

RWE

Circular Economy Policy

March, 2023

A decorative graphic in the bottom right corner consisting of numerous thin, light blue lines that curve and intersect to form a grid-like pattern, resembling a stylized fingerprint or a complex network.

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Foreword

 *Circular Economy as an energy and resource demand-reduction strategy ensures better environmental quality. It also creates jobs through increased sharing, reuse, refurbishment, and recycling activities. Therefore, it contributes to several Sustainable Development Goals, including clean water and sanitation, affordable energy and clean energy, decent work and economic growth, responsible production and consumption and climate action¹.* 

The current linear economy continually increases its demands of scarce natural resources, e. g., substantial emissions and biodiversity loss is caused by resource extraction and processing. By using and consuming in a more circular way, we can substantially reduce the impacts of human economic activities on the environment.

Today, RWE is one of the largest renewable energy companies in the world, leading the energy transition by investing EUR50 bn gross by 2030 in renewable and low carbon technologies. We also committed to become climate neutral by 2040 and our ambition is to reduce our GHG emissions in line with a 1.5°C compliant pathway. We commit to grow our asset fleet sustainably and to operate in a way that creates progress towards the UN Sustainable Development Goals (SDGs). We take responsibility to ensure that our business activities make as little impact on our environment as possible and have made circular economy one of our priorities within our Sustainability strategy.

¹ IPCC Assessment Report 6 (III) on “Climate Change 2022 - Mitigation of Climate Change”: <https://www.ipcc.ch/report/sixth-assessment-report-working-group-3/>

1 Purpose

RWE Group has drawn up this policy to address our goal for full circularity by 2050 in a group-wide consistent way. We have committed ourselves to the following ambition:

***We implement the principles of Circular Economy² in our way of working.
We reduce the consumption of natural resources, minimize waste and design our assets so that materials can either be reused or recycled.***

We cover the complete life cycle of assets for energy generation including hydrogen production and storage from development, construction and operation to decommissioning, demolition and recultivation. With a lifespan of more than 25 years for most of our assets, the components and material required for every form of electricity generation and storage have a significant impact on the degree of circularity in 2050. To realize the ambitious growth in renewables requires substantial resources at competitive price levels. Increasing circularity means to decrease dependencies on primary material supply in the longer run.

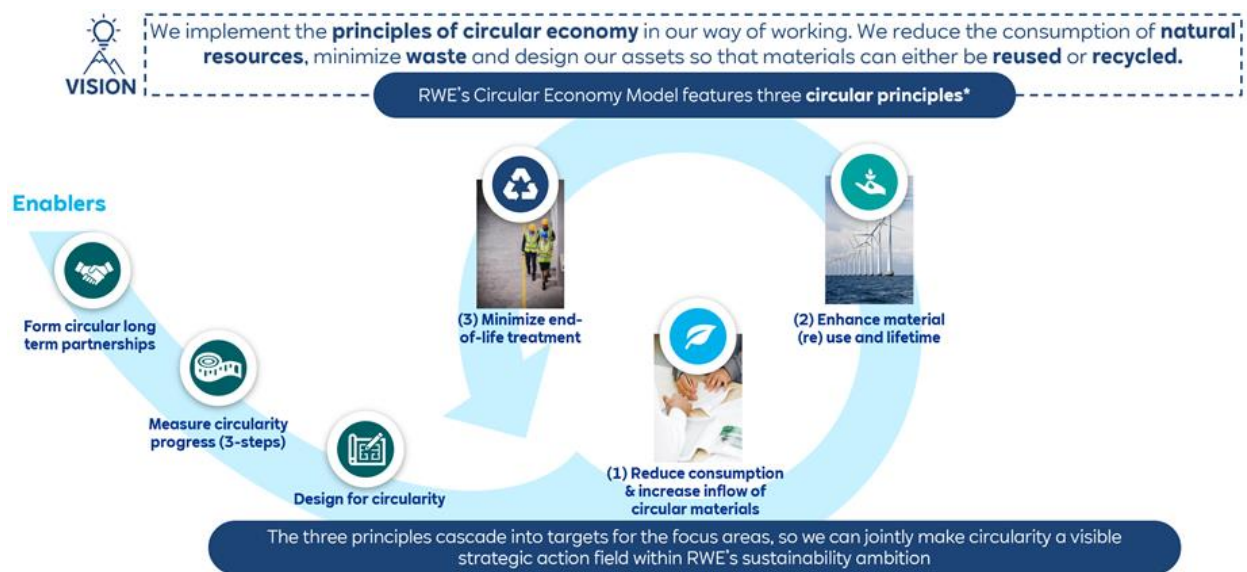
We are aware of the importance of circular economy and our impact on the environment and (scarce) resources through our business activities. Therefore, we do not only comply with regulatory requirements but aim to be fully circular by 2050 also considering limitations of our influence due to market conditions and along the supply chain.

² To reduce complexity and overlaps, Circular Economy@RWE does not include biodiversity, (waste) water and land-use.

2 Taking action

Taking necessary steps to increase circular economy is an integral part of the way we work from early project development, through construction, operation and decommissioning phases. The next paragraphs will describe our principles in action along the different lifecycle phases of our business activities.

This is reflected in our circularity framework:



The framework highlights **three core circular principles**, namely

1. *Reduce consumption & increase inflow of circular materials*
2. *Enhance material (re)use and lifetime as well as*
3. *Minimize end-of-life treatment.*

Looking at the three principles in detail, we see the following actions and next steps for RWE to enable a more circular business model:

1. Reduce consumption & increase inflow of circular materials

We review our consumption and find potentials to reduce the inflow of materials.

We will gradually increase the share of circular materials in our inflow (refurbished, reused, recycled materials e. g. recycled steel) and prefer direct suppliers with circular business models (e.g., lease of products with responsible recovery instead of buying). **We take responsibility in and for our supply chain. We take a stand towards our direct suppliers that**

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circularity is important to RWE. For relevant components and products, we reflect circularity in our requests to the market. In case of equality in price and other relevant criteria, the more circular products and suppliers are the preferred choice for RWE.

2. Enhance material (re)use and lifetime

For quite some time now, enhancing material (re)use and lifetime has been an essential part of our operations – not least driven by economic aspects. To further improve material cycles, **we will foster the extension of lifetime and increased reuse, refurbishment or repair of components and consumables** while maintaining the required standards for the safety of assets and people. Thus we aim to reduce the need for new products and reduce the generation of waste.

3. Minimize end-of-life treatment

This principle aims at **minimizing end-of-life treatment of materials**, such as the incineration of waste with or without energy recovery or the disposal of waste in landfills. We aim to reduce outflows of our materials and their end-of-life treatment to an absolute minimum in the mid to long term. **We take responsibility in and for our value chain** here as well. **We take a stand towards our direct downstream service providers that circularity is important to RWE.** We reflect circularity in our requests to the market. In case of equality in price and other relevant criteria, more circular service providers are the preferred choice for RWE.

To translate these three *circular principles* into action, the framework is supported by three ***circularity enablers***, namely

- *forming long-term partnerships,*
- *measuring circularity, and*
- *designing for circularity.*

Forming circular long-term partnerships

We have **already established** long-term partnerships and **will further foster partnerships** with our direct suppliers to **increase circularity in our relevant products and components**. This applies to our inflow as well as to our outflow. Together with OEMs, industry peers, waste contractors etc. we strive to strengthen a promising network to obtain more transparency, improve our understanding with regard to circularity options, develop joint measures and thus make our relevant material inflows and outflows more circular. We encourage and support our partners to include circularity considerations already at the design stage of products, services and assets, including design for longevity/repairability and design for recyclability.

Measuring circularity progress

To understand the status quo, **identify improvement potentials** and, in particular, to be able to subsequently **quantify improvements realised, we measure relevant aspects**. This means that we develop suitable metrics and KPIs and keep track of the progress RWE is making. Generally we start new topics with lighthouse projects, where learnings and the development of measurements are key. In a second step, the approach is broadened and a baseline is achieved for further measurement. Based on the developed understanding, targets are set in the third step. We regularly report - already over the last few years - on waste data and will gradually extend data collection and reporting to reflect Circular Economy where relevant. We also take note of and implement additional or alternative disclosure requirements, e.g. through the upcoming European Sustainability Reporting Standards under the new Corporate Sustainability Reporting Directive (CSRD).

Designing for circularity

As far as possible and in cooperation with our partners, we take account of circularity **principles in the design phase of the assets, components, products or services we source**. We aim at including the principles of design for longevity/repairability and design for recyclability where possible. We are willing to use this **strongest lever** to take circularity to the next level throughout the lifecycle and especially at the end of life of the respective asset, component or product. Thus, we can prevent today the waste of tomorrow and reduce our GHG footprint.

3 Targets

Our overall long-term goal is to transform our RWE business operation to be fully circular by 2050. This overall goal is more detailed in a first set of mid- to long-term Circular Economy targets on Group level.

As a first KPI on Group level, we set the target to achieve >90% Recovery³ in our core business until 2030.

4 Responsibilities

This policy applies to RWE AG and its direct subsidiaries. As every country and business activity site has its own frame conditions, the principles are implemented in accordance with the respective conditions and in compliance with regulations.

Every direct subsidiary develops and maintains a Circular Economy roadmap with suitable targets and KPIs for the respective business. Circular Economy as all sustainability topics is embedded in our strategy and performance management process and is in addition integrated into the surveillance auditing process based on the environmental governance of RWE.

We communicate about our Circular Economy activities on our website and in our annual report.

This Policy was approved by the Board of Directors with effect of March, 1st 2023.



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³ „Recovery Rate“ is the share in % of recovered – not disposed – materials from all measured outflow (all waste, scrap, by-products, reused/re-furbered materials etc. except ashes for own disposal)