

RWE – Erklärungen zur Unternehmensführung nach § 289a HGB und nach § 315 Abs. 5 HGB

The management of RWE Aktiengesellschaft (“RWE”) as well as the management of its group companies (“RWE Group”) is primarily determined by the laws that apply for the respective company and – regarding the German listed companies RWE and innogy SE – by the rules set forth in the latest version of the German Corporate Governance Code.

In line with statutory regulations, RWE is subject to what is termed the “dual governance system”, which envisages the strict separation of the Executive Board of RWE as managing body and the Supervisory Board of RWE as monitoring body. The Executive and Supervisory Boards cooperate closely in the interest of the company and the group.

With regard to the downstream management of the group, a distinction to be made between the different business areas of the company. The sections conventional energy production and energy trading are primarily managed by the RWE subsidiaries RWE Power AG, RWE Generation SE and RWE Supply & Trading GmbH which are bound by a control and profit transfer agreement with RWE and are therefore subjected to RWE Executive Board’s instructions. On the other hand, innogy SE (with its business sections renewable energies, net & infrastructure and supply) is managed as a financial participation and influence or control is only exercised through the statutory bodies which are the Supervisory Board and the Shareholders Meeting. Innogy SE has its own “dual governance system” and is – in the absence of a control and profit transfer agreement – not subjected to instructions of RWE. The management of innogy SE as a financial participation of RWE AG, the independent management of innogy SE by its executive board as well as particular key elements of cooperation are regulated in a Comprehensive Agreement (*Grundlagenvereinbarung*) between RWE and innogy SE.

The **Executive Board** pursues its group management tasks with the aim to create lasting added value, for which it assumes responsibility. In this regard, the principle of overall responsibility applies, i.e. the members of the Executive Board share the overall responsibility for the whole management. They develop the corporate as well as the group strategy and coordinate efforts with the Supervisory Board to ensure that it is implemented. The principles of the RWE Executive Board’s cooperation have been summarised in the Rules of Procedure for the Executive Board. In particular, they establish the areas for which the individual Executive Board members are responsible, the affairs the rights to which are reserved by the Executive Board as a whole, the passage of resolutions, the required majorities for passing resolutions by name, and the rights and duties of the Chairman of the Executive Board. RWE’s Executive Board currently consists of three members. More detailed information on the Executive Board members and the areas for which they are responsible can be found here.

The Executive Board regularly, promptly and comprehensively informs the Supervisory Board of all issues related to business performance that are material to the RWE Group, major transactions as well as the latest earnings situation along with the company’s risk position and risk management. Deviations in the business trend from preceding forecasts and targets are commented and reasoned in detail. Furthermore, the Executive Board regularly reports on compliance, i.e. actions taken to adhere to statutory regulations and internal company policies, an issue for which the Executive Board is also responsible.

The **Supervisory Board** advises the Executive Board in managing the company as well as the group and monitors its activity. It appoints and dismisses the members of the Executive Board of RWE, determines the compensation system for Executive Board members, and establishes the total compensation for each of them. It is involved in all decisions that are of fundamental importance to RWE or RWE Group, provided they do not fall in the responsibility of the independent management

of innogy SE. RWE's **Supervisory Board** consists of 20 members and is staffed by an equal number of shareholder and employee representatives, in line with the German Co-Determination Act (MitbestG). The principles of the RWE Supervisory Board's cooperation have been summarised in the Rules of Procedure for the Supervisory Board. Among other things, they stipulate the formation of committees. RWE has five permanent committees at present: the Executive Committee, the Mediation Committee in accordance with Sec. 27, Paragraph 3 of the German Co-Determination Act (MitbestG), the Personnel Affairs Committee, the Audit Committee and the Nomination Committee. In addition, there is a special committee "IPO NewCo". This committee shall make decisions regarding the planned capital increase of the new subsidiary for renewables, grid und retail, and shall be involved if RWE sells minority shares in NewCo. The committees' tasks and compositions are set forth in detail in Article 10 et seqq. of the Rules of Procedure for the Supervisory Board. The names of the committee members are provided here. Committee chairmen regularly report to the Supervisory Board on the committees' work. Further details on the specifics of the work done by the Supervisory Board and its committees are included in the latest Supervisory Board Report.

In addition, the Articles of Incorporation of RWE (Art. 7) and the Rules of Procedure for the Supervisory Board (Art. 8) include a list of transactions for which RWE's Executive Board requires the RWE's Supervisory Board approval. Due to the Rules of Procedure for the Supervisory Board (Art. 8 sec. 3), this reservation for certain transactions also applies if the Executive Board of RWE is involved in these transactions regarding affiliated companies by way of instructions, approvals, voting or in any other way. Anyway, the aforementioned does not apply for innogy SE which as managed as a financial participation. Pursuant to the regulations of the Comprehensive Agreement (*Grundlagenvereinbarung*) between RWE and innogy SE, investment decisions as well as questions regarding capital market allocation are in the sole responsibility of innogy SE and do not require RWE's Executive Board approval. Also the group wide list of transactions for which the RWE's Supervisory Board approval is required (Art. 8 sec. 3) does not apply for transactions regarding innogy SE and its affiliated companies.

The management of the RWE Group believes that responsible and transparent corporate governance is the basis for sustained commercial success. The guiding principles in this regard are set forth in the most up-to-date version of the German Corporate Governance Code, which was first introduced in 2002 and which includes recommendations regarding the individual stock corporation as well as recommendations regarding the whole group.

Therefore, subsequent to dutiful scrutiny, the Executive and Supervisory Boards of RWE issued the following Statement of Compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) on 15 December 2016:

Since its last statement of compliance dated 3 March 2016, RWE Aktiengesellschaft has fully complied with the recommendations of the Government Commission of the German Corporate Governance Code published by the German Federal Ministry of Justice in the official section of the German Federal Gazette on 12 June 2015 and will also comply with it in the future.

Earlier statements of compliance issued by RWE which are no longer valid have been posted here. Further details concerning RWE's corporate governance practice are provided in the latest Corporate Governance Report, which also forms part of this corporate governance declaration.

In accordance with the German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector, the competent bodies of the listed/co-determined companies within the group decided on target quotas to achieve in the first compliance period (30 June 2017).

In its meeting of 18 September 2015, the supervisory board of RWE resolved for the first compliance period defined in the German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector (30 June 2017) a **target quota of women in the executive board** of at least one woman. For the first and second management level below the executive board, the executive board resolved on 22 June 2015 a target quota of 25 percent for the first management level and of 30 percent for the second management level. The target quotas do not fall short of the status quo as far as a proportion of women of 30 percent is not reached yet. The aforementioned classification of the first and second management level exclusively refers to RWE and does not include the group companies. The management levels below the executive board correspond to the reporting levels below the executive board.

Also the other group companies which are not listed/co-determined, for their part, have decided on target quotas for the executive board as well as the first and the second management level, whereby the management levels below the executive board again correspond to the reporting levels below the executive board. The objective here is a target quota which takes into account the specific aspects of each of the relevant group companies. The content of the objectives will be reported by the relevant group company.

The Supervisory Board of RWE AG has prior to the inception of the German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector already set itself the aim to increase the quota of women in the supervisory board up to 30%. Since the new election of the supervisory board of RWE AG on 20 April 2016, the quota of 30% which is now legally binding, is achieved by RWE AG.

RWE Group is aware of its role in society and the responsibility it shoulders vis-à-vis its customers, business partners, shareholders and employees. The RWE Code of Conduct as well as the Innogy Code of Conduct which applies for the innogy subgroup and whose principles are closely aligned to those of the United Nations Global Compact, form the basis for the responsible and lawful action of the RWE Group. RWE uses its groupwide compliance organisation to enforce the latest version of the respective Code of Conduct and its policies among its staff and corporate bodies.

Essen, February 2017
RWE Aktiengesellschaft
The Executive Board