

2020

**Corporate Governance Declaration  
pursuant to Sections 289f and 315d  
of the German Commercial Code with  
integrated Corporate Governance  
Report**

**RWE**

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# 1. Basics of corporate governance

## 1.1. General remarks

RWE Aktiengesellschaft ("RWE") is a German energy utility headquartered in Essen and registered with the Commercial Register of the Essen District Court under HRB 14525.

In accordance with RWE AG's Articles of Incorporation, the object of company is to manage a group of companies active in the following fields of business in particular:

- a) generation and procurement of energy, including renewable energy;
- b) extraction, procurement and processing of mineral resources and other raw materials;
- c) supply and trading of energy;
- d) construction, operation and use of energy transmission systems;
- e) supply of water and treatment of wastewater;
- f) provision of services in the aforementioned fields, including energy efficiency services.

As a German stock corporation, RWE has a two-tier governance system. This system features an executive board as managing body and a supervisory board as monitoring body and prohibits individuals from holding offices on both boards. At RWE, these two boards cooperate constructively and trustingly in the interests of the company and the Group. In compliance with the German Co-determination Act, the Supervisory Board of RWE is composed of 10 shareholder and 10 employee representatives.

The governance of RWE and its subsidiary Group companies ("RWE Group") is primarily determined by applicable statutory regulations, the [Articles of Incorporation of RWE](#) and the provisions of the German Corporate Governance Code ("GCGC").

## 1.2. Company/Group structure

RWE is a pure holding company. It performs central tasks for its subsidiaries, which are responsible for operating activities, e.g. in relation to taxes and finance.

RWE's activities currently focus on electricity generation, energy trading and gas. Since 2020, the Group's financial reporting has been structured based on the following five segments: (1) Offshore Wind, (2) Onshore Wind/Solar, (3) Hydro/Biomass/Gas, (4) Supply & Trading and (5) Coal/Nuclear. Segments (1), (2), (3) and (5) encompass the electricity generation activities, broken down by energy source. The trading and gas business has been pooled in segment (4). Segments (1) to (4) represent our core business. Operating responsibility has been distributed as follows: RWE Renewables GmbH is in charge of segments (1) and (2), and RWE Generation SE oversees segment (3). In segment (4) the main responsibility lies with RWE Supply & Trading GmbH and – in terms of gas storage – with the gas storage companies of RWE Gas Storage West GmbH and RWE Gas Storage CZ, s.r.o. Business activities in segment (5) are managed by RWE Power AG (lignite, nuclear), RWE Nuclear GmbH (nuclear) and RWE Generation SE (German hard coal power plants).

The aforementioned subsidiaries are associated with the holding company via control and profit- and loss-transfer agreements and are subject to the instructions of the Executive Board of RWE AG. This does not apply to the gas storage companies which comply with the unbundling requirements imposed on them and cannot be issued with instructions.

## 1.3. Statement regarding the GCGC

RWE management believes that responsible and transparent corporate governance is the basis for long-term economic success. Our guiding principles are set out in the most up-to-date version of the German Corporate Governance Code (GCGC).

On 16 December 2019, the Government Commission of the German Corporate Governance Code adopted a completely revised version of the Code. The new GCGC requires companies to report on corporate governance in their corporate governance declaration. From now on, the Executive Board and the Supervisory Board will make this declaration jointly, bearing responsibility only for the parts of the report relating to them. The new version of the GCGC was published in the German Federal Gazette on 20 March 2020, thus entering into force.

On 11 December 2020, following a mandatory review, the Executive Board and the Supervisory Board of RWE made the following comprehensive [statement of compliance](#) pursuant to Section 161 of the German Stock Corporation Act:

*"Since the last statement of compliance dated 18 December 2019, 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 (Bundesanzeiger) on 24 April 2017 (Code as amended on 7 February 2017).*

*RWE Aktiengesellschaft also fully complies, and will continue to do so in the future, with the recommendations of the latest version of the Code published on 20 March 2020 (Code as amended on 16 December 2019)."*

Earlier statements of compliance by RWE can be found [here](#).

## 2. Executive Board

### 2.1. Executive Board and Executive Board members

Since 1 November 2020, the Executive Board of RWE has consisted of four members:

- Rolf Martin Schmitz (63) has been on the Executive Board since 1 May 2009 and its Chairman since 15 October 2016. From May 2017 to October 2020, he concurrently served as Labour Director. His tenure ends on 30 April 2021.
- Markus Krebber (47) was appointed to the body with effect from 1 October 2016 and has been responsible for finance since 15 October 2016. His tenure lasts until 30 June 2026 and he has been designated to take office as Chairman of the Executive Board as of 1 May 2021.
- Michael Müller (49) has been appointed to the Executive Board for a term of three years with effect from 1 November 2020. Mr. Müller will take charge of finance as of 1 May 2021.
- Zvezdana Seeger (56) has also been a member of the Executive Board of RWE AG since 1 November 2020. She is the company's Labour Director and in charge of human resources and IT. Her first tenure is also limited to three years.

Additional information on the members of the Executive Board (e.g. CVs) is published on our [website](#) and in the current annual report. It also includes disclosure on offices held by the Executive Board members in other corporate bodies. They may only accept such offices upon approval of the Supervisory Board.

The GCGC stipulates that the tenure of individuals appointed to a managing board for the first time be limited to three years and that they may be reappointed one year before

the expiry of their tenure while terminating their current appointment only under exceptional circumstances. RWE has acted accordingly thus far.

On 27 July 2020, the Supervisory Board appointed the current Chief Financial Officer Markus Krebber Chairman of the Executive Board of RWE AG with the intention of succeeding the current Chairman of the Executive Board Rolf Martin Schmitz, with effect from 1 July 2021, who would retire from the corporate body on 30 June 2021. Consequently, the Supervisory Board of RWE terminated the previous appointment of Markus Krebber as member of the Executive Board to be expiring on 30 September 2024 with effect from the end of the day on 30 June 2021 and reappointed him to the Executive Board early with effect from 1 July 2021 to 30 June 2026. Subsequently at the beginning of February 2021, the relevant members of the Executive Board and the Supervisory Board agreed that Rolf Martin Schmitz will already leave office on 30 April 2021 instead and Markus Krebber will succeed him as Chairman of the Executive Board with effect from 1 May 2021. At that time, Michael Müller will take over from Markus Krebber as Chief Financial Officer.

As RWE is a holding company, it is involved in operating activities only to a limited extent and therefore only needs a four-member executive board. This corporate body unites a wide range of expertise and possesses the qualifications needed to fulfil its tasks: Rolf Martin Schmitz holds a doctorate in mechanical engineering and Markus Krebber is a qualified banker and holds a doctorate in economics., Michael Müller holds a doctorate in mechanical engineering, and Zvezdana Seeger has a degree in economics. As a result of the current staffing of the Executive Board, the female quota of this corporate body is 25%. It will rise to 33.3% upon the planned exit of Rolf Martin Schmitz. It clearly exceeds the target quota through to mid-2022 established by the Supervisory Board at its meeting on 23 June 2017. At the time, the quota had to be set at zero as no other quota would have been expedient in light of the Executive Board being composed of just two members and the duration of their appointments.

The number of women in executive positions has increased significantly in recent years. We want this trend to continue. The Executive Board of RWE has set the minimum target female quota for the first management level at the Group's holding company by 30 June 2022 at 30%. A target of 20% was established for the second management level. The first management level includes employees who bear responsibility for other employees and have a direct reporting line to the Executive Board. The second management level comprises employees who bear responsibility for other employees and have a direct reporting line to the first management level. The aforementioned diversity goals only apply to the parent company, RWE AG. The subordinate Group companies

have established their own goals, on which they report separately.

Based on the recommendations of the GCGC and in line with statutory regulations, the Supervisory Board adopted a skills matrix for Executive Board members which takes account of the diversity requirements for this corporate body. The main criteria when selecting candidates for long-term succession planning are thus the professional qualifications for the office in question, leadership skills, track record and knowledge of the sector. In this context, diversity is primarily to be achieved by selecting individuals with varying, mutually complementary profiles, in particular with respect to their professional and life experience. Appropriate gender representation also plays a major role.

When appointing individuals to the Executive Board, the Supervisory Board also takes the following goals into account:

- *The Supervisory Board aims to achieve an appropriate female quota in the medium term by restaffing vacancies resulting from natural attrition.*
- *The Executive Board should have profound knowledge of the public sector – in particular of politics (to the extent relevant to the energy sector) in Germany at both the municipal, state and federal levels. An equal level of expertise should also be present at the EU level and in relation to other countries which are of special significance to the development of RWE's business.*
- *In view of RWE's international operations, the Executive Board of RWE should also have an appropriate number of members with international experience in the energy sector.*
- *On the whole, the Executive Board should have years-long leadership experience in industry, in particular in running companies.*
- *Accordingly, the Executive Board should be capable of further developing the company's strategic orientation and ensuring that it is implemented as well as setting up a suitable risk management and risk controlling system within the company and maintaining it.*
- *In addition, taking account of the situation specific to the company, the members of the Executive Board should possess the most company-specific knowledge and leadership experience possible of significance to the operating activities. When candidates are selected, it should be seen to it that the Executive Board's composition*

*is balanced in order to ensure that the desired expertise is spread throughout the Executive Board as widely as possible.*

- *The desired expertise that is missing or should be expanded on the Executive Board should be identified before restaffing a position. Candidates possessing this expertise should be identified. Succession planning should be conducted taking account of the age limit established for Executive Board members. Executive Board members reach the age limit when they turn 63. They can be reappointed for a year at a time thereafter, with the maximum duration of such reappointments being reached when they turn 65.*

Safeguarding the interests of the company and considering the specifics of the case in question, the Supervisory Board chooses from among the suitable candidates the individual who fills the vacant seat on the Executive Board. Then the Supervisory Board regularly determines the degree to which the Executive Board members fulfil the aforementioned requirements, the appropriateness of the composition of the Executive Board, and whether the performance targets of the skills matrix are expedient.

An outside recruiting firm was commissioned to create skills matrixes in advance of the appointments of Executive Board members with effect from 1 November 2020 and 1 May 2021. The positions in question were those of Chairman of the Executive Board (CEO), Chief Financial Officer (CFO) and Chief Human Resources Officer (CHO). The newly appointed Executive Board members and Markus Krebber in his future role as CFO fully comply with these skills matrixes.

The Supervisory Board aims to begin succession planning early on whenever it becomes apparent that an Executive Board member will vacate their seat. The Supervisory Board acted accordingly in making its most recent staffing decisions.

## 2.2. Executive Board activity

The [Rules of Procedure for the Executive Board](#) establish the special tasks performed by the Chairman of the Executive Board, the matters entrusted to the Executive Board as a whole, the procedure for passing resolutions, and the majorities required to pass resolutions on a case-by-case basis. Responsibilities for the Executive Board offices are set out in the schedule of responsibilities.

The Executive Board normally convenes for a meeting requiring physical attendance once every two weeks. It is informed of the impending issues by the relevant departments. The Executive Board's lean structure with just four members makes it easier to



coordinate its activity in between meetings requiring physical attendance and by circular.

In fiscal 2020, no conflicts of interest were reported by the members of the Executive Board.

### 2.3. Corporate governance practices and tools

Information on the activity and decisions of the Executive Board is published in the annual reports, half-year reports and quarterly statements, all of which are issued at regular intervals. The dates on which these documents are published can be found in the [financial calendar](#). In addition, RWE publishes information on events within the Group that are of relevance to the capital market when they occur.

As one of Europe's largest power producers, RWE shoulders substantial responsibility for the environment and society. We fulfil the resulting duties conscientiously. In this context, centre stage is taken by environmental, employee and social matters as well as adherence to human rights. What we do to discharge our responsibility to society and the varied expectations of our stakeholders is documented in our Non-financial Report in accordance with Section 315 b, Paragraph 3 of the German Commercial Code and in our Sustainability Report. Both of these documents are published annually and are available on the Internet at [www.rwe.com/en/responsibility-and-sustainability](http://www.rwe.com/en/responsibility-and-sustainability).

Compliance is another topic that is taken very seriously at RWE. It is important to us that the work done in our company is in order. Of course, first and foremost this means that all entrepreneurial activity must be in accordance with statutory regulations. However, to us compliance also involves observing ethical standards and principles to which the company has subjected itself voluntarily. The decisive factor in this respect is our group-wide [Code of Conduct](#). The principles of this Code lean heavily on those of the United Nations Global Compact and thus also help ensure responsible and legally compliant action within the RWE Group.

RWE has established a comprehensive compliance management system, the fundamentals of which we disclose at [www.rwe.com/en/compliance](http://www.rwe.com/en/compliance) and in our [Sustainability Report](#). Suspected and actual legal violations can be reported to superiors or compliance officers via various channels. An independent external contact can also be involved. This contact is not only at the disposal of employees, but also accepts leads from individuals outside the company.

Another fundamental prerequisite for good corporate governance is the

systematic identification, assessment and management of risks. In line with statutory regulations, the Executive Board has established a professional risk management system at RWE. We report on the design of this system as well as on our current material risks and opportunities in our annual reports.

### 2.4. Cooperation with the Supervisory Board

The Executive Board and the Supervisory Board of RWE work closely together for the benefit of the company and communicate with each other regularly. The Executive Board informs the Supervisory Board in a regular, timely and comprehensive manner of all the material aspects of the company's strategic orientation, business trend, compliance and risk management. Furthermore, it keeps the Supervisory Board updated on the company's earnings, risk exposure and material transactions. Deviations from the forecast business trend are discussed and reasoned in the process.

### 2.5. Executive Board member remuneration and emoluments

The Act on the Implementation of the Second Shareholder Rights Directive (ARUG II) and the 16 December 2019 version of the GCGC introduced new standards applicable to board compensation. In implementing the new requirements, on 25 June 2020, the Supervisory Board passed a resolution to introduce a completely revised remuneration system which is even more in line with the company's goals and our stakeholder's demands. It entered into force on 1 January 2021 and will be submitted to the next Annual General Meeting for approval on 28 April 2021. The last AGM vote on the remuneration system for the Executive Board took place on 27 April 2017.

Details on the rules that still apply and on the new remuneration system can be found in the Remuneration Report in the 2020 Annual Report and in the invitation to the Annual General Meeting.

Article 19 of the EU Market Abuse Regulation requires Executive Board members to publish their purchases and sales of RWE shares. Last year, Rolf Martin Schmitz purchased 24,990 RWE shares for a total of €549,132.87 and Markus Krebber bought 8,500 RWE shares for a total of €196,501.08.

## 3. Supervisory Board

### 3.1. Members and chairmanship

The Supervisory Board of RWE AG consists of 20 members and is equally staffed by

shareholder and employee representatives, in line with the German Co-determination Act. We have provided information on the members of the Supervisory Board and their CVs in the 2020 Annual Report and on our [website](#) where we also disclose when the members were appointed, the additional offices they exercise on other supervisory and management boards, and the skills they possess, which are of special importance to the Supervisory Board's work.

### 3.2. Composition and diversity

RWE's Supervisory Board has given itself a skills matrix to ensure that new members are selected based on objective suitability criteria. This corporate body must be staffed so that it can perform the monitoring and advisory functions entrusted to it by the German Stock Corporation Act and the GCGC in a qualified and orderly manner at all times. The Supervisory Board should have at least one competent member for each aspect of its activity so that all the necessary expertise and experience is provided by the Supervisory Board members collectively. However, each Supervisory Board member is required to possess indispensable general knowledge and experience on top of that. The Supervisory Board gave itself a skills matrix for the first time at its meeting on 12 December 2011 in light of a recommendation of the GCGC to do so and has constantly refined it since then. In fiscal 2020, the skills matrix was adapted in the run-up to the 2021 Supervisory Board elections in view of the major asset swap with E.ON and the resulting transformation of the RWE Group.

The skills matrix includes a binding concept of diversity on the Supervisory Board. The Supervisory Board set itself the goal of raising the women quota on the corporate body to 30% before the German Equal Participation Act came into force. The minimum female quota of 30% mandated by the law was achieved for the first time in the 2016 Supervisory Board elections.

Moreover, the current **skills matrix** includes the following provisions:

- A sufficient number of candidates may not have a tenure on the Supervisory Board in excess of 12 years without having a legal impact on the possibility of employee representatives to be elected.
- At least twelve of the 20 Supervisory Board members should be independent, with at least six of them being independent shareholder representatives.
- In addition to the general requirements in terms of education, reliability, professional experience and expertise, Supervisory Board members should

satisfy the following prerequisites or – if they exceed the minimum standard mandated by the German Stock Corporation Act – acquire them:

- General understanding of the RWE Group's business fields, market environment, customer needs and strategic orientation
- Ability to understand and evaluate reports submitted to the Supervisory Board and to draw their own conclusions from them
- Ability to assess the correctness, economic viability, usefulness and legality of business decisions up for assessment
- Ability to assess documents supporting the financial statements, if necessary with the assistance of the independent auditors
- The following points are extremely relevant when it comes to the specific knowledge of the individual Supervisory Board members, which also has to be possessed by the corporate body as a whole:
  - Expertise in the entire energy sector (electricity generation from renewables, energy trading and conventional electricity generation)
  - Expertise in the development and implementation of corporate strategy as well as in new technologies (e.g. Power-to-X, hydrogen and other alternative energy sources) and digitisation
  - Leadership experience
  - Profound knowledge of the public sector
  - International experience in the energy sector, knowledge of its political importance and of domestic and international interests in relation to the sector
  - Expertise in accounting and financial statement audits possessed by at least one independent Supervisory Board member; special knowledge and experience in applying accounting principles and internal monitoring methods possessed by the Chairman of the Audit Committee. Moreover, this Chairman must be independent and should not be a former member of the company's Executive Board whose appointment ended less than two years prior
  - Appropriate expertise in co-determination matters

- *Succession planning should take into account an age limit of 72 years.*

Besides the skills matrix, the [Rules of Procedure for the Supervisory Board](#) also contain provisions governing the composition of the corporate body.

With its current staffing, the Supervisory Board of RWE meets all of the aforementioned requirements. Collectively, its members possess all of the material knowledge, skills and experience required to fulfil their tasks in an orderly fashion. Based on the criteria of the GCGC, Dr Werner Brandt, Ute Gerbaulet, Prof Dr-Ing Dr-Ing E h Hans-Peter Keitel, Mag Dr h c Monika Kircher, Dr Erhard Schipporeit and Dr Wolfgang Schüssel are considered independent shareholder representatives on the Supervisory Board. There is no indication of any of the aforementioned individuals not being independent. Above all, none of them have been a member of the corporate body for more than twelve years.

In addition, the Chairman of the Audit Committee, Erhard Schipporeit, meets the requirement of at least one independent member of the Supervisory Board possessing expert knowledge of accounting and financial statement audits.

New Supervisory Board members are informed comprehensively of the privileges and duties attached to their office. In addition, personal appointments can be made with the Board Office, which belongs to the Legal Department of RWE, to obtain assistance in the familiarisation phase.

### 3.3. Supervisory Board procedures

The Supervisory Board appoints the Executive Board, advises it in running the company, and monitors its activity. It also has the power to dismiss Executive Board members. Furthermore, it decides on the Executive Board remuneration system and the level of Executive Board member remuneration. The corporate body is involved in all of RWE's major business decisions. The [Articles of Incorporation of RWE](#) (§ 7) and the [Rules of Procedure for the Supervisory Board](#) (§ 8) define a list of transactions which the Executive Board may conduct with the approval of the Supervisory Board. This condition also applies pursuant to the Rules of Procedure for the Supervisory Board (Article 8, Paragraph 3) if the Executive Board of RWE is involved in such a transaction of an affiliated company.

The principles of the cooperation of the Supervisory Board of RWE are set forth in its [Rules of Procedure](#). The members of this corporate body are obliged to take the basic and advanced training measures required to perform their tasks. This obligation has always been fulfilled. They receive RWE's assistance in doing so. For instance, RWE

regularly holds information forums at which Supervisory Board members can be trained on topics of importance to them.

Moreover, the Supervisory Board regularly reviews the efficiency of its work. The last such review was conducted in the autumn of 2019. After two reviews without external assistance, the business consultancy Russel Reynolds LLP was involved. The focal points of the efficiency review were the Supervisory Board's work, broken down into strategy, structure and processes, as well as the corporate body's skills matrix. Thereafter, the results of the analysis were taken into account in refining the skills matrix for the members of the Supervisory Board.

Detailed information on the work of the Supervisory Board and its committees can be found in the latest [Supervisory Board Report](#).

### 3.4. Supervisory Board activity in the reporting year

In 2020, the Supervisory Board again performed all of the tasks imposed on it by German law and the Articles of Incorporation. It advised the Executive Board on running the company and monitored its activities attentively. In addition, it was consulted on all fundamental decisions. The Executive Board informed it of material aspects of the business trend, earnings and risks regularly, extensively and in a timely fashion.

The Supervisory Board took its decisions based on detailed reports and draft resolutions submitted by the Executive Board. It had ample opportunity to discuss the Executive Board's reports and draft resolutions in its plenary sessions and in its committees. It was also informed extensively by the Executive Board of projects and transactions of special importance or urgency at extraordinary meetings and in between meetings. The Supervisory Board passed the resolutions required of it by law or the Articles of Incorporation. Where necessary, it also did so by circular. The Chairman of the corporate body was constantly in touch with the Executive Board in order to discuss as soon as possible events of material importance to the Group's situation and development.

Last year, the Supervisory Board convened five ordinary and two extraordinary meetings. The shareholder and employee representatives on the Supervisory Board discussed the items on the agenda of the plenary sessions in separate preliminary talks. Further information on the meetings, e.g. Supervisory Board member attendance, and on the topics addressed can be found in the [Supervisory Board Report 2020](#).

None of the members of the corporate body reported a conflict of interest.



### 3.5. Committees and their procedures

At present, there are six standing Supervisory Board committees: the Executive Committee, the Mediation Committee in accordance with Section 27, Paragraph 3 of the German Co-determination Act, the Personnel Affairs Committee, the Audit Committee, the Strategy and Sustainability Committee and the Nomination Committee. The Nomination Committee is solely composed of shareholder representatives. More detailed information on the tasks and composition of the committees can be found in Articles 10 et seqq. of the [Rules of Procedure for the Supervisory Board](#). Information on the members and chairmen of the committees can be found on [RWE's website](#). The Supervisory Board is regularly informed of the work of the committees by their chairmen. More detailed information on this can be found in the latest Supervisory Board Report. It also contains an overview of Supervisory Board member attendance at the meetings of this corporate body and of its committees, broken down by individual.

### 3.6. Supervisory Board member remuneration

The remuneration of the Supervisory Board is governed by the [Articles of Incorporation of RWE](#), which stipulate that the Chairman of the Supervisory Board receives €300,000 in fixed remuneration per fiscal year. His or her deputy receives €200,000. The other Supervisory Board members receive €100,000 in addition to remuneration for committee mandates as follows: The members of the Audit Committee receive an additional remuneration of €40,000. This additional payment is increased to €80,000 for the Chair of this committee. With the exception of the Nomination Committee, the members and the Chairs of all the other Supervisory Board committees receive an additional €20,000 and €40,000 in compensation, respectively. Supervisory Board members who hold several offices in this corporate body concurrently only receive compensation for the highest-paid position. The members of the Supervisory Board do not receive variable remuneration on top of their fixed compensation. In compliance with the Act on the Implementation of the Second Shareholder Rights Directive (ARUG II), the 2021 Annual General Meeting will pass a resolution on the remuneration of the Supervisory Board.

The members of the Supervisory Board have imposed on themselves the obligation, subject to any obligations to relinquish any portion of their pay, to spend 25% of the total compensation paid (before taxes) to buy RWE shares and to hold them for the duration of their membership of the RWE Supervisory Board.

Article 19 of the EU Market Abuse Regulation requires Supervisory Board members to

publish their purchases and sales of RWE shares. In 2020, Supervisory Board members only reported purchase transactions. The share purchases served the purpose of fulfilling the aforementioned self-imposed obligation. All of the share transactions concluded by Supervisory Board members that were reported to us were published Europe-wide in notifications in accordance with statutory regulations.

Details on the remuneration of the Supervisory Board and on the level of Supervisory Board member emoluments can be found in the Remuneration Report which we publish in the Annual Report.

## 4. Accounting and financial statement audits

### 4.1. Disclosure on financial statements and reviews of operations as well as further reports

In addition to the annual financial statements, RWE prepares half-year financial statements in compliance with Section 115 of the German Securities Trading Act as well as quarterly statements pursuant to Section 53 of the Frankfurt Stock Exchange Regulations. RWE's separate financial statements, the yardstick for determining the dividend payment, are prepared in accordance with the German Commercial Code. The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). Besides its annual and half-year financial statements, RWE publishes reviews of operations in accordance with Section 289 of the German Commercial Code, which report on the development of the company's business and its situation.

Moreover, RWE provides information on major environmental and social issues in the Non-financial Report in accordance with Section 315b, Paragraph 3 of the German Commercial Code and in the Sustainability Report, both of which are issued once a year and are available on the Internet at [www.rwe.com/en/responsibility-and-sustainability](http://www.rwe.com/en/responsibility-and-sustainability).

The dates on which the aforementioned documents are published are listed in our Financial Calendar, which is available at [www.rwe.com/financial-calendar](http://www.rwe.com/financial-calendar).

### 4.2. Audit of the consolidated financial statements

The Supervisory Board's Audit Committee oversees the audit of the financial statements and ensures that it meets applicable quality standards. It verifies that the auditors are independent and reviews the additional services rendered by the auditors of the financial statements. Furthermore, it prepares the proposal regarding the election of

the auditor of the financial statements that is made to the Annual General Meeting and submits a corresponding recommendation. The Audit Committee is also in charge of granting the audit award, determining supplementary focal points of the audit, and reaching a fee agreement with the auditors of the financial statements. During the audit, the Chairman of the Audit Committee maintains constant contact with the auditors of the financial statements and discusses the contents of the audit of the financial statements with them.

The auditors of the financial statements are elected by the Annual General Meeting for a year at a time in compliance with statutory regulations. Last year, the Annual General Meeting of RWE appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) auditors for the financial statements for fiscal 2020, acting on the proposal by the Supervisory Board. The legal provisions governing the rotation of financial statement auditors mandate that we enlist the services of PwC for the audit for the last time for fiscal 2023. Moreover, PwC has internal rotation mechanisms in place to ensure that audit actions are performed with due distance to the company.

Before the Audit Committee recommends financial statement auditors to the Supervisory Board, it requests and receives from the auditing firm a statement of whether and the extent to which business, financial, personal or other relations exist between the auditing firm, its committees, boards, and its audit directors on the one hand and the audited RWE companies and their committees and boards on the other hand that could substantiate doubts regarding the independence of the auditors of the financial statements. The auditor is obliged to inform the Chairman of the Audit Committee immediately of any issues arising during the audit that substantiate the bias of the auditors or their removal from the audit and cannot be resolved immediately. Likewise, they must inform the Supervisory Board of all issues material to its tasks of which they gain knowledge during the audit of the financial statements. Furthermore, they must inform the Supervisory Board of or state in the audit report any facts they identify that contradict the company's statement of compliance.

Our annual reports contain information on the fees paid to PwC in the past fiscal year. In fiscal 2020, more than 30% of the total fees paid to PwC were for non-audit related services needed in connection with the last steps to finally complete the complex asset swap with E.ON.

## 5. Shareholders/Annual General Meeting

### 5.1. Disclosure on treasury stock and changes thereof

On 18 August 2020, with the approval of the Supervisory Board, the Executive Board of RWE passed a resolution to conduct a capital increase in exchange for cash contributions making use of a portion of authorised capital. The corresponding amendment to the Articles of Incorporation was entered in the Commercial Register of the Essen District Court (HRB 14525) on 19 August 2020, thus coming into force.

Upon registration of the amendment to the Articles of Incorporation, the capital stock was increased by €157,374,845.44, from €1,573,748,477.44 to €1,731,123,322.88. As a result of the capital increase, the number of RWE shares rose to 676,220,048 through the issuance of 61,474,549 new bearer shares waiving subscription rights. The new shares will bear dividend entitlements for fiscal 2020.

### 5.2. Shareholder rights at the Annual General Meeting

RWE shareholders primarily exercise their rights by participating in the passage of resolutions and asking questions at the Annual General Meeting. Each share entitles its holder to one vote. Our shareholders have the right to file reasoned motions relating to Executive or Supervisory Board proposals regarding agenda items at the Annual General Meeting. Shareholders who collectively account for one-twentieth of the capital stock or hold a prorated share of €500,000 can request additional items to be placed on the agenda and published as such.

Due to the COVID-19 pandemic, in fiscal 2020 RWE exercised the option provided by the German legislator via the law on measures in company, cooperative, association, foundation and residential property ownership law to counteract the effects of the COVID-19 pandemic of 27 March 2020 (COVID-19 Act) to hold the Annual General Meeting as a virtual event without the physical attendance of the shareholders or their proxies. For this purpose, the entire AGM was simulcast on RWE's website. Shareholders were able to exercise their voting rights via mail-in voting or by authorising a proxy nominated by RWE or a third party via the Investor Portal. They were allowed to submit questions by electronic means until two days prior to the Annual General Meeting.

RWE will probably take advantage of the eased regulations introduced by the COVID-19 Act in the coming fiscal year as well and hold the Annual General Meeting as a purely virtual event once again.

The Chairman of the Annual General Meeting shall endeavour to limit the event to six hours. However, this goal was not achieved in the last few years, because a large number of attendees usually wishes to take the floor.

RWE posts the Invitation to the Annual General Meeting along with the required documents and reports on the Internet at [www.rwe.com/annualgeneralmeeting](http://www.rwe.com/annualgeneralmeeting). RWE shareholders can also exercise their voting rights by transferring them to proxies appointed by the company who are bound to their instructions or authorise third parties to exercise the voting rights.

The Annual General Meeting passes a resolution on the Executive Board's remuneration system at regular intervals ('say on pay'). The last such resolution was passed on 27 April 2017. This involved the retrospective approval of adjustments to the remuneration system made in the preceding year. At the 2021 Annual General Meeting we will for the first time call for the shareholder vote on the remuneration system provided for in the Act on the Implementation of the Second Shareholder Rights Directive (ARUG II) for the first time.

RWE fulfils the legal requirements concerning the convocation of a general meeting in the event of structural measures. Decisions on the convocation of a general meeting in the event of a takeover of the company are made on a case-by-case basis.

### 5.3. Handling of share price-sensitive information

RWE publishes all material information relating to the company's situation on the company's website at [www.rwe.com](http://www.rwe.com). This includes the annual and interim financial statements, annual reports, half-year reports and quarterly statements, press and ad-hoc releases as well as voting right notifications. We hold conference calls with financial analysts and investors that are simulcast on the Internet whenever earnings are published.

RWE maintains an extensive dialogue with financial analysts, investors and other capital market participants between these publication dates as well. An essential tool of our investor relations are on-site talks conducted during roadshows and conferences. Following the suggestion of the GCGC, at RWE, the Chairman of the Supervisory Board is involved in these activities. In fiscal 2020, a virtual roadshow was held for the London and Frankfurt (Main) financial hubs, at which Werner Brandt spoke with institutional investors about issues relating to the Supervisory Board.

### 5.4. Related parties disclosures

No contracts were concluded between members of the Supervisory Board and RWE AG in fiscal 2020. Memberships of Executive and Supervisory Board members of corporate bodies of other companies and transactions with related parties are disclosed in the most current annual report.

RWE Aktiengesellschaft

On behalf of the Supervisory Board



Dr Werner Brandt

On behalf of the Executive Board



Dr Rolf Martin Schmitz      Dr Markus Krebber



Dr Michael Müller



Zvezdana Seeger

Essen, 15 February 2021