

Management Response

of RWE AG and RWE Power AG to the report

“Risks and opportunities of biodiversity management and the related involvement of stakeholders in the lignite open-cast mine operated by RWE” published by the International Union for the Conservation of Nature (IUCN)

GENERAL PRELIMINARY COMMENTS

Background

On 29 May, the International Union for the Conservation of Nature (IUCN) published the report: “Risks and opportunities of biodiversity management and related involvement of stakeholders in the lignite open-cast mine operated by RWE”. This report stemmed from a collaborative project of RWE AG and IUCN in the period 1 January 2014 - 30 March 2015 about the risks and opportunities of RWE AG’s biodiversity management. The following is an analysis of the report by RWE and includes

- commentary on the key messages
- evaluation of the key recommendations for action
- the prospect of possible follow-up measures.

The significance of biodiversity to RWE

In a modern economy, it is not possible to have a safe and adequate supply of electrical energy without some impact on the natural world. For this reason, conservation and biodiversity management have been a vital element of the core business of RWE for many years. This includes ongoing internal and external evaluation of measures already implemented as well as open dialogue with regional and municipal government, the relevant authorities, representatives of the various interest groups and above all the affected people. In addition, we have provided support in the areas of education and social services for local communities affected by lignite mining and carried out various projects to promote the expansion of renewables, efficient use of energy, improvement of transport infrastructure and urban development.

Goals and substance of the collaborative project with IUCN

As one of the largest, oldest, worldwide environmental conservation organisations, the IUCN has a great deal of expertise, not least because of its wealth of international experience with various publicly exposed sectors like the oil or cement industry. Collaboration with the IUCN has primarily served as a means of embedding the value of biodiversity even more firmly within our RWE guidelines and applying it to our operational business. Two projects were carried out with this in mind. Firstly, the IUCN examined our past biodiversity management activities and the extent to which biodiversity was embedded within the corporate strategy and communications of RWE. For this exercise, the Hambach open-cast mine was used as an example. The second project saw the IUCN initiate the process of developing a Group-wide biodiversity policy for RWE and facilitate the internal discussion process.

COMMENTS ON THE REPORT

Basic assumptions

RWE would like to thank representatives of the IUCN, Gerard Bos, Nadine McCormick and Maria Ana Borges, and the two externally commissioned experts, Dr Christoph Imboden and Nicola Moczek, for their sound and constructive collaboration and in-depth analysis of the recultivation work undertaken by RWE in the Rhenish lignite mining region.

The report covers a very wide spectrum of issues extending well beyond the environmental dimension of biodiversity management, methods and results to include consideration of the extent to which biodiversity is embedded within the corporate strategy and communications of RWE and the resultant social impacts. In particular, consideration of biodiversity management in terms of ecosystem services provides RWE with a valuable perspective on the subject that will contribute to further improvements in that area and to the development of a biodiversity strategy with a long-term focus.

It is worth pointing out IUCN's recognition of the fact that RWE has achieved some excellent biodiversity outcomes as part of its recultivation programme, as far as landscape restoration, development of new habitats and targeted measures to preserve rare and endangered species are concerned. We note that, in their expert scientific opinion, our recultivation record and restoration of ecologically functioning landscapes as sustainable sources of life for flora, fauna and future generations are described in this report as world-leading initiatives.

In our view, the abridged and selective presentation of any issues other than the environmental perspective, particularly the "social aspects" related to biodiversity (Chapter 5), leads to one-sided critical analysis, which does not do justice to the great complexity and significance of these issues. This problem stems primarily from an ambitious project design and from methodological challenges that are inherent to any holistic view of an ecosystem service approach. RWE is well aware of the social repercussions stemming from resettlement and always keeps the individuals concerned in its sights. In that sense, the criticism of a lack of sensitivity to the consequences for people living within the area surrounding the mine appears unprofound from our point of view.

Re: 4.1 Biodiversity management

Despite the IUCN's confirmation of our biodiversity management successes, RWE finds many helpful comments and recommendations in the report about conservation measures that would enable more stringent biodiversity goals to be achieved, e.g. even greater consideration of native species (**Rec. 3**), even greater expansion of the non-managed forest reserve areas (**Rec. 1 + 4**), and also in relation to the design of the lake once the open-cast mine in Hambach has ceased operating (**Rec. 7**). RWE will pick up these points. Over and above the measures already introduced to improve biodiversity (e.g. taking less than the approved percentage of coniferous forest and designation of non-managed forest areas) and after considering all the relevant aspects, we will check the extent to which future recultivation work can head in this direction. We will also consider the extent to which the existing data can be more systematically collected and consulted (**Rec. 15**).

At the same time, there are points in the report which – from a purist's perspective of nature conservation – undoubtedly seem desirable but, after consideration of other key factors such as economic efficiency, technical feasibility and other user interests, must be viewed as less promising suggestions. This includes the recommendation to engage in "creative thinking" with government and

civil society about additional measures “in order to reduce the loss of historic Hambach forestry stock” (**Rec. 2**). Preservation of further parts of the Hambach forest, due to the location of the forest in the immediate vicinity of the open-cast mine, would inevitably lead to closure of the Hambach mine for technical reasons. For this reason, and after consideration of the various arguments, there is no scope for action from RWE in this regard

Re: 4.2 Strategic approach

RWE shares the view of the IUCN, that we have no clear or explicitly formulated Group-wide vision of our biodiversity policy. However this is not an issue confined to the Hambach open-cast mine but rather one that applies to the entire RWE Group. The company will therefore be taking up the suggestion (**Rec. 9-11**), of developing such a policy at Group level and accompanying it with a strategy for internal and external communication of the policy (**Rec. 16-17**). This includes checking whether and to what extent over-arching guidelines (**Rec. 12-13**) such as the Biodiversity Convention of the United Nations (CBD), the Biodiversity Strategy of the European Union and the NRW Biodiversity Strategy – including appropriate monitoring (**Rec. 15**) need to be included in our corporate vision of a biodiversity policy.

In saying that, RWE also shares the opinion of the IUCN, that openness to social trends is important in defining the strategic direction (**Rec. 14**). RWE already strives to respond as flexibly as possible to the needs of stakeholders e.g. picking up on changing ideas about landscaping options, as well as new scientific findings.

At the same time, it is important to bear in mind that there are limitations on our options for adopting a flexible approach, due to all the planning law, mining, technical, political, property ownership and operational factors involved. Unlike many other businesses, open-cast mining operators have to make fundamental decisions at the start of their projects, due to the large amount of land space required, albeit only temporarily, for lignite mining. These details are recorded in the so-called Lignite Mining Plans put in place by the Cologne District Council and declared binding by the provincial government of North Rhine-Westphalia. As part of that process, the interests of the various users are weighed up against one another when it comes setting such things as final targets for the post-mining landscape. The Lignite Mining Plans then become part of the binding NRW land use and regional planning goals. All the relevant stakeholders, including nature conservation associations, are involved in the development of the Lignite Mining Plan to ensure the feasibility and reliability of the plan for both business and society. However this also means that many decisions lead to business commitments that are difficult or even impossible to adjust at a later date.

Re: 5.1 Involvement of interest groups (stakeholders)

Communicating with the general public and with stakeholders is a task RWE takes very seriously. It devotes a great deal of effort to performing this role in a highly responsible manner. RWE adapts the form any such dialogue takes to local needs in each case, which often prove to be very diverse. For instance, on its own initiative and at regular intervals, RWE organises congresses, conferences, forums and information evenings on subjects of interest to affected parties.

In that regard, RWE is open to any issues of interest to stakeholders, where there is a connection to be made between the company and its business activities. However, it should be noted that in communication with stakeholders, subjects like development of the site, energy policy decisions and local emissions provoke a higher level of interest than the subject of biodiversity. This observation tallies with the results of surveys conducted at Group level of younger stakeholders, which have also made their way into the materiality analysis of CR reporting.¹ In these surveys, the issues of climate change,

¹ See RWE CR Report 2014 www.rwe.com/cr-report p.32

energy efficiency products and sustainable procurement of fuels are ranked by respondents as particularly relevant. Nevertheless, RWE will use the results of that study to find a suitable way of drawing more attention to the issue of biodiversity management at RWE (**Rec. 19 + 22**). By the same token, RWE is both open to regular discussion with critical groups and citizens' groups (**Rec. 21**) who tend to be sceptical about the activities of RWE (**Rec. 20**) and also in favour of stronger consideration of participatory elements wherever practical and sensible. In that sense, RWE is also prepared to check whether it could make an appropriate contribution to implementing the biodiversity strategy of the NRW government (**Rec. 18**).

RE: 5.2 Resettlement

The subject of resettlement, to which RWE devotes an equally high amount of attention and resources as it does to recultivation, is a highly complex issue which, as the report rightly determines, "has a significant impact on the life of all concerned", yet the matter is treated in the report very briefly.

RWE ensures local citizens are heavily involved in resettlement arrangements and have an active say in the choice of location, urban planning matters, type of living environment etc. Special Citizens' Advisory Groups are set up in the resettlement communities and planning workshops are also carried out. In addition, RWE remains in constant contact and dialogue with all of the interest groups affected by resettlement such as clubs, churches, city councillors, local politicians etc. RWE also issues transparent and detailed reports about these matters.³ The Lignite Select Committee and the North Rhine-Westphalia government are also closely involved in this process. The repercussions, as well as any issues concerning the affected people are regularly assessed and made available to the provincial government and the public in an annual expert opinion by a resettlement commissioner appointed by the NRW government.⁴ Moreover, investigations are carried out by the independent Resettlement Commissioner's Office to determine the concerns of the people resettling, which means that, from RWE's perspective, a great deal of the evaluation recommended by the IUCN (**Rec. 24**) is happening, albeit with a different procedural manner. Where required, appropriate measures (**Rec. 25**) are identified and implemented in a timely manner.

As far as inclusion of biodiversity considerations in resettlement planning is concerned (**Rec. 8 + 23**), RWE also strives to make the environment as attractive as possible for the people concerned. No matter how important the promotion of biodiversity within the region is, the priority must be to create suitable living spaces in accordance with the wishes and preferences of the people affected. RWE will check to see if there are any opportunities to make information available on a voluntary basis to promote the development of biodiverse landscapes in the new villages and also in the agricultural sector (**Rec. 5**).

Re: 5.3 Human health and wellbeing

The subject of human health is a no less important issue, which RWE also takes very seriously. RWE agrees with the IUCN assessment that comprehensive and targeted information is important (**Rec. 27**), in order to remove any possible fears of residents and confirm the high level of air quality. Regular reports are provided to the committees of neighbouring communities about measures to maintain air quality and escorted tours of our mining operations are also offered. More detailed information is also provided at trade conferences on the subject. In addition, RWE will investigate the extent to which there is a need for further information and if so, what format such information provision should take. However, any such information should only be seen in conjunction with official figures about air quality, which the provincial nature conservation office (LANUV) determines as part of its jurisdiction.

We see great opportunities for increasing the recreational and leisure value for people in the region by designing suitable post-mine landscapes and linking this to the protection of biodiversity (**Rec. 28**).

Involving local interest groups and eliciting the support of experts in the field are practices we already apply and will continue to pursue in the future.

Summary

In summary it is noteworthy that the IUCN credits RWE with some excellent, world-leading biodiversity successes in the context of its reclamation work, in terms of landscaping, the development of new habitats and targeted measures for the preservation of rare and endangered species.

Furthermore, the IUCN report includes many valuable suggestions, which RWE will pick up on in order to examine our existing practices and, where necessary, make improvements. These will be leveraged to ensure the focus on biodiversity is more firmly embedded within the company. This applies both to specific nature conservation measures and also to incorporating biodiversity in RWE corporate strategy and communications. In doing so, RWE will concentrate not only on the subject of reclamation, but also consider other value-added steps we can take, such as checking whether these recommendations can be translated to other business areas – like our electricity distribution networks or renewables, where protection of biodiversity is also a highly relevant issue. Here too, the effectiveness and appropriateness of measures will always need to be considered from various perspectives: specific nature conservation issues, legal questions, energy industry aspects and other needs and expectations of stakeholders affected by the impact of human activity on the landscape.