

1.3 Supervisory Board report



Dr. Werner Brandt, Chairman of the
Supervisory Board of RWE AG

*Dear Shareholders,
Ladies and Gentlemen,*

The first thing that comes to mind when I look back on 2022 is an event that took us all by surprise and shook us to the core: Russia's attack on Ukraine. Those who thought that war was a relic of the past were mistaken. The war in Ukraine has lasted over a year now, and regrettably, there is no sign of a return to peace. But we mustn't lose hope. This suffering must come to an end. The courage with which Ukrainians are coping with this horrific situation is admirable. We at RWE really feel for the victims of this absurd war. And many of us have underpinned this by providing hands-on support.

When looking back on 2022, I am also reminded of the turmoil on European energy markets caused by the war in Ukraine. The loss of commodity supplies from Russia jeopardised security of electricity and gas supply in Germany in particular – a situation that remains to this very day. However, efforts to manage the crisis have been very effective so far, thanks in part to RWE. Our company organised large deliveries of liquefied natural gas (LNG) and chartered two floating regasification units on behalf of the government, enabling LNG to be shipped directly to Germany. At the request of policymakers, to enable gas savings in electricity generation, RWE brought lignite units back online and extended the lifetimes of three further assets: two lignite blocks and the Emsland nuclear power station. Our company and employees are the epitome of reliability. We proved how seriously we take the responsibility we have to society as a major energy utility.

Despite all the immediate action we took to manage the crisis, we never lost sight of our medium and long-term mission. This brings me to our Growing Green strategy, with which RWE wants to make itself and the energy economy as a whole more sustainable and climate-friendly. Undeterred by the crisis, the company pressed on with its ambitions for growth. Through the acquisition of Con Edison Clean Energy Businesses, we advanced to the premier league of solar power producers in the United States of America. In addition, we got our foot in the door to the US offshore wind business thanks to successful bids at site auctions. We had a similar success in the Netherlands as well. Not to mention the numerous wind and solar farms that RWE completed in 2022 in Europe and the USA. Another milestone passed was the agreement reached with the federal government and the state of North Rhine-Westphalia to bring forward the lignite phaseout by eight years to 2030. This sent a clear signal: although more lignite is being used to produce electricity in the current crisis than originally envisaged, less lignite will be utilised in total. My fellow Supervisory Board members and I advised company management in making all these fundamental decisions and endorsed their chosen path.

Supervisory Board activity in the past year. Now let's take a closer look at the Supervisory Board's work in the year that just ended. As usual, we conscientiously fulfilled all of the duties imposed on us by German law and the Articles of Incorporation. We advised the Executive Board on running the company and monitored its actions. We were involved in all fundamental decisions. Management informed us of all material developments both within and outside of the Group. In addition, I was regularly in touch with the Chief Executive Officer, allowing us to resolve urgent matters without delay.

When in session, we frequently concerned ourselves in particular detail with the impact that Russia's war against Ukraine has had on the economy, with a particular focus on the energy sector and RWE's operations. Further focal topics were security of supply, our company's early exit from lignite, its liquidity position, the evolution of our growth strategy, and – closely related to this – the acquisition of Con Edison Clean Energy Businesses.

Our duties include the regular review and improvement of the quality of our work on the Supervisory Board. This involves performing regular self-assessments. Another such audit took place in 2022. We concluded that our workflows were goal-oriented and effective. However, we also identified a need to hone our competency profile, which reflects the qualifications members of the Supervisory Board are required to hold. We came to the conclusion that considerations such as globality and sustainability should be emphasised more. The necessary amendments were approved at the Supervisory Board meeting on 9 December. The quality of our work is also enhanced by the extensive basic and advanced training that we undertake on our own authority and with RWE's support. In light of the increasing frequency of cyber attacks on commercial enterprises, last year we focused on IT security.

One of the Supervisory Board's main tasks is to maintain dialogue with the company's shareholders. As we're of the opinion that this discourse should not be limited to the Annual General Meeting, I have been regularly holding talks with investors and shareholder representatives on behalf of the Supervisory Board for several years now. I kept with this practice in 2022 despite the restrictions imposed by COVID-19. Topics included the

Supervisory Board's composition, the staggered tenures, the remuneration system for the Executive Board, RWE's strategy, and the coal phaseout.

Main points of debate of the Supervisory Board meetings. Last year, the Supervisory Board convened for eight meetings, including five ordinary and three extraordinary sessions. The Executive Board was present at all the meetings. However, some individual agenda items were discussed when it was not in attendance. The shareholder and employee representatives met separately before the Supervisory Board meetings, in order to consult on matters in a smaller circle and establish joint positions where necessary. The Executive Board was also present during these sessions where necessary. This brings me to the main points of each meeting:

- Our first meeting last year took place on 9 March. It centred on Russia's war on Ukraine that had just begun. The Executive Board informed us of its decision to discontinue business with Russia owing to the war. Moreover, it presented the effects the conflict could have on RWE. In addition, we discussed aid measures to help people affected by the war and the risks this posed for European energy supply. The Ukraine conflict and its fallout remained on our agenda for the whole year. In our March session, we discussed and approved the 2021 financial statements of RWE AG, the consolidated financial statements, and the separate Non-financial Statement. For the first time, we endorsed the Remuneration Report, as it must now be prepared jointly by the Executive Board and the Supervisory Board pursuant to the law on the implementation of the Second EU Shareholder Rights Directive. Moreover, we approved the Agenda for RWE's Annual General Meeting, which was held in virtual format on 28 April. Further topics included cyber security, the market power report from the German Cartel Office, the company's sustainability strategy and the successful participation in auctions of offshore wind sites in the New York Bight. In addition, we decided to enlist the services of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) for the audit of the financial statements for fiscal 2022. This resolution was subject to the approval of RWE's Annual General Meeting, which it received thereafter.

- At our second ordinary session on 28 April 2022 we made preparations for the virtual Annual General Meeting, which was held on the same day. Furthermore, we consulted on the planned acquisition of the Magnum gas-fired power plant at the Eemshaven site in the Netherlands.
- The acquisition of the Magnum power station was also the main item on the agenda of our extraordinary meeting on 1 June 2022. We concerned ourselves with the transaction in detail once again, after which we approved it.
- In our ordinary session on 14 June 2022, we discussed the German law on equal opportunities for women and men in executive positions. We set a new target female quota for the Executive Board of RWE AG of 33.3%. This means that the three-member corporate body must include at least one woman. This rule will remain in force until June 2027. Also on the agenda were the consequences of the war in Ukraine for European energy supply and the planned expansion of German LNG infrastructure.
- The most important item on the agenda of our extraordinary meeting on 31 August 2022 was the upheaval on Europe's energy markets. We paid special attention to the extremely high commodity prices and their impact on RWE's liquidity position. The Executive Board updated us on market developments and the measures taken to safeguard liquidity.
- In our extraordinary session on 20 September 2022, we again debated the developments on the energy markets and the Group's liquidity. Another major topic was the impending agreement with policymakers on bringing forward Germany's lignite phaseout to 2030, which we unanimously endorsed. Our consultations also addressed the reform of the German Corporate Governance Code in 2022, which reinforced the focus on sustainability and social issues. Furthermore, we analysed the findings of the self-assessment of our work. Other items on the agenda included the regular review of the remuneration received by Dr. Michael Müller and Zvezdana Seeger, which had taken place in the summer. The Supervisory Board agreed with the remuneration amendment put forward by the Personnel Affairs Committee. In addition, we covered strategic issues and

progress made in rolling out current renewable energy projects. During the meeting, the Executive Board informed us of its plan to acquire US-based power producer Con Edison Clean Energy Businesses.

- This transaction was a pivotal topic of an extraordinary session on 30 September 2022. Following an in-depth discussion, we passed all the resolutions necessary for the Executive Board to reach a contractual arrangement to make the acquisition.
- At an extraordinary meeting on 9 December 2022, we reviewed and approved the business plan for fiscal 2023, the outlook on fiscal 2024 and 2025 as well as the risk report. Moreover, we fulfilled our corporate governance reporting duties: we updated the Supervisory Board's competency profile pursuant to the recommendations of the German Corporate Governance Code and documented the state of implementation of the requirements defined in the competency profile within a qualification matrix, which was disclosed in the Corporate Governance Statement. Together with the Executive Board, we adopted an updated statement of compliance in accordance with Section 161 of the German Stock Corporation Act and approved the parts of the Corporate Governance Declaration relating to the Supervisory Board pursuant to Section 289a of the German Commercial Code. The documents are available at www.rwe.com/corporate-governance-declaration, respectively. Furthermore, we set the stage for the future composition of the Executive Board: we resolved to extend the contract of Michael Müller by five years with effect from 1 November 2023. In addition, we appointed Katja van Doren to the corporate body as of 1 August 2023 for an initial term of three years. She will take office as Chief HR Officer and Labour Director as successor to Zvezdana Seeger, who will leave the company for personal reasons. All of these resolutions were based on recommendations from the Personnel Affairs Committee. Moreover, we concerned ourselves with the company's strategy and approved the Commercial Paper Programme in the USA. In addition, the Executive Board provided us with detailed information on the latest developments in energy policy in both Germany and the Netherlands. Another issue addressed was the German law on the introduction of virtual annual general meetings that had come into force on 22 July 2022. Together with the Executive Board, we decided to hold the shareholders' meeting as a purely virtual event once again in 2023.

Work of the Supervisory Board committees. The Supervisory Board has six committees, the members of which are listed on page 266 of the Annual Report. The committees are charged with preparing topics discussed by the Supervisory Board in order to establish a basis for the corporate body to pass resolutions. In certain cases, they themselves exercise decision-making powers if they have been conferred on them by the Supervisory Board. More detailed information can be found on Section 10 et seqq. of the Rules of Procedure for the Supervisory Board, which are available at www.rwe.com/en/investor-relations/corporate-governance/management-board-and-supervisory-board. The Supervisory Board is informed of the work of the committees by their chairs at every ordinary meeting. In the year under review, a total of 17 committee meetings were held, on which I would like to report in more detail.

- **Executive Committee.** The Executive Committee held one ordinary meeting at which, as usual, it discussed the company's planning for fiscal 2022 and the outlook on the two subsequent years. In addition, there were two extraordinary sessions. At the first one, we debated a request filed by a shareholder to add an item to the Agenda of the Annual General Meeting, seeking to oblige the Executive Board to initiate the spin-off of RWE Power AG from its parent RWE AG. We did not endorse this proposal, as we believe it is not in the interests of RWE or its owners. The topic addressed at the second extraordinary meeting was the issuance of a mandatory convertible bond to Qatar Holding LLC, a subsidiary of the Qatar Investment Authority. Proceeds from the issuance were to be used to finance the acquisition of Con Edison Clean Energy Businesses.
- **Audit Committee.** The Audit Committee convened five times. It carefully reviewed the financial statements of RWE AG and the Group, the combined review of operations, the report on the first half of the year, the quarterly statements, and the Non-financial Statement. It discussed the financial statements with the Executive Board before they were published and received reports on the outcome of the audits and audit-like reviews from the independent auditors. Furthermore, the Audit Committee submitted a recommendation to the Supervisory Board regarding the election of the independent auditors for fiscal 2022, prepared the grant of the audit award to the independent auditors including the fee agreement, set the priorities of the audit and also verified the independence of the auditors along with the quality of the audit. The Committee also

concerned itself with the appointment of an external auditor for the 2022 Remuneration Report and the 2022 Non-financial Group Statement. One key item on last year's agenda was to appoint new independent auditors, which we were legally required to do by fiscal 2024 at the latest. The Committee opted for an early tender procedure. Following a diligent evaluation of the applications, it recommended enlisting the services of Deloitte GmbH Wirtschaftsprüfungsgesellschaft. The Supervisory Board passed a corresponding resolution by circular in November. When in session, the Audit Committee also addressed a number of additional topics: the impact of the war in Ukraine on RWE, liquidity management, protection of IT systems from cyber attacks, the compliance management system as well as legal and tax matters. Further major items on the agenda were the planning and results of the internal audit and RWE's risk exposure. The Committee subjected the accounting-related Internal Control System (ICS) to an appropriateness and effectiveness check. It reached the conclusion that the ICS did not have any material shortcomings. Related party transactions were also on the agenda. This entailed the Committee verifying whether these transactions were performed in the ordinary course of business and in line with practices generally accepted on the market, as required by the German law on the implementation of the Second EU Shareholders Directive. The independent auditors attended four of the five Audit Committee meetings and also exchanged information with the Committee Chair between sessions. In-house experts were occasionally involved in the consultations.

- **Personnel Affairs Committee.** The Personnel Affairs Committee held four ordinary meetings, at which it mainly concerned itself with Executive Board matters, in particular the target female quota, remuneration matters, and long-term succession planning. It issued a recommendation to the Supervisory Board to extend the contract of Michael Müller and to appoint Katja van Doren to the Executive Board. As set out earlier, the Supervisory Board passed the recommended resolutions in its December session.
- **Nomination Committee.** The Nomination Committee convened three ordinary and one extraordinary session. The main points of debate were long-term succession planning on the Supervisory Board, its skills matrix, and documentation of individual competencies in the qualification matrix. In addition, the Committee dealt with a change in personnel:

after Günther Schartz resigned from his office as of 30 September 2021, the Mayor of Essen, Thomas Kufen, was appointed to the corporate body by the Essen District Court as of 18 October 2021. The Supervisory Board submitted the restaffing matter to the Annual General Meeting on 28 April 2022 for the passage of a corresponding resolution. Prior to this, the Committee had held a consultation during which it considered a second candidate, who had been suggested by a shareholder. After carefully weighing its options, it recommended that the Supervisory Board endorse the election of Thomas Kufen. The Annual General Meeting approved the motion with a 98% majority vote.

- **Strategy and Sustainability Committee.** The Strategy and Sustainability Committee held one ordinary and two extraordinary meetings. Issues discussed included management's plans to expand renewable energy and ramp up the hydrogen economy. The Committee also extensively debated the sustainability strategy. Moreover, Committee members were informed by the Executive Board of the action plan and long-term goals regarding the environment, social affairs and corporate governance. The Committee discussed the consequences of the war in Ukraine in respect of security of supply and European climate policy. It also discussed whether the change in the geopolitical situation required RWE to adjust its strategic orientation.
- **Mediation Committee.** This committee did not convene in the 2022 reporting year.

Parent company and consolidated financial statements for 2022. PwC audited and issued an unqualified auditor's opinion on the 2022 financial statements of RWE AG, which were prepared by the Executive Board in compliance with the German Commercial Code, the financial statements of the Group, which were prepared in compliance with IFRS pursuant to Section 315e of the German Commercial Code, the combined review of operations for RWE AG and the Group, and the accounts. The opinion was signed by the auditors in charge, Markus Dittmann und Aissata Touré. In addition, PwC subjected the Non-financial Statement in the combined review of operations to a limited assurance audit and even went as far as to carry out reasonable assurance checks on individual indicators. It

found that the Executive Board had established an appropriate early risk detection system. PwC had been elected as the independent auditor by the 2022 Annual General Meeting. Thereafter, the Supervisory Board had commissioned them to audit the aforementioned financial statements and reports.

The Executive Board commented on the documents supporting the parent company financial statements, the Annual Report and the audit reports at the Supervisory Board's balance-sheet meeting on 15 March 2023. The documents were made available to the members of the Supervisory Board in good time. During the session, certified public accountants reported on the material findings of the audit and were available to furnish supplementary information. The Audit Committee had concerned itself in depth with the financial statements of RWE AG, the consolidated financial statements and the audit reports with the auditors present the day before. The Committee recommended that the Supervisory Board approve the financial statements and endorse the appropriation of distributable profit proposed by the Executive Board.

The financial statements of RWE AG, the consolidated financial statements, the combined review of operations, the Executive Board's proposal regarding the appropriation of distributable profit, and the Non-financial Statement were reviewed by the Supervisory Board. The corporate body did not raise any objections as a result of this review. As recommended by the Audit Committee, the Supervisory Board endorsed the findings of the audits of the financial statements of RWE AG and the consolidated financial statements and approved both financial statements. The 2022 annual financial statements are therefore adopted. The Supervisory Board concurs with the Executive Board's proposal regarding the appropriation of profits, which envisages paying a dividend of €0.90 per share.

Attendance. The table on the next page contains an overview of Supervisory Board member attendance at the meetings of this corporate body and its committees. As the Mediation Committee did not convene in 2022, it has been omitted from this table. Here is an example of how to interpret the numbers: '7/8' means that the individual attended seven out of eight sessions held during their membership of the corporate body. The figures show that absence from a meeting was the exception. The attendance rate was 99.2%.

| Attendance at meetings in fiscal 2022 by Supervisory Board member | Supervisory Board | Executive Committee | Audit Committee | Personnel Affairs Committee | Nomination Committee | Strategy and Sustainability Committee |
|--|-------------------|---------------------|------------------|-----------------------------|----------------------|---------------------------------------|
| Dr. Werner Brandt, Chairman | 8/8 | 3/3 | 5/5 ¹ | 4/4 | 3/3 | 2/2 |
| Ralf Sikorski, Deputy Chairman | 8/8 | 3/3 | | 4/4 | | 2/2 |
| Michael Bochinsky | 8/8 | | 5/5 | | | 1/2 |
| Sandra Bossemeyer | 8/8 | | | 4/4 | | |
| Dr. Hans Friedrich Bunting | 8/8 | | | 4/4 | | 2/2 |
| Matthias Dürbaum | 8/8 | | 5/5 | | | |
| Ute Gerbaulet | 7/8 | 3/3 | | | | |
| Prof. Dr.-Ing. Dr.-Ing. E.h.Hans-Peter Keitel | 8/8 | 3/3 | | | 3/3 | 2/2 |
| Mag. Dr. h.c. Monika Kircher | 8/8 | | 5/5 | | | |
| Thomas Kufen | 8/8 | | | | | |
| Reiner van Limbeck | 8/8 | 3/3 | | | | |
| Harald Louis | 8/8 | | | 4/4 | | 2/2 |
| Dagmar Paasch | 8/8 | | 5/5 | | | 2/2 |
| Dr. Erhard Schipporeit | 8/8 | | 5/5 | | | |
| Dirk Schumacher | 8/8 | 3/3 | | | | |
| Ullrich Sierau | 8/8 | | 5/5 | | | |
| Hauke Stars | 8/8 | | | 4/4 | 3/3 | |
| Helle Valentin | 8/8 | | | | | 2/2 |
| Dr. Andreas Wagner | 8/8 | | | | | |
| Marion Weckes | 8/8 | | | | | |

1 Werner Brandt attended meetings of the Audit Committee as a guest.

| Meeting formats in fiscal 2022 | Supervisory Board | Executive Committee | Audit Committee | Personnel Affairs Committee | Nomination Committee | Strategy and Sustainability Committee |
|---|-------------------|---------------------|-----------------|-----------------------------|----------------------|---------------------------------------|
| On-site meeting | | 1 | 1 | | 1 | 1 |
| On-site meeting with video participation (hybrid) | 4 | | 3 | 3 | 1 | 1 |
| Virtual meeting | 4 | 2 | 1 | 1 | 1 | |

Meeting formats. The table above shows the individual format of each Supervisory Board and committee meeting. Ordinary meetings were generally attended in person, although individual participants often dialled into the sessions via a video feed. Extraordinary meetings were held as purely virtual events.

Changes in personnel on the Executive and Supervisory Boards. There were no changes in personnel on the Executive Board or the Supervisory Board in the fiscal year that just ended. As mentioned earlier, Thomas Kufen, who had already been appointed to the Supervisory Board by court order, was elected to the corporate body by the 2022 Annual General Meeting. Furthermore, we reached decisions on the Executive Board's future composition, on which I have already commented. We extended the contract with our CFO Michael Müller by five years through to 31 October 2028. Zvezdana Seeger, who will leave the corporate body with effect from the end of the day on 31 July 2023 for personal reasons, will be succeeded by Katja van Doren, who has been appointed as an ordinary member of the Executive Board and Labour Director of RWE AG for an initial term of three years starting on 1 August 2023. In addition to HR, she will be responsible for IT. To ensure a seamless transition, Ms. Seeger will assist her in an advisory capacity from August through to the end of October 2023.

Thanks to our employees. We have a long-standing tradition of closing out this report by expressing the gratitude of the Supervisory Board to the Executive Board and the employees of our company. These words are not a meaningless ritual. Our thanks come from the bottom of our hearts, as the people who work at RWE deserve it time and again. In opening, I spoke about how our company has had a part to play in managing the energy crisis, and how it has also set the stage for even faster green growth. Examples of outstanding

personal dedication abound. What comes to mind, for example, are all the employees who helped the victims of the war in Ukraine, who ensured that sufficient supplies of liquefied natural gas made their way to Germany, and who drove our major investment projects undeterred. And of course this also reminds me of our employees in the Rhenish lignite mining region, many of whom had to change their plans for the future because of RWE's early exit from the lignite business. Others returned to our power plants from retirement in order to guarantee security of supply. They were and remain ready and willing to do so because they are committed to us and our goals. I would like to thank them and RWE's entire workforce on behalf of the Supervisory Board for their exceptional dedication in the past year. I hope that they are respected by family, friends and their communities for their accomplishments for the benefit of society as a result of the work they do in our company.

Werner Brandt

Chairman of the Supervisory Board

Essen, 15 March 2023