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**Information classification:** public

The Group Directive was issued in German and translated into English.

The Directive is addressed to all persons (m/f/x) with equal appreciation. In order to improve the readability and comprehensibility of this Directive, the masculine form is used for personal designations and personal nouns.

Instruction / Communication				
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**1 Modifications**

<b>Date</b>	<b>Modification</b> (latest 10 modifications)	<b>Author</b> (First name, surname, OU)
27.11.2020 v. 3.5	Amendment of unbundling phrase in chapter 3	
16.02.2021 V 3.6	Update Annex 3 Integrated Sustainability Guidelines of RWE	
01.12.2021 v 3.7	Updating of organisational allocation following reorganisation of PED-O and RWE AG; replacing "CR" by "sustainability"; more gender-neutral language, addition of definition of "environmental event" and clearer wording to differentiate "weather event", optimisation of some wording. Updating threshold for office locations and companies without environmental relevance	
21.06.2022 v 3.8	Update Annex 1 Environmental protection organization at RWE and the included Group companies	
15.03.2023 v 3.9	Update Annex 1 Environmental protection organization at RWE and the included Group companies	
22.09.2023 v 3.10	Update Annex 1 Environmental protection organization at RWE and the included Group companies	
30.11.23 V 4.0	General update; addition of competence requirements; reduction of general sustainability principles to environmental management; update of risk matrix	

## 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 catalogue, thereby substantial part of the sustainability 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 AG - Sustainability).

## 3 Area of application

This Group Directive applies to RWE AG companies with following characteristics:

- affiliated companies which are included in the consolidated financial statements<sup>1</sup> and
- have environmental relevant business activities with staff and / or assets (e.g. operation of plants, real estate/property management etc.).

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 and to ensure implementation in its subsidiaries.

Where necessary, these Guidelines provide for partial deviations regarding group companies that are subject to the unbundling requirements. These provisions ensure, in particular, that the legal requirements regarding the independence of the group companies being subject to the unbundling requirements, with respect to organisation, decision-making powers and the operation of the respective business are fulfilled and that the

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<sup>1</sup> See Management Report

confidentiality of economically sensitive information as well as compliance with the principle of non-discrimination are ensured.

Group companies that are subject to the unbundling requirements must ensure that economically sensitive information, of which they become aware in the course of their business activities, is treated confidentially. In particular, such information has to be protected properly against disclosure to competitive and non-competitive units of the group. In case of disclosure of information which may give rise to economic benefits, compliance with the principle of non-discrimination is ensured.

#### **4 Definition of terms**

##### *Environmental policy:*

Basic statement of a company's management outlining the importance of a.o. environmental protection and its commitment of an appropriate and proper implementation of environmental protection requirements.

##### *ISO 14001:2015:*

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

##### *Environmental event:*

Environmental impact caused by or occurring in connection with RWE's operations/activities which, for example, violates laws, regulations, approved limits, etc. These include, for example, oil spills on the ground or in the water, exceeded limits for emissions or water temperature, incorrect or careless disposal of waste, etc. The environmental incidents are divided into different categories (see chapter 9.2).

##### *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 a.o. the implementation of environmental protection through a suitable organisational structure with defined processes.

##### *Environmental Management System:*

A living management system with a documented organisational and procedural structure, that

ensures the effective control of the company, taking into account the environmentally relevant aspects.

*Environmental Management Officer:*

Representative appointed by the Board, who advises, supports and informs the responsible Executive Board Member in the performance of his duties and who coordinates and monitors the establishment, implementation, maintenance and continuous improvement of an environmental management system in accordance with the requirements of the international standard ISO 14001 on his behalf.

*Central Environmental Officer:*

Companies that require more in-depth environmental expertise due to their business and that are legally obliged to designate environmental officers (water, waste, emission, etc.) must appoint a central environmental officer who acts as contact person for environmental specific subjects.

*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 planning, construction, installation, operation and demolition of all kinds of plants, or other environmentally relevant activities.

## **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 ISO 14001 (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 considered 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 Context of the organisation**

A fundamental part of a management system is a systematic analysis of the environment in which an organisation exists. This includes the relevant stakeholders with their expectations and requirements. Based on their influence and interests the evaluation of the relevant stakeholders is carried out by means of a stakeholder analysis. The process of updating and approving the stakeholder analysis on group level is the responsibility of the organisational unit and is defined in the Business Directive Sustainability Reporting. The Group Sustainability integrates the Environmental Management Officer and the Central Environmental Officers in updating the stakeholder analysis to consider the environmental perspective. The group companies in the area of application of this directive are obligated to conduct stakeholder analyses for their companies and, if necessary, for countries and business units at sub-levels.

### **5.2 Environmental Policy**

The "environmental policy" is to be applied by all group companies in the area of application of this directive. The group companies are free to specify the environmental policy based on their business activities and to communicate on behalf of the responsible management.

RWE has set itself sustainability targets and an ambition/mission: "We are investing massively in the expansion of renewable energies. We are consistently reducing our CO<sub>2</sub> emissions until we are climate-neutral by 2040". We also aim to achieve a positive net impact on biodiversity for all new facilities by 2030.

1. Compliance, Health and Safety, Environmental Protection, Energy Efficiency, Quality, Information Security and Corporate Security as well as Data Protection<sup>2</sup> are of high importance for us. We have established relevant management systems which are in line with recognised standards.
2. Each manager and employee is responsible for the compliance with these Guidelines in accordance with the RWE Code of Conduct.

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<sup>2</sup> See also GDI Data Protection Annex 7.1 "Guidelines for Data Protection"

3. We comply with legal obligations and self-commitments, consider political developments and align our actions accordingly.
4. We continuously develop our approaches and processes to ensure a resource-conserving and future-oriented energy supply under the condition of economic efficiency. For this we set binding targets.
5. We consider relevant opportunities in our activities to increase value and identify risks to minimize them.
6. We provide the appropriate staff and financial resources to achieve our defined targets and evaluate our achievements on a regular basis.

We seek to improve ourselves continuously, e.g. using New Way of Working (NWoW). We assess the effectiveness and appropriateness of our intended integrated management system.

7. We understand and comply with the expectations of our internal and external customers. We require the same from our contractors and partner companies.
9. We value the performance of our employees. We promote open communication and support company-wide and secure information exchange.
10. We develop and train our employees and strive for the sustainable increase of their awareness of our integrated management system.
11. We communicate openly about our business and ensure transparency with employees and co-determination, in the RWE Group and the public. We maintain the dialogue with neighbours, public authorities and stakeholders.

### **5.3 Organisation and responsibility**

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

#### **5.3.1 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.



### 5.3.2 Environmental Management Officer

The Executive Board member responsible for the environment at RWE AG is advised, supported and informed in the performance of his duties by a person appointed in writing for environmental management (see also Chapter 9.1).

The tasks of the person in charge of environmental management at RWE AG include, among others:

- Reviewing and monitoring the environmental management system in group companies and securing annual environmental monitoring audits in non-certified companies of the RWE Group.
- Fulfilment of internal reporting obligations of RWE AG, in particular as an interface to compliance (member of the Compliance Committee), as well as support for the annual reporting and checks in all required reports (e.g. Annual report, Sustainability reports). In this context, coordination of the collection and plausibility check of the required environmental data with the involvement of the Environmental Officers.
- Support of the Executive Board in the annually required assessment and necessary development of the environmental management system.
- Ensuring the required expert input by involving the Central Environmental Officers in the preparation of group-wide recommendations on environmental targets and measures.
- Coordination of a regular exchange with the Environmental Management Officers and Central Environmental Officers listed in Annex 1.

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.

### 5.3.3 Environmental organisation in the included group companies

#### 5.3.3.1 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. In doing so, the operational responsibility from entrepreneurial and operator duties has to be considered.

### 5.3.3.2 Environmental Management Officer

The direct group companies in the area of application of this directive (see chapter 9.1) are obliged to appoint a qualified Environmental Management Officer in written form, to whom the assessment of the requirements of an appropriate environmental management system together with the 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 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 Environmental Officers, if available, on the status of environmental management at least once a year.

As part of his qualification, the Environmental Management Officer must provide evidence of participation in an environmental management training in accordance with ISO 14001, an equivalent sustainability training or at least 5 years of professional experience in the context of environmental management systems.

### 5.3.3.3 Central Environmental Officer

In particular, the Central Environmental Officers (see Chapter 9.1) can be appointed by any direct group company with high environmental relevance. As experts Central Environmental Officers have the task, to implement the environmental protection according to the specifications and to further develop the topic of environmental protection appropriately together with the Environmental Management Officer of a direct group company. They coordinate the Environmental Officers in the respective company to compile agreed positions for overarching topics or rather to decide together with the Environmental Management Officer or to give statements and to share and agree on comprehensive information and decisions with the respective Environmental Officers.

### 5.3.3.4 Environmental Officers

The Environmental Officers have in the context of their technical and functional competence and to the extent necessary for the matter in particular the following tasks:

- Advise, support and inform the 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 audits.

- Collection and forwarding or rather distribution of information from the circle of appointed Environmental Officers in the fields of emission 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.

#### **5.4 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).

#### **5.5 Group-wide environmental targets**

In addition to the mentioned environmental policy of RWE (see chapter 5.2), the environmental targets and associated KPIs "Group-wide environmental management system coverage" and "Number of serious environmental incidents" listed in chapter 9.3 are part of RWE AG's board remuneration and therefore also included in the annual non-financial report. The RWE AG reviews annually, especially with regard to environmental protection, if further targets should be formulated and anchored or need to be adapted beyond the environmental targets listed in chapter 9.3, for example based on the updated environmental aspects or relevant topics of the group companies that go. In this case the Group Sustainability ensures that related environmental targets are proposed, defined, approved and accessible to employees, in consultation with the Environmental Management Officer of RWE AG and with the involvement of the Central Environmental Officers and other relevant departments of RWE AG (e.g. Investor Relations). Environmental targets that are part of the non-financial reporting, are adjusted to reporting and board indicators at the beginning of the year, if necessary. The degree of achievement of the environmental targets from the previous year is surveyed in January of each year by the person in charge of environmental management at RWE AG and communicated via non-financial reporting. The environmental targets are not limited to RWE AG but apply to the entire RWE Group.

### **6 Conduct environmental protection**

In the following, some essential requirements for 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 organisational 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, which are caused by the operation/activities of RWE or occur in this context, 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 better respond to the possible causation of such events (or eliminate in advance).

Each employee is required to report environmental incidents of category 2 and 3 to his line manager. Employees of suppliers and service providers acting on behalf of RWE are obliged to report the aforementioned incidents for which RWE, through its activities or occurring in connection with RWE activities, is responsible to their RWE contact-person. Responsible for the recording and classification of an environmental incident is the site / the manager of the organisational unit. At this they are usually supported by environmental officers or environmental protection specialists.

The Environmental Incident Scheme (chapter 9.2) 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 additionally in accordance with the scheme. A serious environmental event is one that meets all the criteria listed in the Environmental incident reporting scheme (Chapter 9.2).

In the context of integrated compliance reporting, a quarterly request for environmental incidents (especially serious environmental incidents, Category 3) and preventive measures in accordance

with the Environmental incident scheme (see chapter 9.2) 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. Data is collected for offices locations with more than 100 workplaces. In combination to serious environmental incidents (category 3), significant environmental incidents (category 2) are queried on a quarterly basis for control and quality purposes to ensure the correct classification of serious environmental incidents according to the criteria set out in the environmental incident matrix (chapter 9.2). In addition, together with the environmental incidents query for the 4th quarter a request of monetary and non-monetary sanctions for non-financial report is carried out in January of each year.

The annual environmental data collection for the non-financial report and additional sustainability reports takes place between December and mid-February. Environmental data is collected in Sphera<sup>3</sup> for companies which are in the area of application of this directive. Depending on the company, the data is recorded at site or company level. It should be noted that the data acquisition is done max. up to the level of the subsidiaries of RWE AGs subsidiaries and only for subsidiaries with environmentally relevant activities. Companies with environmentally relevant business activities that account for 5% or less of RWE's total volume of relevant environmental data may not be included in the environmental data collection. Data is collected for offices locations with more than 100 workplaces. A corresponding overview of the companies and sites for which environmental data is collected in Sphera/RITAS is maintained centrally by the Group Sustainability of RWE AG.

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.

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<sup>3</sup> Corporate sustainability software used at RWE for environmental data collection.

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 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. The realisation as well as the results of the audits is to be documented. This assessment forms the basis for the TOP indicator "Environmental Management Coverage ". Companies with environmentally relevant business activities but whose employees account for 5% or less of RWE's total workforce may be excluded from the environmental data collection.

## **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**

- Separate advice on the execution of environmental due diligence assessment

### **8.2 Group regulations concurrently in force**

- Group Directive Unbundling
- Business Directive Sustainability Reporting

**9 Annexes**

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

**Annex 2:** Environmental Incident reporting scheme RWE

**Annex 3:** Group-wide environmental targets of RWE AG

**9.1 Annex 1:** Environmental protection organisation 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 Clean Energy			
RWE Renewables Europe & Australia (OPEA)			
RWE Offshore Wind (OFF)			
RWE Generation			
RWE Supply & Trading			
RWE Power			
GfV Gesellschaft für Vermögensverwaltung mbH			



9.2 Annex 2: Environmental Incident reporting scheme RWE

Assessment Result	None or negligible impact on ecosystems or applicable environmental standards	Minor or short-term effects that are mainly limited to the location. Possible local interest.	Moderate impact on local/ regional ecosystems components or significant exceedance of applicable environmental standards. Regional interest.	Significant and supra-regional impacts with impairment of the ecosystems lasting several months. Significant exceedance of the applicable environmental standards. Significant supra-regional interest.
Classification	0 Irrelevant, unimportant Incident	1 Minor Incident	2 Major Incident	3 Serious Incident*
<b>Ad hoc Reporting</b>	<p>Report to responsible Management in consultation with the Environmental Officer (EO)/Coordinator of Environmental Aspects (CEA)</p>			<p>Report to responsible Mgmt./ Consultation with EO / CEA</p>
	<p>Master List „Environmental Incidents Generation“ /IT- platform of the respective group company</p>			<p>Report to responsible Board Member, auth. person / EO</p> <p>Report to RWE AG</p>
<b>Regular Reporting</b>	<p>Report to Group Environmental Management Officer</p>			
	<p>Quarterly category 2 and 3 Environmental Incident Reporting to RWE AG</p>			
	<p>Annual Environmental Reporting within Management Reviews</p>			
	<p>Annual Environmental Reporting within Management Reviews</p>			

\* Each of the following three criteria must be met for a serious environmental incident:

- Significant and transregional (at least 100km) impact with impairment of the ecosystems lasting several months
- Significant exceedance of the applicable environmental standards: Violations of applicable environmental standards (=binding obligations)
- Significantly supra-regional interest (at least 100km)

All other reporting and information duties (e.g. to Communication, area-management (Spartenleitung), authorities) according to emergency, crisis and/or business continuity management (...) are not affected by this reporting of environmental incidents.

**9.3 Annex 4: Group-wide environmental targets of RWE AG**

Environmental Targets	Definition	KPI
<p><b>Group-wide environmental management coverage:</b> Ensuring group-wide environmental management with a certified environmental management systems or appropriate auditing</p>	<p>Completeness of the implementation of an environmental management system according to ISO 14001: 2015 by</p> <ul style="list-style-type: none"> <li>- certified systems = 100% or</li> <li>- environmental management audits according to a defined test scheme</li> </ul> <p>x proportion of business units in employees (% of total workforce in FTEs) covered by this .</p> <p>Proof by certificate or environmental management audits in October / November.</p>	<p>100% environmental management system coverage</p>
<p><b>Number of serious environmental incidents:</b> No serious environmental incidents (category 3)</p>	<p>Number of environmental incidents category 3 (see Environmental Incident reporting scheme).</p> <p>Acquisition by internal reporting and consolidation in January.</p>	<p>0 serious environmental incidents</p>