

Corporate Governance

As of January 2019



Powering. Reliable. Future.

RWE

Disclaimer

This document contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management, and are based on information currently available to the management. Forward-looking statements shall not be construed as a promise for the materialisation of future results and developments and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting the Company, and other factors. Neither the Company nor any of its affiliates assumes any obligations to update any forward-looking statements.

All figures regarding the renewables business are based on pro forma combined innogy and E.ON publicly available data. The implementation of the transaction is still subject to conditions, including merger control clearances.

AGENDA

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RWE at a glance

Key highlights and outlook

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Insights into the Supervisory Board

Composition and way of working

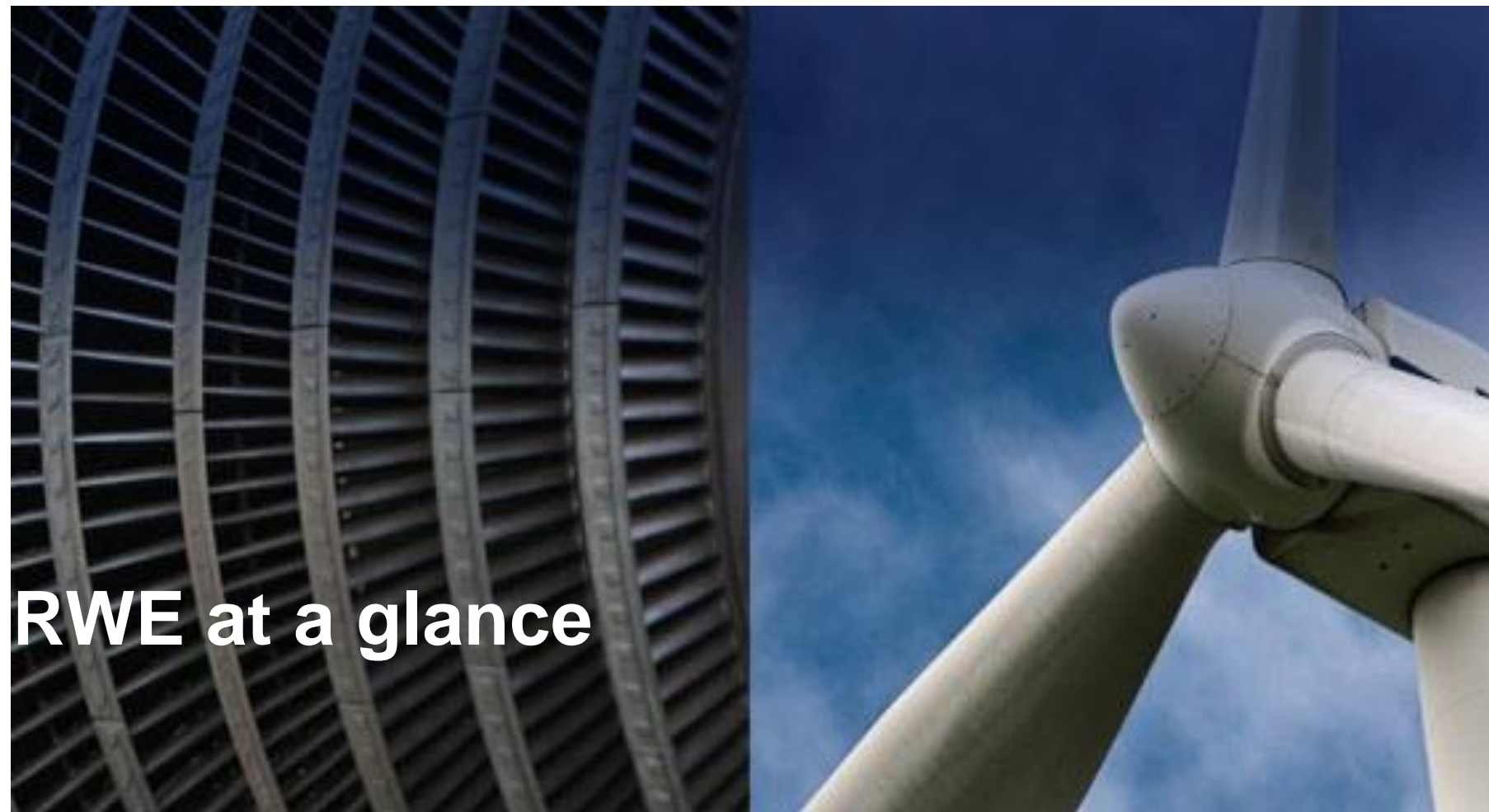
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Extract from the Executive Board

Understanding Executive Board remuneration

Powering. Reliable. Future.

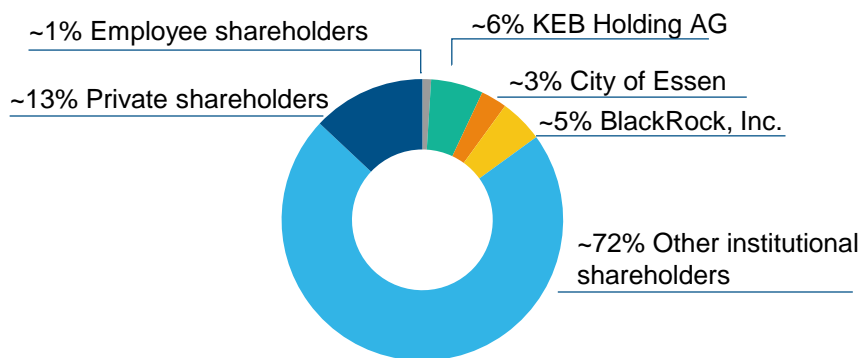
RWE



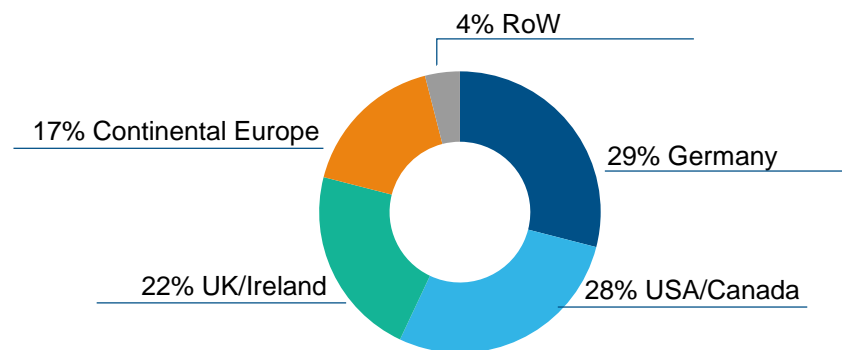
RWE at a glance

RWE shareholder structure and information

Shareholder structure of RWE AG¹



Institutional shareholder structure of RWE AG by region



RWE's share price development 2018



RWE's share information

Ordinary share 576 million no-par-value shares

Preferred share 39 million no-par-value shares, without voting rights



#one share, one vote

A conversion of preferred shares into ordinary shares shall be proposed to the AGM held on 3 May 2019

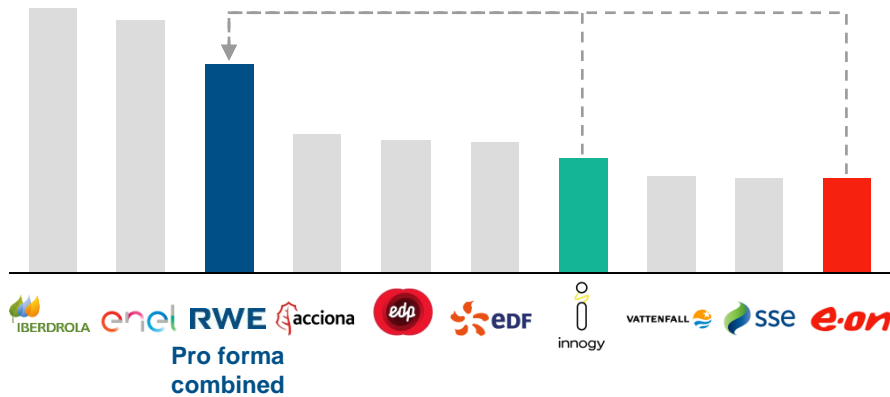
¹ As of the end of June 2018; percentages reflect shares in the subscribed capital. Sources: RWE data and notifications of shareholders in accordance with the German Securities Trading Act (WpHG).

What moved RWE in 2018 – An eventful year which paves the way for a repositioning of RWE

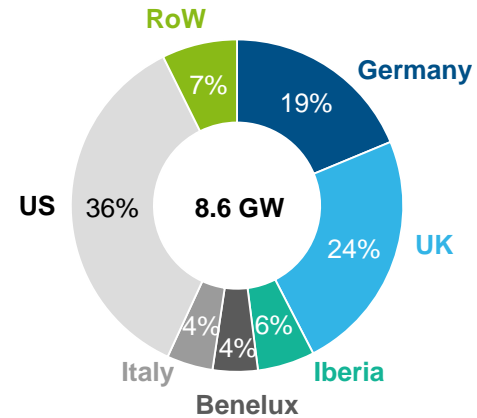
- Transformation into a leading RES-player and firm capacity provider
#innogy/E.ON transaction
- German Commission on ‘Growth, Structural Change and Employment’ started work to submit concept to achieve climate protection goals with security of supply and avoiding structural problems
- Decision by Higher Administrative Court of Münster on temporary clearing stop of Hambach Forest
- RWE continues its way out of coal: Closing of disposal of Hungarian lignite power generator Mátra, transfer of further lignite units (2 x 300 MW) into stand-by reserve, disposal of hard coal power plant Bergkamen
- Conversion of preferred shares into ordinary shares shall be proposed to the AGM held on 3 May 2019

RWE's prospering strategic outlook determined by transforming into Europe's #3 renewables player

Installed renewable capacity in Europe¹ – RWE #3 in Europe



Pro forma combined renewables capacity²



Pro forma RWE: Highly complementary renewable and conventional generation portfolio & attractive financial portfolio

Operational business

<p>Lignite & Nuclear</p> <p>E.ON stakes in nuclear power stations² Gundremmingen (25%) and Emsland (12.5%)</p>	<p>European Power Generation</p>	<p>Supply & Trading</p> <p>innogy's gas storage business</p>	<p>Renewable Energy</p> <p>Respective business areas from E.ON and innogy</p>
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Financial portfolio

Stake in Amprion (25.1%)
Stake in E.ON (16.7%)
Stake in Kelag (37.9%)

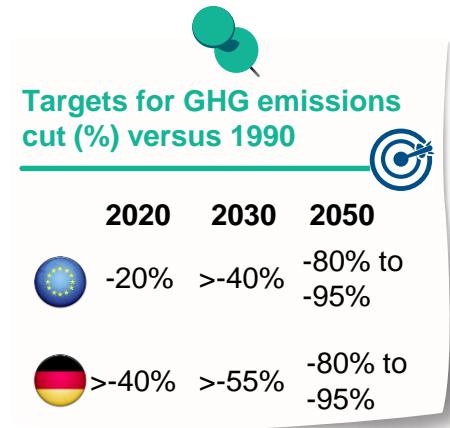
■ Additions to RWE portfolio from transaction (closing of complete transaction expected end of 2019).

¹ Bloomberg New Energy Finance, March 2018. | ² As at 30 June 2018. Pro rata view. Excludes RWE's own renewable capacity. Excluding renewable portfolio of E.DIS and 20% in Rampion. | ² Final shutdown of Gundremmingen in 2021 and Emsland in 2022, all at year's end. | Note: Closing of complete transaction expected for end 2019.

The energy sector is expected to make an above average contribution to the national climate protection targets

Germany sets ambitious targets for reducing its greenhouse gas emissions (GHG)

- > In Nov 2016, the German government adopted the Climate Action Plan 2050 with more ambitious targets than on EU level
- > Germany's long-term goal is to become GHG-neutral in the second half of the century
- > The Climate Action Plan also includes individual sector targets for the year 2030
- > Until 2030, the energy sector should reduce its GHG emissions to approx. 175-183 million tonnes CO₂eq, which means reductions of ~61-62% versus 1990

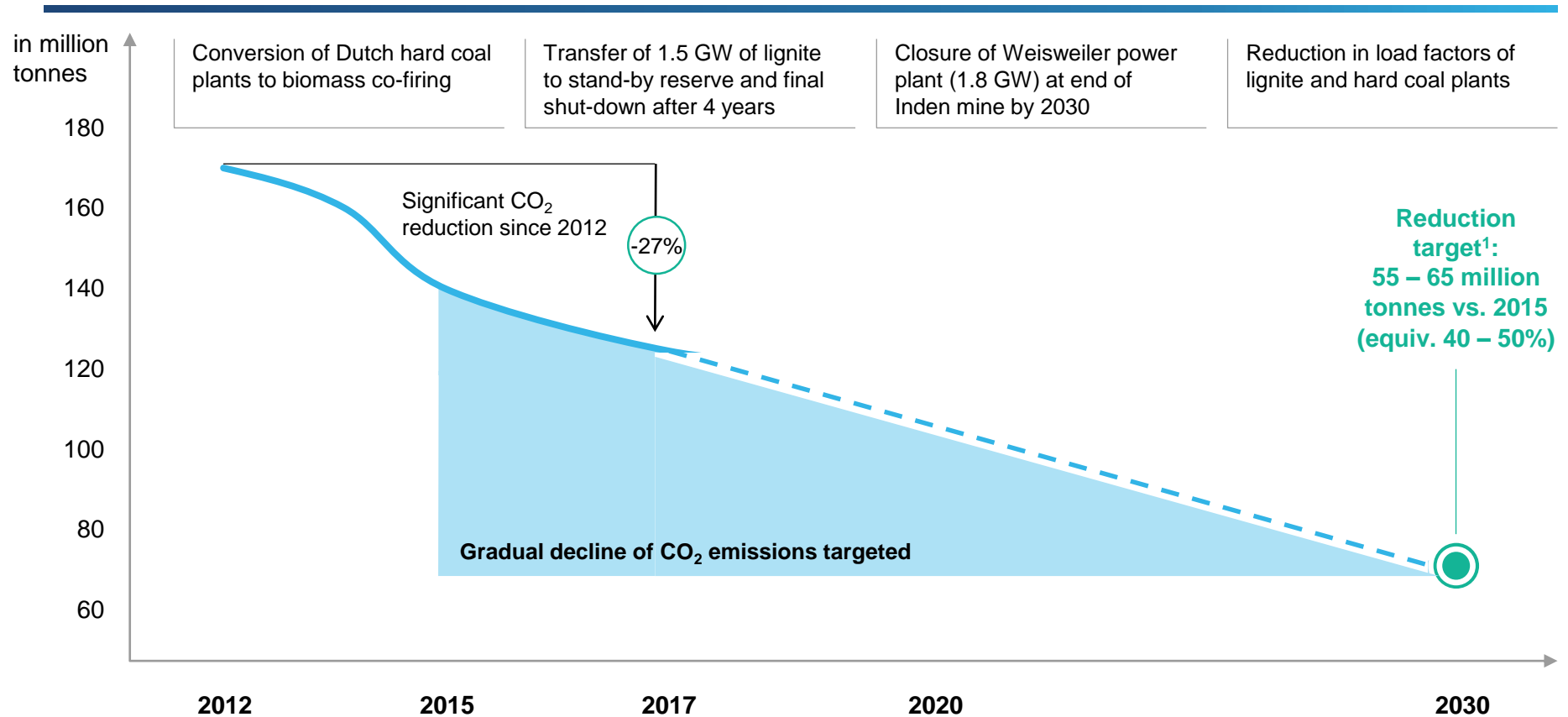


Commission on Growth, Structural Change and Employment established

- > The Federal Government of Germany launched the Commission on Growth, Structural Change and Employment to prepare an action plan which shall include:
 - > Proposals for structural development in the affected regions of a coal phase-out that will serve to strengthen growth and employment
 - > Measures to ensure the successful achievement of the 2030 energy sector target set out in the Climate Action Plan
 - > Measures affecting the energy sector to reduce the expected gap between current emissions and the target of more than 40% of GHG reductions in 2020 compared to the level in 1990
 - > A date for a final shutdown of coal
- > A final report of the recommendations by the Commission will be presented to the German Government in February 2019, after a prolongation of the timeline
- > The Commission is chaired by Barbara Praetorius, Ronald Profalla, Matthias Platzeck and Stanislaw Tillich and comprises 28 members who include representatives of environmental associations, trade unions, economic and energy associations, the affected regions and science

RWE is on an ambitious path to reduce CO₂ emissions and proofed already its huge contribution to climate protection

RWE's reduction path of CO₂ emissions in core markets¹



¹ Referring to RWE stand-alone portfolio, excluding Mátra in Hungary and Denizli in Turkey. Figures do not include a potential impact on the generation portfolio as a result of recommendations from the Commission on Growth, Structural Change and Employment.



Insights into the Supervisory Board

Two-tier governance system

Executive Board

- > Responsible for managing and steering the company
- > Represents company in dealings with third parties

Consists of two members:

- > Rolf Martin Schmitz, CEO and Labour Director
- > Markus Krebber, CFO

Appointed for five years

- > Rolf Martin Schmitz (30 June 2021)
- > Markus Krebber (30 September 2024)

Tasks



Structure



Length of term



Supervisory Board

- > Oversees the company's Executive Board and appoints its members
- > Provides approval for major strategic decisions

Composition in line with German Co-Determination Act and consists of

- > 10 shareholder representatives elected by the AGM
- > 10 employee representatives elected by the employees of RWE AG & its group companies

- > Appointed for a period of five years (in accordance with German law)
- > Next regular elections at AGM in 2021

Objectives of Supervisory Board Composition and its current status

Objectives

Independence

At least 12 independent members of which min. 6 of the shareholder representatives

Term

Supervisory Board members are elected for a five-year period

Tenure

General membership shall not exceed 15 years for a sufficient number of representatives

Non-competete

Members of the Supervisory Board shall not be members of governing bodies of, or exercise advisory functions at, significant competitors of the company

Status



All 20 representatives considered to be independent



All members are elected for a five-year period



Only one representative exceeds limit



All representatives meet requirements

Objectives

Age Limit

Recommendation: Supervisory Board members shall resign beyond the end of the AGM following their reaching the age of 72

Expertise

Supervisory Board shall include an adequate number of members with diverse professional backgrounds

Gender

At least 30% of both genders amongst the representatives

Internationality

Supervisory Board shall reflect an adequate background of its international working experience

Status



One Supervisory Board member exceeds the rec. age-limit



Well diversified Supervisory Board



30% female representatives



International working experience covered¹

> RWE complies with all recommendations of the version of the Code issued on 24 April 2017 and will also do so in the future
 > The Supervisory Board will review and discuss any new recommendations on the board's composition and adopt its objectives if required after the code, draft released on 6 November 2018, enters into force

¹ Supervisory Board of OpCos with international representatives. International experience on AG Supervisory Board level reflects the holding function. Review after execution of the innogy/E.ON transaction.

Members of the Supervisory Board

Shareholder representatives



Dr. Werner Brandt
since 18 April 2013

**Chairman of the
Supervisory Board**



Ute Gerbaulet
since 27 April 2017



Prof. Dr.-Ing. Dr.-Ing.
E. h. Hans-Peter Keitel
since 18 April 2013



Mag. Dr. h.c.
Monika Kircher
since 15 October 2016



Dagmar Mühlenfeld
since 4 January 2005



Peter Ottmann
since 20 April 2016



Günther Schartz
since 20 April 2016



Dr. Erhard Schipporeit
since 20 April 2016



Dr. Wolfgang Schüssel
since 1 March 2010



Ullrich Sierau
since 20 April 2011

Employee representatives



Frank Bsirske
since 9 January 2001

**Deputy Chairman of
the Supervisory Board**



Michael Bochinsky
since 1 August 2018



Reiner Böhle
since 1 January 2013



Sandra Bossemeyer
since 20 April 2016



Martin Bröcker
since
1 September 2018



Monika Krebber
since 20 April 2016



Harald Louis
since 20 April 2016



Ralf Sikorski
since 1 July 2014



Marion Weckes
since 20 April 2016



Leonhard Zubrowski
since 1 July 2014

Allocation of core competencies in selected focus areas

	Managerial Experience	Public Sector	Utility Sector	International Utility Sector	Accounting	Financial Audit ¹	Co-determination	Digital
Werner Brandt	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Frank Bsirske	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	
Michael Bochinsky		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	
Reiner Böhle	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Sandra Bossemeyer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Martin Bröker	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ute Gerbaulet	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Hans-Peter Keitel	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Monika Kircher	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Monika Krebber	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Harald Louis							<input checked="" type="checkbox"/>	
Dagmar Mühlenfeld	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	
Peter Ottmann	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
Günther Scharz	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Erhard Schipporeit	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Wolfgang Schüssel	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Ullrich Sierau	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Ralf Sikorski	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Marion Weckes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Leonhard Zubrowski	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

¹ Incl. financial expert serving as chair of audit committee. | Note: The information is based on a self-assessment by the Supervisory Board members.

Way of working – Meeting structure

Supervisory Board Meetings

- > The Supervisory Board needs to approve certain measures and transactions as stipulated in the Articles of Incorporation as of 14 May 2018, in the Rules of Procedure for the Supervisory Board as of 14 Dec 2017 or defined by the Supervisory Board from time to time
- > The Supervisory Board reports its work on a yearly basis in the Report of the Supervisory Board as part of RWE's Annual Report and in the AGM

Supervisory Board Committees

- > The Supervisory Board forms Committees and assigns specific tasks for resolution-taking in lieu of the Supervisory Board and, respectively for preparation of the Supervisory Board's resolutions
- > The Supervisory Board runs six Committees of which only one Committee, the so-called Mediation Committee, is required by law
- > The Chair of the Audit Committee shall not be identical with the Chairman of the Supervisory Board
- > The Committees are casted on the basis of parity, except for the Nomination Committee

Extraordinary Supervisory Board Meetings

- > In order to emphasize special items, the Supervisory Board dedicates specific meetings to focus topics
- > The Supervisory Board dealt with and approved the innogy/E.ON transaction in two extraordinary Supervisory Board meetings
- > The Supervisory Board dealt with Hambach mine in the ordinary Supervisory Board meetings and in an additional extraordinary Supervisory Board meeting after the decision of the Higher Administrative Court of Münster

Preparatory meetings

- > Separate pre-meetings for the preparation of Supervisory Board meetings are held by both groups of representatives in the Supervisory Board; shareholder respectively employee representatives

Efficiency audit

- > Latest efficiency audit in the fourth quarter of 2017 with results presentation in Supervisory Board meeting on 14 December 2017
- > Audit confirmed constructive and trustful collaboration, areas for improvement were identified and the implementation of which was debated extensively



Extract from the Executive Board

RWE's Executive Board



Dr. Rolf Martin Schmitz

Chairman of the Executive Board and Chief Executive Officer (since 10/2016)

Born in 1957 in Monchengladbach; doctorate in engineering; Member of the Executive Board of rhenag Rheinische Energie AG from 1998 to 2001; Member of the Board of Management of Thuga AG from 2001 to 2004; Chairman of the Board of Directors of E.ON Kraftwerke GmbH from 2004 to 2005; Chairman of the Executive Board of RheinEnergie AG and Managing Director of Stadtwerke Köln from 2006 to 2009; Chief Operating Officer National of RWE AG from May 2009 to September 2010; Chief Operating Officer from October 2010 to October 2016 and concurrently Deputy Chairman of the Executive Board from July 2012 to October 2016; concurrently Labour Director of RWE AG since May 2017.

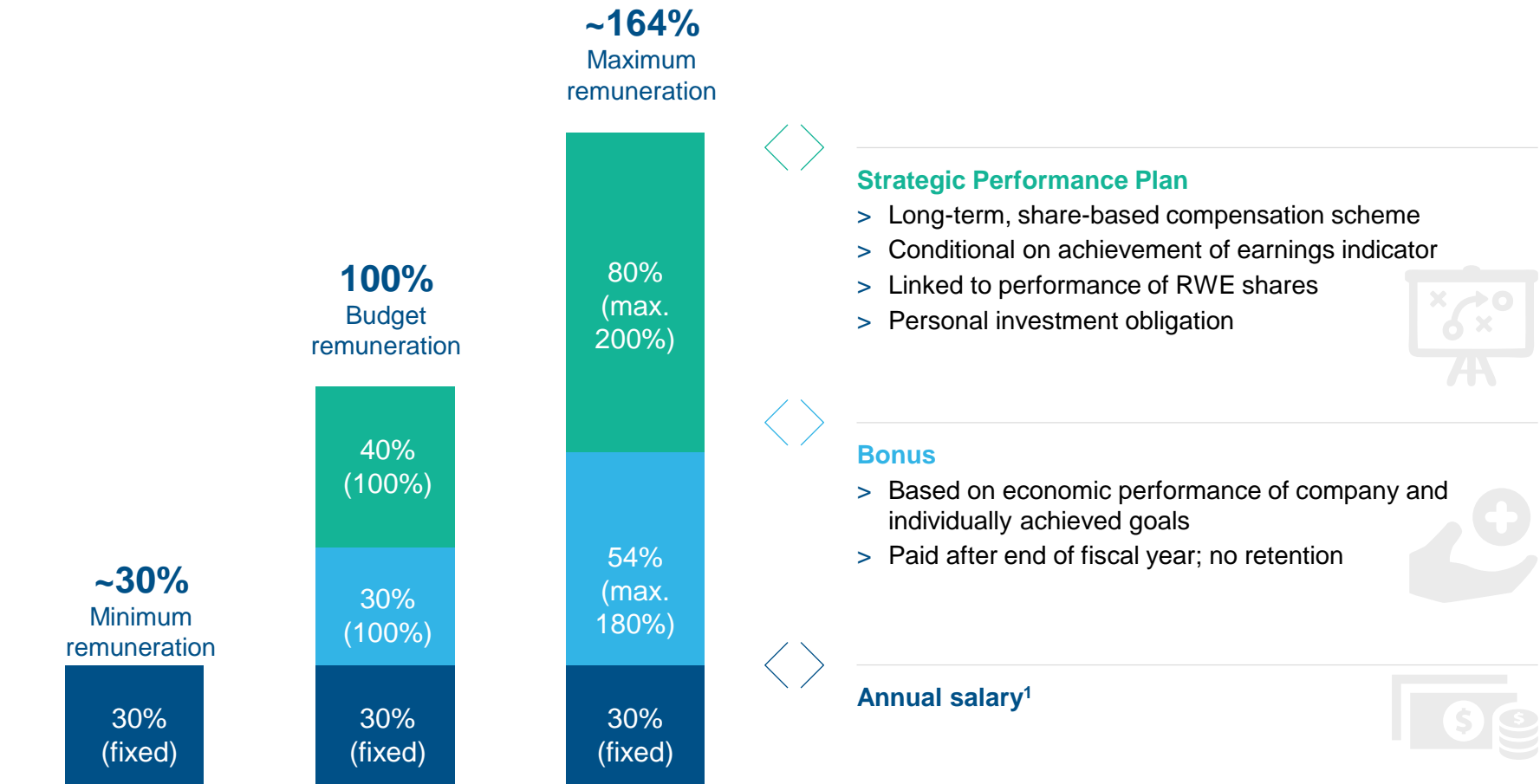


Dr. Markus Krebber

Chief Financial Officer (since 10/2016)

Born in 1973 in Kleve; Banker; doctorate in economics; Management Consultant at McKinsey & Company from 2000 to 2005; various management positions at Commerzbank AG from 2005 to 2012; Managing Director and Chief Financial Officer of RWE Supply & Trading GmbH from November 2012 to August 2016; Chief Executive Officer of RWE Supply & Trading GmbH from March 2015 to May 2017; Chief Financial Officer of RWE AG since October 2016.

Remuneration system consists of three components



Strategic Performance Plan

- > Long-term, share-based compensation scheme
- > Conditional on achievement of earnings indicator
- > Linked to performance of RWE shares
- > Personal investment obligation

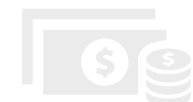


Bonus

- > Based on economic performance of company and individually achieved goals
- > Paid after end of fiscal year; no retention



Annual salary¹



> After the announcement of RWE's innogy-transaction with E.ON the targets of the variable payment had to be amended due to accounting driven changes in Summer 2018

> Review of remuneration system once the German Act implementing the 2nd Shareholder Rights Directive coming into force

¹ Fixed compensation may also include non-cash and other remuneration, e.g. use of company car. | Note: Shares of total compensation on basis of compensation 2017.

Executive Board's short-term incentive (STI) scheme is performance-based with pay-out range between 0%-180%

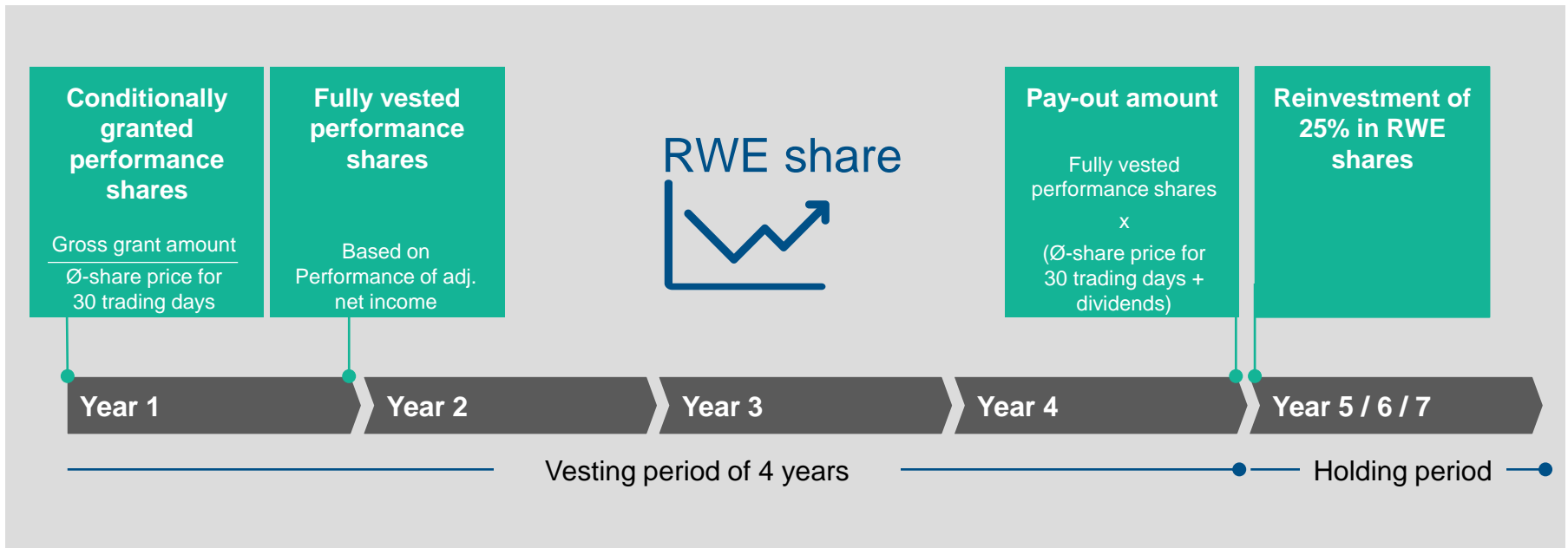
Bonus – short-term incentive scheme



Executive Board's long-term incentive (LTI) scheme takes seven years until full pay-out of compensation

Strategic Performance Plan (SPP) – Long-term incentive scheme






















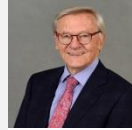
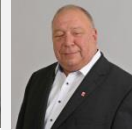








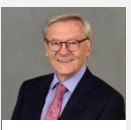

Exemplary SPP tranche



> The SPP contains also a malus provision: The Supervisory Board can reduce or completely cancel ongoing SPP tranches to punish infraction by Executive Board members

Backup

Supervisory Board Committees

Executive Committee		Audit Committee		Personnel Affairs Committee		Nomination Committee		Strategy Committee		Mediation Committee	
											
Werner Brandt	Frank Bsirske	Erhard Schipproreit	Michael Bochin-sky	Werner Brandt	Reiner Böhle	Werner Brandt	Hans-Peter Keitel	Werner Brandt	Frank Bsirske	Werner Brandt	Frank Bsirske
											
Sandra Bosse-meyer	Hans-Peter Keitel	Wolfgang Schüssel	Ullrich Sierau	Frank Bsirske	Harald Louis	Peter Ottmann		Hans-Peter Keitel	Günther Schartz	Wolfgang Schüssel	Ralf Sikorski
											
Monika Kriebber	Dagmar Mühlen-feld	Ralf Sikorski	Marion Weckes	Peter Ottmann	Wolfgang Schüssel			Ralf Sikorski	Leonhard Zubrow-ski		
											
Wolfgang Schüssel	Leonhard Zubrow-ski										

Supervisory Board meeting attendance¹ in FY 2018

	Supervisory Board	Extraordinary Supervisory Board	Executive Committee	Audit Committee	Personnel Affairs Committee	Nomination Committee	Strategy Committee	Mediation Committee
Werner Brandt	5/5	3/3	1/1	3/4	3/3		1/1	
Frank Bsirske	4/5	2/3	1/1		3/3		1/1	
Michael Bochinsky ²	2/2	1/1		2/2				
Reiner Böhle	5/5	3/3			3/3			
Sandra Bossemeyer	4/5	3/3	1/1					
Martin Bröker ²	2/2	1/1						
Ute Gerbaulet	5/5	2/3						
Hans-Peter Keitel	5/5	2/3	1/1				1/1	
Monika Kircher	5/5	3/3						
Monika Krebber	5/5	1/3 ³	1/1					
Harald Louis	5/5	3/3			3/3			
Dagmar Mühlenfeld	5/5	3/3	1/1					
Peter Ottmann	5/5	3/3			3/3			
Günther Schartz	5/5	2/3					1/1	
Erhard Schipporeit	5/5	1/3 ³		4/4				
Wolfgang Schüssel	5/5	3/3	1/1	4/4	3/3			
Ullrich Sierau	5/5	3/3		3/4				
Ralf Sikorski	4/5	3/3		4/4			1/1	
Marion Weckes	5/5	3/3		4/4				
Leonhard Zubrowski	5/5	3/3					1/1	

¹ Shown only for currently acting Supervisory Board members. | ² Mr. Bochinsky and Mr. Bröker participated since they joined during the course of the year 2018. | ³ Mrs. Krebber and Mr. Schipporeit did not participate in two Extraordinary Supervisory Board Meetings dealing on the innogy transaction due to conflict of interests. | Note: The Nomination and also Mediation Committee did not meet in 2018.

Supervisory Board remuneration

- > Supervisory Board members receive a fixed remuneration, thus it is not influenced by the company's profit or the dividend
- > Compensation components are added to the fixed remuneration for committee mandates¹
- > Members imposed on themselves the obligation, subject to any obligations to relinquish their pay, to use 25% of the total compensation paid (before taxes) to buy RWE shares and to hold them for the duration of their membership

Supervisory Board remunerations

Min. €100,000 p.a.

Max. €300,000 p.a.

Fixed remuneration (per year)

- > Chairman of the Supervisory Board, fixed compensation of €300,000
- > Deputy receives €200,000
- > Other members of the Supervisory Board receive €100,000

+

Remuneration for committee mandates² (per year)

- > Audit Committee: €40,000 members, €80,000 for the Chair of this Committee
- > Other committees³: €20,000 members, €40,000 for the Chair of respective committee
- > Members who concurrently hold several offices in this body only receive compensation for the highest-paid position

In addition to the requirements of the German stock corporation and commercial law, we also consider the recommendations of the German Corporate Governance Code concerning the design and presentation of compensation systems

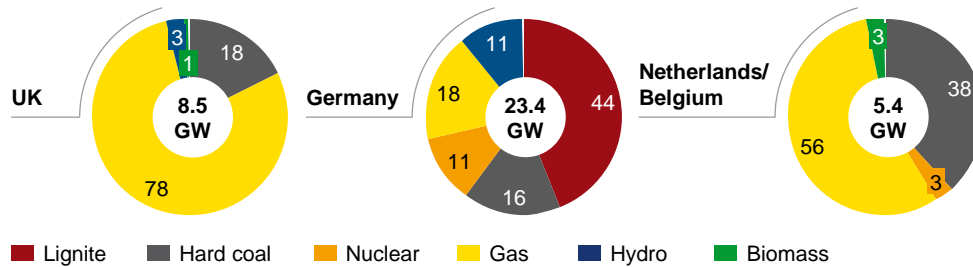
¹ Not valid for the Chairman of the Board and his/her deputy. | ² Not valid for the Chairman of the Board and his/her deputy. Remuneration for a committee only paid if the committee is active at least once in the fiscal year. | ³ Not valid for Nomination Committee. Membership in the Nomination Committee shall be disregarded.

RWE at a glance

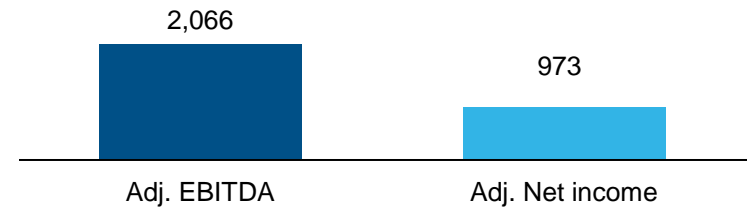
17,154 employees¹ form RWE's powerful workforce



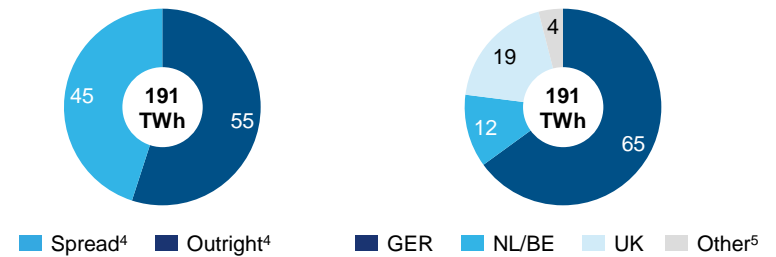
RWE's net capacity² (%) in core generation markets



Financial highlights RWE stand-alone 2017 (in € million)



RWE's production volumes³ (%): 191 TWh



- > Highly relevant position in all core markets
- > Efficient and flexible portfolio across technologies
- > Sophisticated commercial management of operations

¹ Converted to full-time positions. Workforce at 2017 year-end excl. innogy. | ² 2017 net capacity. Excluding Mátra in Hungary (0.8 GW) and Denizli in Turkey (0.8 GW). |

³ 2017 production volumes. Including Mátra and Denizli. | ⁴ Spread: Hard coal, gas, hydro, biomass. Outright: Lignite, nuclear. | ⁵ Including Mátra and Denizli.

Your contacts @RWE Investor Relations

Important Links

- > Annual and Interim Reports & Statements
<http://www.rwe.com/ir/reports>
- > Investor and Analyst Conferences
<http://www.rwe.com/ir/investor-and-analyst-conferences>
- > IR presentations & further factbooks
<http://www.rwe.com/ir/presentations>
- > IR videos
<http://www.rwe.com/ir/videos>
- > Consensus of analysts' estimates
<http://www.rwe.com/ir/consensus-estimates>



Financial Calendar

- > **14 March 2019**
Annual report 2018
- > **3 May 2019**
Annual General Meeting
- > **15 May 2019**
Interim statement on the first quarter of 2019
- > **14 August 2019**
Interim report on the first half of 2019



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RWE