

RWE AG	Group Directive <i>Environmental Protection</i>	Number: 024 V: 2.1
		Valid from: 01.09.2018
		OU in charge: PED-O

The Group Directive was issued in German and translated into English.
Gender-neutral terms always refer to both male and female individuals.

Instruction / Communication			
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1 Modifications

Date	Modification (latest 10 modifications)	Author (First name, surname, OU)
05.07.2018	Complete revision, adaptation to roles, responsibilities and structure after Phoenix. Clear reference to DIN EN ISO 14001: 2015.	PED-O

2 Objective

Environmental protection is an integral part of RWE's sustainability policy. RWE is committed to comply with environmental requirements and contributing to the avoidance of environmental pollution through continuous improvement of processes. This is part of RWE's sustainability catalog, thereby substantial part of the Corporate Responsibility Report (CR Report) and as the top indicator anchored in RWE AG board members target agreement.

In the context of environmental protection, the company fulfils its responsibility and ensures that the business-related environmental aspects are identified and taken into account. This Group Directive serves to define standardized principles for the environmental protection of RWE AG and the Group companies specified in the area of application and to determine how the monitoring by RWE AG takes place.

In case of questions, comments, etc. which refer to the implementation of this Group Directive, please address your feedback to the Environmental Management Officer (RWE Power - Organizational Development & Mgmt. Systems).

In addition, it is possible to give easily feedback via e-mail to the email-address Konzernrichtlinien@rwe.com.

3 Area of application

This Group Directive applies to RWE AG and Group companies (without innogy), which are 100% owned by RWE AG OR to shares with a management contract (or similar) or rather with a significant influence in place and which have business activities with staff and / or assets (e.g. operation of plants, real estate/ properties etc.) and for which the liability or significant risks lie with RWE AG.

The Group companies are obliged to implement the requirements of this Group Directive as part of their business activities and, if necessary, to substantiate them.

4 Definition of terms

Sustainability policy / environmental policy:

Basic statement of a company's management outlining the importance of environmental protection and its commitment of an appropriate and proper implementation of environmental protection requirements. The environmental policy is part of the [integrated sustainability policy](#) of RWE.

ISO 14001:

If the term ISO 14001 is used in the context of this directive, then the DIN EN ISO 14001: 2015 "Environmental management systems - requirements with guidance for use" is meant.

Environmental Protection:

Sum of all measures for the protection of the environment. The basis for operational environmental protection is above all the compliance with legal and licensing requirements. The environmental management system supports the implementation of environmental protection through a suitable organizational structure with defined processes.

Environmental Management System:

An internal management system with a documented organizational and procedural structure, that ensures the effective control of the company, taking into account the environmentally relevant aspects.

Environmental Management Officer:

Representative nominated by the Board, who holds defined tasks, responsibilities and authority to ensure, that an environmental management system in accordance with the requirements of the international standard DIN EN ISO 14001: 2015 is established, implemented, maintained and continuously improved.

Central Environmental Officer:

RWE Generation SE, RWE Power AG and RWE Nuclear GmbH (as group companies in the area of application of this Directive) are obliged to appoint Central Environmental Officers who act as central contact persons for environmental specialist subjects.

A Central Environmental Officer can also be the Environmental Management Officer of the respective group company.

Legal and other requirements:

- Environmental law provisions including sub-law rules, regulations and standards as applied in the respective jurisdiction.
- Provisions, requirements and collateral clauses related to the construction, installation and operation of all kinds of plants, especially for the exploration, production and trading of and with coal and natural gas, the power generation, the storage as well as the supply of water and the treatment and disposal of wastewater.

5 Plan environmental protection

The group companies in the area of application of this directive are obliged to establish, implement, maintain and improve an environmental management system in line with DIN EN

ISO 14001:2015 (see also portal [eNorm](#)), taking into account country-specific and legal requirements, which enables them to effectively manage the environmental aspects arising from their business activities.

The mandatory documents and specifications for the company specific arrangements defined in the standard are to be recorded in a company-specific standard document. In this Directive only specific topics are regulated which must be observed in addition to the general requirements of the standard.

It is the responsibility of the respective group companies to establish, implement, maintain and improve their environmental management system in line with the requirements and changes in their business activities as well as the applicable environmental laws and requirements. Group companies whose business has high environmental relevance are recommended to have their environmental management system certified by an independent accredited body.

5.1 Environmental Policy

The "environmental policy" is part of the „[Integrated Sustainability Policy](#) of RWE“. This policy is to be applied by all group companies in the scope of this directive. The Group companies are free to specify the integrated sustainability policy based on their business activities or to have it signed and communicated by the responsible management for cultural reasons.

5.2 Organization and responsibility

In addition to the requirements of the standard, following roles are pronounced within the environmental protection:

5.2.1 Executive Board Member of RWE AG responsible for environment

In the Executive Board of RWE AG the CEO takes over the role of the board member responsible for environment and defines overall environmental protection goals for the RWE Group, in consultation with the board members responsible for environment of the included group companies.

This does not affect the sole legal responsibility of the respective group companies management board for the respectively required establishment, implementation, maintenance and continuous improvement of the environmental management system as well as the fulfilment of the valid environmental protection requirements.

5.2.2 Environmental Management Officer

The Executive Board Member of RWE AG responsible for environment is consulted, supported and informed in the performance of his duties by an Environmental Management

Officer who is appointed in written form (see also Annex 1). The regular interaction with the Executive Board Member responsible for environment is carried out in collaboration with the Head of Internal Audit & Compliance of RWE AG.

The tasks of the Environmental Management Officer of RWE AG include, among others:

- Reviewing and monitoring the environmental management system in Group companies and conducting annual internal audits in non-certified companies of the RWE Group (without innogy).
- Compliance with internal reporting obligations of RWE AG, in particular as an interface to compliance (member of the Compliance Committee) and Corporate Responsibility, as well as support for the annual reporting and checks of the non-financial report (NfB). In this context, coordination of the collection and plausibility check of the required environmental data with the involvement of the Central Environmental Officers.
- Support of the Executive Board in the annually required assessment and necessary development of the environmental management system (in coordination with the Head of Internal Audit & Compliance).
- Ensuring the expert input required by involving the Central Environmental Officers in the preparation of group-wide recommendations on environmental objectives, environmental programs and measures, the technical preparation and implementation of environmental protection requirements.

The Environmental Management Officer of RWE AG is i.a. authorized:

- To participate in the management reviews of the defined group companies,
- To coordinate the environmental management officers of the group companies and where appropriate, to demand an exchange of experience between the central environmental officers and environmental management officers of the group companies in the area of application of this directive or to propose a common approach.

5.2.3 Environmental organization in the included group companies

5.2.3.1 Executive Board Member responsible for environment

Each group company in the area of application of this directive is obliged to appoint at least one executive Board Member who is assigned the tasks of environmental protection. Here, the operational responsibility from entrepreneurial and operator duties has to be considered.

5.2.3.2 Environmental Management Officer

The group companies in the area of application of this directive are obliged to appoint an Environmental Management Officer in written form, to whom the assessment of the

requirements of an appropriate environmental management system together with the Central Environmental Officers, if available, is delegated and who advises, supports and informs the responsible Executive Board Member as contact person. For specialist questions on environmental topics, the Central Environmental Officers, if available, are to be involved.

The Environmental Management Officer coordinates and monitors the establishment, implementation, maintenance and continuous improvement of the environmental management system on behalf of the management. The Environmental Management Officer reports to the Executive Board of the group company together with the Central Environmental Officer, if available, on the status of environmental management at least once a year.

5.2.3.3 Central Environmental Officers

The Central Environmental Officers (see Annex 1) have in the context of their technical and functional competence and to the extent necessary for the matter in particular the following tasks:

- Advice, support and information of the responsible Executive Board Members responsible for environment of RWE Generation, RWE Power and RWE Nuclear in the areas of operational environmental protection involving the affected Environmental Management Officers.
- Support the Environmental Management Officer in the annual internal / external audits.
- Collection and forwarding or rather distribution of information from the circle of appointed Central Environmental Officers in the fields of immission control / hazardous incident protection, water protection, waste disposal and transport of hazardous goods from and to these and, if necessary, to the responsible Environmental Management Officer.

5.3 Compliance Obligations

The group companies in the area of application of this directive are obliged to ensure compliance with the applicable legal standards and requirements in the area of environmental protection. Each group company ensures compliance with the applicable legal standards and requirements by appropriate definition of processes and use of suitable tools (e.g. control specifications, operational instructions, legal register).

6 Conduct environmental protection

In the following, some essential requirements in the implementation are mentioned in addition to the provisions of the referenced standard.

6.1 Emergency preparedness and response

The Group companies in the area of application of this directive identify, record and document significant risks that may arise under environmental protection aspects from the business activities and related assets.

The significant risks are to be taken into account in accordance with the requirements of the respective risk management of the company and the interface to this process / the responsible function must be defined comprehensible.

For emergency preparedness and response, the respective organizational requirements for emergency and crisis management are to be followed and the interface to this process / responsible function are to be defined comprehensible.

6.2 Environmental incident notification and reporting

The systematic classification of environmentally relevant incidents supports the assessment and improvement of our environmental performance also as a contribution to the corporate and social (environmental) responsibility of RWE.

In addition, group companies can use the experience of others in dealing with environmental incidents and the lessons learned from their assessment to improve the environmental performance and to respond to possible events better (or eliminate in advance).

Each employee is required to report environmental incidents (incidents, abnormalities and near-misses) to his line manager. Employees of suppliers and service providers acting on behalf of RWE are obliged to report the aforementioned incidents to their RWE contact-person. Responsible for the recording and classification of an environmental incident is the site / OU manager. At this they are usually supported by environmental officers or environmental protection specialists.

The Environmental Incident Scheme (Annex 2) applies to the systematic classification and reporting of environmental incidents. In the case of serious environmental incidents (category 3), the responsible Executive Board Member of the company and the Environmental Management Officer of RWE AG are to be informed in accordance with the scheme.

In the context of integrated compliance reporting, a quarterly request of environmental incidents (especially Category 3) and preventive measures in accordance with the Environmental Event scheme (see Annex 2) is carried out for all companies in the area of application of this directive through the Environmental Management Officer of RWE AG together with the Environmental Management Officers of the companies. The Central Environmental Officers are informed about the results of the request.

In addition, the annual environmental data collection for the CR report and non-financial reporting takes place between November and mid-February.

Statements on group-wide environmental protection topics are provided by Group Communications & Public Affairs. Environmental reporting obligations of the group companies remain unaffected by this.

7 Check environmental protection

7.1 Internal audits and internal audit program

The Group companies in the area of application of this directive are obliged to perform internal audits, to the respectively required extent, at planned intervals to assess the compliance with environmental management system requirements and the effectiveness and maintenance of the system. For this, an internal audit program is to be implemented and maintained.

In a three-year cycle, the essential requirements of the standard are to be checked. If applicable, assessments / evidence on implementation carried out in other audits / processes can and should be used for the planning and execution of internal audits.

Once a year, RWE AG checks, if the required environmental management system according to ISO 14001:2015 has been implemented in the group companies in the area of application of this directive. This is done either by requesting the certificate from companies certified by an accredited body or by an audit of RWE AG in non-certified companies. These audits are planned and carried out by the Environmental Management Officer of RWE AG or, in the case of role conflicts by other internal auditors on behalf of the Head of Internal Audit & Compliance. The implementation as well as the results of the audits are to be documented. This assessment forms the basis for the TOP indicator "Coverage Environmental Management".

7.2 Management Reviews

The Executive Board Members of the group companies responsible for environment are obliged to review the implementation, appropriateness and effectiveness of the environmental protection measures at least once a year and to document the results and, if necessary, to determine measures. Measures from internal audits or previous / subordinate management reviews are to be taken into account.

8 Group regulations out of force / concurrently in force

8.1 Group regulations out of force

- The present version 2.0 of August 2018 replaces the previous group policy Environmental Management, Version 1.4 from 01.03.2016
- Separate advice on the execution of environmental due diligence assessment

8.2 Group regulations concurrently in force

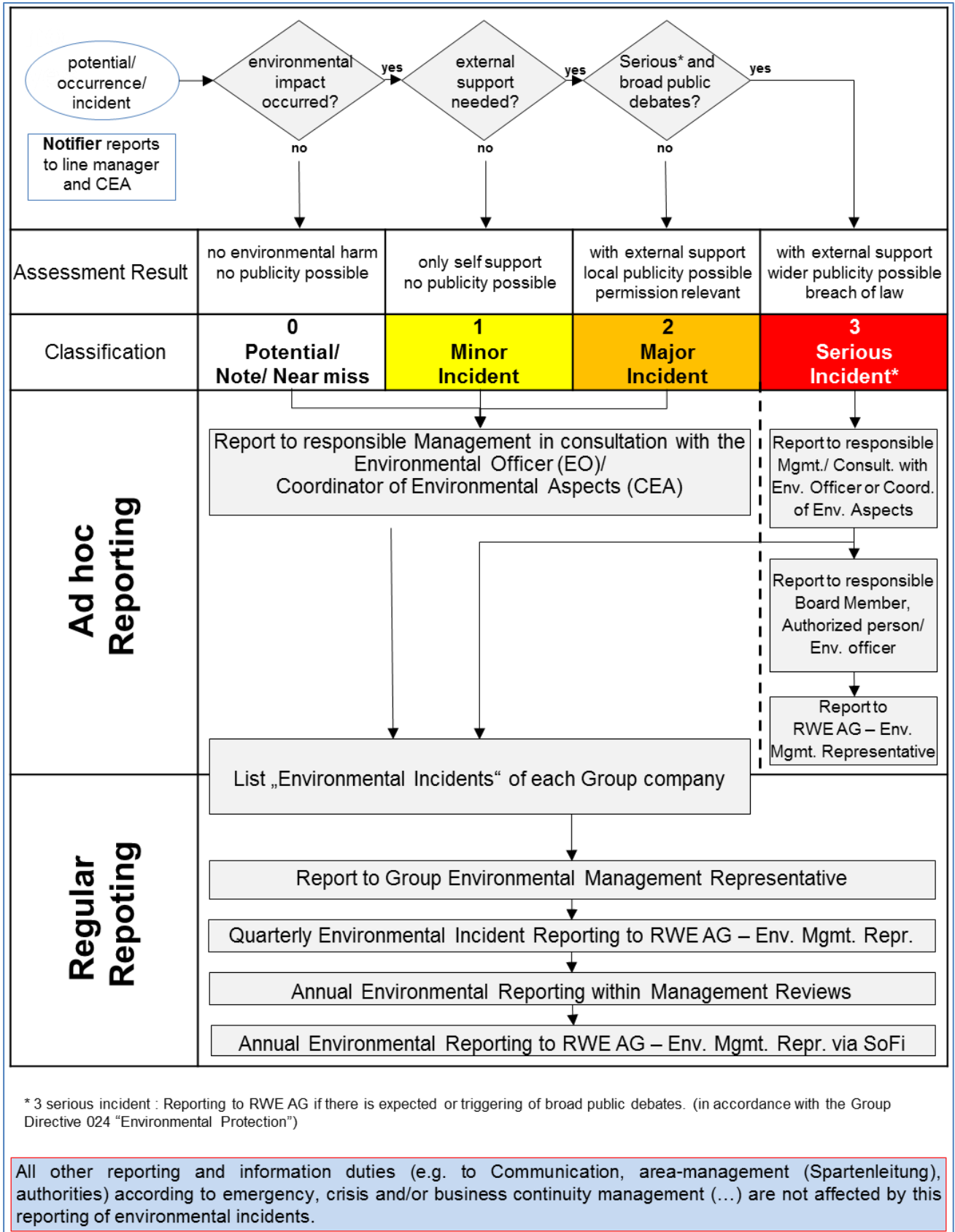
- RWE Code of Conduct (including Supplementary Agreement to the Code of Conduct)

9 Annexes

Annex 1: Environmental protection organization at RWE and the included Group companies

Group company	Executive Board Member responsible for environmental protection	Environmental Management Officer	Central Environmental Officers
RWE AG			
RWE Generation			
RWE Power			
RWE Nuclear GmbH			
RWE Supply & Trading			
GfV Gesellschaft für Vermögensverwaltung mbH			

Annex 2: Environmental Incident reporting scheme RWE



Annex 2: Incident reporting scheme RWE

Environmental incidents: definition and examples

<p>Environmental incident: (0) near miss /</p>	<p>A near miss is an unplanned environmental event that did not result in injury, damage or breach of law, but which has the potential to be a reportable environmental incident.</p> <p><u>Examples</u></p> <ul style="list-style-type: none">• Environmental incident without obligation to notify / report which was ruled with board instruments so that there are no or only small impacts on the environment.• No public involvement• Near miss with potentially significant up to serious impact on the environment.• Complains from the neighbourhood because of minor local inconvenience without exceedance of average value and without media involvement.• Exceedance of half-hour average value to be commentary reported to authority but without regulatory consequences
<p>Environmental incident: (1) minor incident /</p>	<p>Relevant incidents A are events within the organisation/ site and can be managed/resolved independently (no public involvement).</p> <p>An incident with low up to medium impact on the environment.</p> <p><u>Examples</u></p> <ul style="list-style-type: none">• Environmental incident with obligation to notify / report but without regulatory consequences. Example: Exceedance daily average value to be commentary reported to authority but without regulatory consequences.• Complains from the neighbourhood to local authority without media involvement.• Complains from the neighbourhood because of

	<p>noticeable harassment which are not reported to local authority but with regional media involvement.</p>
<p>Environmental incident: (2) major incident /</p>	<p>A major incident is an unplanned environmental event within the organisation/ site and causes an environmental impact. It can only be managed / resolved with external support (local public involvement). An incident with significant impact on the environmental obligation to notify / report (e.g. fines).</p> <p>Examples</p> <ul style="list-style-type: none"> • It may lead to complains from the local neighbourhood. • May involve intervention by local or permit authorities (mandatory reporting of incidents, etc.) • Environmental incidents for its “control” external support was requested • Environmental incidents with obligation to notify / report as well as regulatory consequences. • Complains from the neighbour-hood to local authority and with media involvement. • Complains from the neighbour-hood because of noticeable harassment which are not reported to local authority but with nationally media involvement and consequences.
<p>Environmental incident: (3) serious incident /</p>	<p>A serious incident is an unplanned environmental event within and/or outside the organisation/ site and causes a serious environmental impact. It can only be managed / resolved with external support, has relevance for the RWE group and involves wider media attention.</p> <p>Examples</p>

Every environmental incident that:

- damages the reputation of RWE in the public eye
- has an ecological impact with large public interest
- negatively affects budget/ profitability/ schedule
- triggers a non-compliance proceedings by local or permit authorities (e.g. administrative offence proceeding, etc.)
- environmental incident with obligation to notify / report as well major legislative consequences
- Complains from the neighbourhood which are reported to authority and with major media involvement and consequences (supra-national reporting by media).
- environmental incident with notification to the authorities and to control it, the inclusion of external support was necessary. (decentral or central crisis unit)