



Dr Werner Brandt  
Chairman of the Supervisory Board of RWE AG  
Annual General Meeting

Essen, 28 April 2021

Please check against delivery.

Ladies and Gentlemen,

This brings me to the Report of the Supervisory Board for the fiscal year that just ended. I would like to focus on the main points of the Supervisory Board's work. Further details can be found in the written Supervisory Board report, which has been published on pages 11 to 17 of the Annual Report.

Ladies and Gentlemen,

Who could have predicted at the beginning of 2020 the huge challenges the year had in store for us? The coronavirus pandemic has shown us how vulnerable we are, despite how much progress we may have made.

Lockdown measures are important to protect the health of us all. However, they have pushed many companies and entire sectors to the brink of failure. In 2020, Germany's economic output declined substantially for the first time after 10 years of uninterrupted growth.

RWE has demonstrated impressive resiliency in this environment. The company maintained its course, pressing ahead almost undeterred with the transformation process that began with the



E.ON transaction. As a result of the completion of the asset swap in legal terms, RWE advanced to the ranks of the world's leading renewable energy companies. Despite the coronavirus pandemic, the company made rapid progress with the expansion of renewable energy in 2020, completing construction of wind and solar farms with a total capacity of over 800 MW.

Growth experienced an additional surge thanks to the capital increase conducted in August 2020 and the acquisition of Nordex's European development business.

By exiting the coal business, RWE also tackled the second major challenge with resolve. Both of the company's hard coal blocks placed winning bids in the first shutdown auction held by the German Network Agency. They were closed at the end of 2020. At the same time, RWE is implementing the legally mandated lignite phaseout

RWE is thus right on track in terms of climate protection, and is doing more than what is required by law. This course meets with broad acceptance in general and on the capital market in particular, as evidenced by our share's strong performance. Irrespective of the coronavirus pandemic, RWE shareholders received a total return, consisting of the increase in share price and the dividend, of 30%.

It was with great conviction that the Supervisory Board endorsed these developments, which placed their mark on our business in fiscal 2020. The Executive Board kept us abreast of these events, on which we advised it, at our meetings, which have all been held via online video conferencing since last spring.



Another focal point of our activity last year was the restaffing of the Executive Board. We came up with a solution which I believe is very good.

The Nomination Committee focused on preparing the new elections to the Supervisory Board, which will be held today. Besides shortlisting suitable candidates, this also involved establishing the future system for staffing the Supervisory Board. As you can see from the Agenda, we propose to set up a staggered board, which entails establishing varying tenures for the board's members. To this end, we will propose that five candidates be elected at this Annual General Meeting with a term of four years, with another five having a term of three years. It is envisaged that future elections be held for terms of three years in order to maintain a staggered board.

This structure will avoid having to re-elect all shareholder representatives on the Supervisory Board at the same Annual General Meeting, which can cause the board to lose valuable experience. In addition, this will increase the continuity of the board's staffing while making it more flexible. The introduction of the staggered board will require amendments to be made to the Articles of Incorporation, which we propose in Items 11 and 12 of the Agenda.

Another topic to which we dedicated significant attention was the remuneration of the Executive Board and the Supervisory Board. ARUG II, the law on the implementation of the Second German



Shareholders Directive, obligates listed companies to regularly present the remuneration system for the executive board to their annual general meeting for approval and to pass a resolution on the remuneration of the supervisory board. Therefore, these two matters feature in Items 7 and 8 on the Agenda of today's Annual General Meeting.

Let me begin with the remuneration of the Executive Board. The Supervisory Board revised it in cooperation with an external remuneration consultant and decided to adopt the new version at its meeting on 25 June 2020. It has been in force since 1 January 2021 and is being presented to you for approval today.

When creating the new system, the Supervisory Board's main objective was to link the remuneration of the Executive Board closely to the achievement of RWE's strategic goals. As a result, the remuneration system makes a major contribution to managing the company in a manner that is sustainable and successful over the long term, while increasing the company's value. It is a central tool for bringing Executive Board remuneration in line with the interests of the company, its shareholders and other stakeholders, while providing key incentives for implementing our business policy.

The basic structure of the remuneration system was preserved. This means that Executive Board remuneration still consists of the fixed salary, pension instalment, performance-linked bonus and share-based payment. No additional special payments are made.



The performance targets, which determine the level of variable remuneration, are determined by the Supervisory Board in advance of each assessment period. The level of variable remuneration cannot be changed retroactively.

Target amounts of variable remuneration, which together with fixed remuneration result in total target remuneration, are determined for a target achievement of 100%.

Maximum remuneration caps the achievable amount of payment. It includes all remuneration components.

Let me take you through the major changes reflected in the new remuneration system.

Share-based payment, which is based on virtual shares, is now oriented towards the development of adjusted net income as well as two additional success factors of equal weight relating to RWE's sustainable and long-term development. One of them is the carbon footprint of our generation portfolio. To determine this factor, we define clear milestones en route to achieving the company's strategic goal of becoming carbon neutral by 2040. Another success factor is based on the total shareholder return and puts the total return on the RWE share in relation to that of other European utility stocks. As before, the third success factor is the development of adjusted net income.

These three success factors determine the number of conditionally granted virtual shares that are finally granted on expiry of a three-year performance period. These performance shares must be held for an additional year thereafter. The vesting period is thus four years, as before.



Our Share Ownership Guidelines are a further new element of the remuneration system. We intend to bring Executive Board remuneration more in line with the interests of our shareholders by obliging the Executive Board members to invest a certain minimum sum in RWE shares and to hold these shares for the duration of their membership of the Executive Board plus an additional two years from the end of their membership. The personal investment is 100% of the annual gross fixed salary for the ordinary members of the Executive Board and 200% for the Chairman. A minimum of 25% of the gross variable remuneration paid must be invested in RWE shares every year until the target amount is reached.

Last but not least, the old malus rule has been supplemented by a clawback mechanism, which is common practice on the market. In the event of a breach of duty, it enables the Supervisory Board to withhold variable remuneration components that have not been paid and to reclaim such components that have already been paid. This clawback mechanism is applied also if the consolidated financial statements are found to contain errors.

Special rights of termination in the event of a change of control and severance payments in this context have been abolished.

The new remuneration system has been fully implemented in the employment contracts of Michael Müller and Zvezdana Seeger. The same will apply to the contract of Markus Krebber, once he assumes chairmanship of the Executive Board on 1 May. Only the contract of Rolf Martin Schmitz, which will soon expire, does not reflect the new remuneration system, with the exception of the new share-based payment.



This rounds off the overview of Executive Board remuneration. Details can be found in the extensive presentation in the Invitation to the Annual General Meeting and the supplementary information published on our website.

Now let's move on to the remuneration of the Supervisory Board, which today is addressed in Item 8 on the Agenda. Its current remuneration was established in the Articles of Incorporation by the 2013 Annual General Meeting. It envisages the members of the Supervisory Board receiving annual fixed remuneration and additional compensation for their work on the committees of the Supervisory Board. This basic structure has proven itself and should be maintained along with the level of annual fixed remuneration.

The Supervisory Board members also assume a voluntary obligation to spend 25% of the remuneration they receive on purchasing shares in RWE and to hold them for the duration of their membership.

However, compensation for work done on committees is to be increased to a level customary on the market and – in principle – paid for every office held on a committee, subject to certain exceptions. This is because the scope of and time spent on this work as well as the associated responsibility have risen considerably in the last few years. This raise ensures that the company remains capable of recruiting highly qualified candidates to the Supervisory Board.



Ladies and Gentlemen,

The financial statements of RWE Aktiengesellschaft and the consolidated financial statements as well as the combined review of operations of RWE AG and the Group have been audited by the independent auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which has issued an unqualified audit opinion for them. Furthermore, PricewaterhouseCoopers has reviewed the Non-Financial Report to obtain limited assurance and certified that the Executive Board has established an appropriate early risk detection system.

The Supervisory Board's Audit Committee concerned itself with the parent company and consolidated financial statements as well as the audit reports in depth and recommended that the Supervisory Board approve them and endorse the Executive Board's proposal for the appropriation of distributable profit.

The Supervisory Board has reviewed the parent company and consolidated financial statements, the combined review of operations, the proposal for the appropriation of distributable profit and the separate Non-Financial Report and discussed these documents extensively at its balance-sheet meeting. The independent auditors reported on the material findings of their audit. We reached the conclusion that there was nothing objectionable.

Thereupon, the Supervisory Board approved the result of the audits by the independent auditors of both financial statements and adopted the financial statements of RWE AG as well as the consolidated financial statements. The parent company financial statements are therefore adopted. The Supervisory Board endorsed the Executive Board's proposal for the appropriation of



distributable profit, which envisages paying a dividend of EUR 0.85 per share.

Ladies and Gentlemen,

RWE continued its impressive transformation process at full speed despite the coronavirus pandemic. This was accomplished not by individual employees, but by the entire staff. They dedicated themselves to the company tirelessly, day in and day out, demonstrated substantial adaptability, and were disciplined in abiding by the infection control rules in their daily work. On behalf of the entire Supervisory Board, I would like to say a very big thank you to all our employees.

#### *Forward-looking statements*

*This speech contains forward-looking statements. These statements reflect the current views, expectations and assumptions of management, and are based on information currently available to management. Forward-looking statements do not guarantee the occurrence of future results and developments and are subject to known and unknown risks and uncertainties. Actual future results and developments may deviate materially from the expectations and assumptions expressed in this document due to various factors. These factors primarily include changes in the general economic and competitive environment. Furthermore, developments on financial markets and changes in currency exchange rates as well as changes in national and international laws, in particular in respect of fiscal regulation, and other factors influence the company's future results and developments. Neither the company nor any of its affiliates undertakes to update the statements contained in this speech.*