one day of absence from work for every one million hours worked (Lost Time Incident Frequency, LTIF). This indicator also includes colleagues at subcontractors. In the reporting year 2020, the RWE Group reduced the number of occupational accidents year on year and it achieved an LTIF of 1.5 (2019: 2.1 for RWE without the renewable energy business). This means that we were able to achieve our LTIF target of 2.0 for 2020. On the one hand, this demonstrates the effectiveness of the prevention programmes, while on the other hand maintenance projects were postponed as a result of factors such as the COVID-19 situation or impacted by increased safety measures. Our goal is to bring about a sustainable reduction in LTIF rate. An important focus for Health & Safety at RWE is therefore also raising awareness for potential causes of accident and the avoidance of accidents. We intend to achieve an LTIF of 1.9 in RWE by 2021.

In 2020, there were no fatal occupational accidents at RWE.

Accidents involving at least one day of absence from work in 2020 by division	Number of occupational accidents (LTI) ¹	Number of commuting accidents ²
RWE Generation SE	4	3
RWE Power AG	47	33
RWE Supply & Trading GmbH	1	3
RWE AG (other)	0	1
RWE Renewables	35	7
Innogy – continuing operations ³	2	0
RWE Group	89	47

1 Including employees from subcontractors.

2 Only own employees.

3 Data correspond to the segment "Hydro & Biogas" which was based with innogy for the first half of 2020. From Q3 / 2020 this segment was based organisationally with RWE Generation and is reported here.

Motivation of employees

Challenges

As a responsible employer, RWE AG is very much aware that the motivation of our employees makes a significant contribution to positioning our company as fit for a sustainable future. In the recent past, RWE has already mastered a number of challenges. After the resolution to phase-out coal, many of our employees were extremely uncertain about their future careers. In the course of the transaction and the integration of RWE Renewables, the number of our employees increased once again. By the same token, various working cultures needed to be integrated such that ideally only the strengths were anchored in a common RWE culture. All these developments can influence employee motivation. Incentivisation of the Executive Board is also linked to the positive structuring of employee motivation to signal a strong commitment to the workforce of the entire RWE Group.

Organisation and management

Employee motivation as an indicator is greatly affected by individual framework conditions. For this reason, the Motivation Index is surveyed at Group level but no Group-wide approach is adopted for it.

Employee motivation as an overall perspective of employees is either documented in a full survey or a representative partial survey. 13 questions are currently envisaged for this throughout the Group and these are defined in the questionnaire for the employee survey.

The “Change Management” Department of RWE Power AG is responsible for central determination of the Group-wide Motivation Index. Implementation, evaluation and consolidation of the staff survey is carried out by an external service provider.

Each Group company has a dedicated HR Department and all personnel concerns are therefore supported by the individual HR Department. In 2020, a new member of the Executive Board took over the role of Chief Human Resources Officer at RWE AG.

Measures and performance measurement

The survey and calculation of the Motivation Index is carried out on the basis of a five-stage scale, with each employee answering the 13 questions. Each answer option is allocated an index value of 0 to 100. In this way, an indicator between 0 and 100 is calculated for each Group company.

When the RWE Motivation Index is recorded as a complete survey within the scope of a full-scale employee survey, follow-up processes are carried out in each of the participating Group companies. The aim of these follow-up processes is to derive measures and put them into practice. These are intended to maintain the motivation of employees or even bring about an increase. In 2020, a partial survey was carried out in the context of a representative intermediate survey. This is not linked to follow-up processes.

In 2020, the Motivation Index was surveyed in RWE AG and the Group companies RWE Power, RWE Generation, RWE Renewables and RWE Supply & Trading. We then calculated a Motivation Index for the entire Group from all the participating Group companies. This Motivation Index is then calculated with weighting in accordance with the number of employees taking part.

We were able to slightly exceed the target value of 75 for employee motivation in 2020 with a score of 76. The employee motivation and the commitment of our employees will remain important indicators of corporate development in the future. We are therefore planning to introduce a modern platform from 2021 that will allow us to carry out a rolling full survey. Even though direct comparability will not be possible in the first year owing to the differences in the questions and the group of surveyed respondents, we are already anticipating a score of >70 at the start of the full survey and after that we want to continually increase it.

Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information¹

To RWE AG, Essen

We have performed a limited assurance engagement on the disclosures denoted with ☒ in the sustainability report of RWE AG, Essen (hereinafter "the Company"), for the period from 1 January until 31 December 2020 (hereinafter the "Report"). Our engagement in this context relates solely to the disclosures denoted with the symbol ☒.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the "GRI-Criteria") and for the selection of the disclosures to be evaluated.

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

Independence and Quality Control of the Audit Firm

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

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

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures denoted with ☒ in the Report based on the assurance engagement we have performed. Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures denoted with ☒ in the Company's Report or the period from 1 January until 31 December 2020 has not been prepared, in all material aspects, in accordance with the

1 PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the sustainability report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

relevant GRI-Criteria. This does not mean that a separate conclusion is expressed on each disclosure so denoted.

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

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

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
- Analytical evaluation of selected disclosures in the Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the selected disclosures regarding sustainability performance
- Sample based assurance procedures on internal documentation and proof documents

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures denoted with ☒ in the Company's Report for the period from 1 January until 31 December 2020 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Frankfurt, 2 March 2021
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Conrad ppa. Susanne Klages
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Editorial deadline

10 March 2021

The Report is available in English and German; both versions can be accessed via the Internet for download at www.rwe.com.

Concept, text, layout and implementation in cooperation with

MPM Corporate Communication Solutions, Mainz
www.mpm.de

Translation

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