

RWE

2025

**Remuneration System
for the Executive Board**

**Information on Item 8 on the Agenda
of the Annual General Meeting**

Remuneration system for the Executive Board of RWE AG in accordance with Section 87a of the German Stock Corporation Act

Pursuant to Section 87a, Paragraph 1 of the German Stock Corporation Act, the supervisory board of a listed stock corporation shall adopt a clear and intelligible system for remunerating the members of its managing board. The current remuneration system for the Executive Board of RWE Aktiengesellschaft (also referred to as 'RWE AG' or 'the Company' hereinafter) was put to a vote at the Annual General Meeting on 28 April 2021 and approved by a majority of 93.19%.

Section 120a, Paragraph 1 of the German Stock Corporation Act stipulates that general meetings of listed companies pass a resolution on the approval of the remuneration system for managing board members submitted by a supervisory board whenever a material change is made and at least once every four years. Against this backdrop, the Supervisory Board subjected the current remuneration system to an extensive review in fiscal 2024. Taking account of the Company's current strategy, general market developments and RWE AG shareholder feedback on the Executive Board's remuneration to date, the Supervisory Board made some adjustments to the current remuneration system on recommendation from the Personnel Affairs Committee. The new remuneration system for the Executive Board of RWE AG will be presented to the Annual General Meeting for approval on 30 April 2025.

Contents

1	Fundamentals of the remuneration system and strategic alignment	3
2	Remuneration system as of 2025 at a glance	4
2.1	Complete overview of the remuneration system and amendments as of 1 January 2025	
2.2	Remuneration components and total target remuneration	
2.3	Relative proportions of fixed and variable remuneration components	
3	Remuneration components in detail	8
3.1	Fixed remuneration components	
3.2	Variable remuneration components	
3.3	Maximum remuneration	
3.4	Malus and clawback provision	
3.5	Share Ownership Guideline (SOG)	
4	Remuneration-related transactions	15
4.1	Term of contract	
4.2	Early contract termination	
4.3	Compensation for exercising supervisory board offices	
5	Establishment, implementation and review of the remuneration system	16
5.1	Processes for determining remuneration in general	
5.2	Measures to avoid and handle conflicts of interest	
5.3	Temporary deviations	

1 Fundamentals of the remuneration system and strategic alignment

Our product has been the same for over 125 years: electricity. However, electricity is capable of much more than when RWE was founded in 1898. It is the most important driver of innovation and modernisation of our time – an energy that flows through all areas of our daily life: charging our smartphones and tablets and commuting by train or electric vehicle are inconceivable without electricity. Electricity mobilises robots in production, supports billions of digital processes and is indispensable to data centres and the deployment of artificial intelligence. What has changed, however, is the how we generate electricity. We produced our very first megawatt hour from hard coal. Later, lignite and nuclear were our major sources of energy. Today, these have been displaced by wind, sun, water and gas. And tomorrow, we will also decarbonise electricity generation from natural gas. After all, we aim to become carbon neutral by 2040. In so doing, we are adhering to a maxim that is more important today than ever before: sustainability.

RWE is a world leading producer of power from renewables. In this decade, we want to continue investing – in new wind and solar farms, battery storage, flexible backup power plants and electrolyzers for hydrogen production. This is how we will continuously increase generation capacity in our core business. At the same time, we will phase out coal-fired generation in a socially acceptable manner by 2030. We will only be successful in the long run if we assume our corporate social responsibility (CSR) and environmental, social, and governance (ESG) accountability.

In designing the remuneration system for the Executive Board of RWE AG, the Supervisory Board ensured that it is in line with the motto ‘Our energy for a sustainable life’ and our strategy. The remuneration system thus makes an important contribution to ensuring the Company’s sustainable and successful governance over the long term and increasing the Company’s value. It serves as a key management tool for aligning Executive Board remuneration with the interests of the Company, its shareholders and additional stakeholders, while providing key incentives to implement our business policy.

- We measure the degree to which we are successful in doing so on the basis of key financial indicators such as adjusted earnings per share (EPS) and adjusted earnings before interest and taxes (EBIT). These key figures are considered to be key performance indicators for the variable remuneration of the Executive Board.
- We have introduced our CSR/ESG targets as criteria determining the performance-linked variable remuneration of the Executive Board – in terms of both the short-term incentive (STI, referred to as the ‘bonus’ in the previous remuneration system for the Executive Board) and the long-term share-based payment, known as the long-term incentive (LTI).
- Furthermore, we provide incentives to continue developing our Company over the long term. The long-term performance-linked remuneration strongly depends on the performance of the RWE share.

Due to its consistency, the remuneration system supports the implementation of the Company’s business strategy by providing harmonised incentives and targets for the Executive Board, executives and further employee groups. This incentivises cooperation aiming for the Company’s long-term, sustainable success across all levels.

2 Remuneration system as of 2025 at a glance

2.1 Complete overview of the remuneration system and amendments as of 1 January 2025

Subject to the approval of the Annual General Meeting of RWE AG on 30 April 2025, it is envisaged that the new remuneration system enter into retroactive effect from 1 January 2025 for all current and future Executive Board members.

The Supervisory Board constantly reviews the remuneration system and endeavours to develop it further. Against this backdrop, the following amendments have been resolved:

- The relative proportions of fixed and variable remuneration components (remuneration structure) are now defined as ranges instead of fixed amounts. This enables the Supervisory Board to determine the remuneration of each Executive Board member more flexibly within these ranges and to consider the tasks of each Executive Board member in a more appropriate manner. The ranges have been selected so that the relative share of the LTI is still at least 40%, ensuring that it has not decreased compared to the previous system and that it can only be increased relative to the previous system. This sharpens the focus of Executive Board remuneration on the pay-for-performance principle and incentivises the successful development of the Company over the long term.
- In the LTI, adjusted net income has been replaced as a performance target by adjusted earnings per share (EPS). Adjusted EPS are calculated by putting adjusted net income into relation with the number of shares outstanding. This switch to EPS places stronger emphasis on the shareholder perspective (cf. Long-term incentive (LTI) in chapter 3.2.2).

- The maximum remuneration pursuant to Section 87a, Paragraph 1, Item 1 of the German Stock Corporation Act of EUR 9.3 million for the Chairman of the Executive Board and of EUR 4.8 million for the ordinary Executive Board members has been increased to EUR 11.0 million and EUR 5.5 million, respectively. By making these adjustments, RWE is doing justice to the general developments in the market and remuneration as well as hypothetical developments in Executive Board member remuneration in the next four years. These amounts merely represent the maximum allowable framework for the next four years (cf. Maximum remuneration in chapter 3.3).

The following table provides an overview of the changes in the remuneration system that becomes effective from fiscal 2025 compared to the previous remuneration system (amendments are highlighted in colour).

Previous remuneration system
(until 31 December 2024)

**New remuneration system
(as of 1 January 2025)**

Remuneration structure

Base pay	25 %	Remuneration structure (excluding fringe benefits)	Base pay	20% - 30%
Bonus:	25 %		STI:	20% - 30%
LTIP:	40 %		LTI:	40% - 50%
Pension instalment:	10 %		Pension instalment:	0% - 10%

Fixed remuneration components

Annual fixed salary paid in twelve monthly instalments	Base pay	Annual fixed salary paid in twelve monthly instalments
Amount determined on an individual basis for every year of service of an Executive Board member	Pension instalment	Amount determined on an individual basis for every year of service of an Executive Board member
Non-cash remuneration and other emoluments such as: personal use of Company cars, expenditure on security measures and accident insurance premiums	Fringe benefits	Non-cash remuneration and other emoluments such as: personal use of Company cars, expenditure on security measures and accident insurance premiums

Variable remuneration components

Target achievement: 0% - 150% Performance target: Adjusted EBIT Performance factor: Based on target achievement (0.8 - 1.2) relative to individual goals relative to collective goals relative to CSR/ESG and employee motivation Payment cap: 180% of the target amount Payment: Cash	STI	Target achievement: 0% - 150% Performance target: Adjusted EBIT Performance factor: Based on target achievement (0.8 - 1.2) relative to individual goals relative to collective goals relative to CSR/ESG and employee motivation Payment cap: 180% of the target amount Payment: Cash
Plan type: Performance shares Performance period: 3 years + 1-year holding period Target achievement: 0% - 150% Performance targets: 1/3 adjusted net income 1/3 relative TSR - compared to STOXX® Europe 600 Utilities 1/3 carbon intensity Payment cap: 200% of the target amount Payment: Cash after 4 years	LTI	Plan type: Performance shares Performance period: 3 years + 1-year holding period Target achievement: 0% - 150% Performance targets: 1/3 adjusted earnings per share (EPS) 1/3 relative TSR - compared to STOXX® Europe 600 Utilities 1/3 carbon intensity Payment cap: 200% of the target amount Payment: Cash after 4 years

Previous remuneration system
(until 31 December 2024)

**New remuneration system
(as of 1 January 2025)**

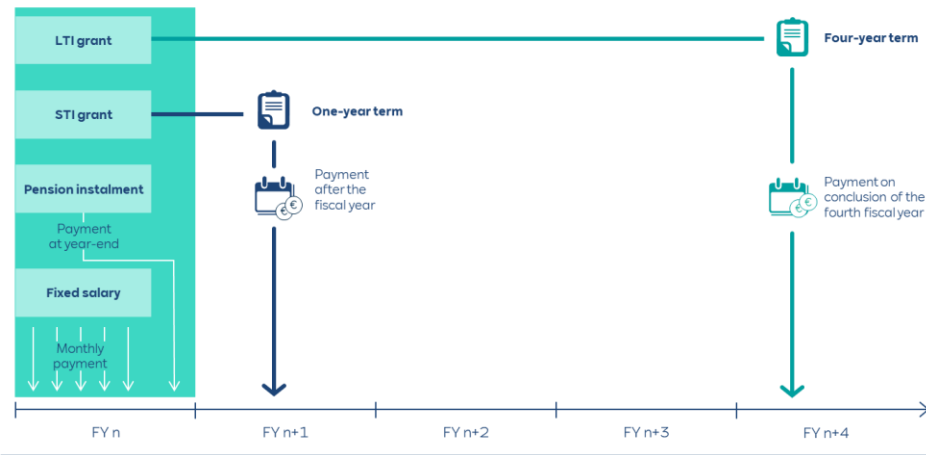
Further contractual provisions

Chairman of the Executive Board: €9,300,000 Ordinary Executive Board members: €4,800,000	Maximum remuneration	Chairman of the Executive Board: €11,000,000 Ordinary Executive Board members: €5,500,000
In substantiated cases, the variable remuneration (bonus and LTIP) may be withheld or reclaimed	Malus & clawback	In substantiated cases, the variable remuneration (STI and LTI) may be withheld or reclaimed
200% of gross base pay for the Chairman of the Executive Board 100% of gross base pay for the ordinary Executive Board members	Share Ownership Guideline (SOG)	200% of gross base pay for the Chairman of the Executive Board 100% of gross base pay for the ordinary Executive Board members
In the event of an early termination, payments to an Executive Board member may not exceed the amount of two annual remunerations or the remuneration due for the remaining term of the contract.	Severance cap	In the event of an early termination, payments to an Executive Board member may not exceed the amount of two annual remunerations or the remuneration due for the remaining term of the contract.

2.2 Remuneration components and total target remuneration

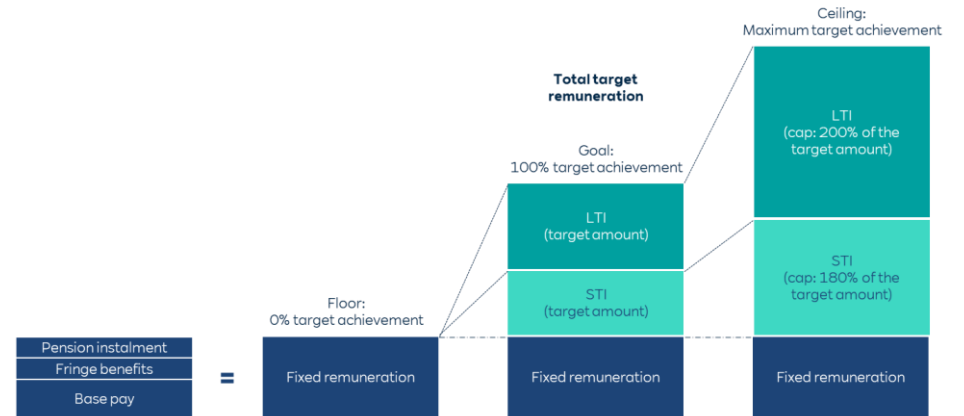
The remuneration of the members of the Executive Board comprises fixed, non-performance-linked compensation components consisting of the base pay, fringe benefits and the pension instalment. It also comprises performance-linked, variable remuneration components, the level of which is determined above all by the economic development of the Company and the individual performance of the Executive Board members. The variable remuneration includes short-term performance-linked remuneration in the form of the STI and long-term performance-linked remuneration in the form of the share-based payment or LTI. The STI and LTI differ with regard to their term and the performance targets used to measure performance.

Executive Board remuneration payment timeline for a fiscal year (FY)



The Supervisory Board establishes performance targets for the upcoming performance period for both the STI and the LTI and, if applicable, a target figure, a floor and a ceiling. In so doing, the Supervisory Board ensures that the goals set are ambitious but realistic. If the floor is not reached, the relevant variable remuneration component is reduced to zero. If the ceiling is reached or exceeded, the relevant variable remuneration is capped at a certain maximum amount. This gives remuneration a balanced risk and opportunity profile.

Range of Executive Board remuneration



The sum of fixed remuneration (base pay, fringe benefits and the pension instalment) and the target amounts established for variable remuneration on condition of 100% target achievement (STI & LTI) results in the total target remuneration.

2.3 Relative proportions of fixed and variable remuneration components

In accordance with Section 87, Paragraph 1, Sentence 2 of the German Stock Corporation Act, the Supervisory Board aligns the remuneration structure with the Company's sustainable and long-term development. This is ensured by giving the long-term targets more weight than the short-term targets, among other things. This provides incentives to develop the Company sustainably and with a long-term perspective. At the same time, maintaining the share of remuneration accounted for by short-term variable remuneration ensures that the annual operational goals, the achievement of which forms the basis for the Company's future development, are not neglected.

The Supervisory Board establishes a total target remuneration for each Executive Board member, the components of which should be within the following percentage ranges (excluding fringe benefits):

Remuneration structure (without fringe benefits)

Variable	LTI (target amount)	40% - 50%
	STI (target amount)	20% - 30%
Fixed	Pension instalment	0% - 10%
	Base pay	20% - 30%

As fringe benefits are taken advantage of to varying degrees by the Executive Board members, their share can vary slightly. These additionally granted fringe benefits roughly account for an average of 2% to 3% of individual base pay.

3 Remuneration components in detail

3.1 Fixed remuneration components

Fixed, non-performance-linked remuneration is made up of the base pay, the pension instalment, and the fringe benefits.

The Supervisory Board establishes a total target remuneration for each Executive Board member, the components of which should be within the following percentage ranges (excluding fringe benefits):

3.1.1 Base pay

The base pay is paid during the fiscal year in twelve equal monthly instalments.

3.1.2 Pension instalment

Executive Board members may receive an amount established individually as a pension instalment for every calendar year. In certain cases, the grant of a pension instalment may be waived.

The pension instalment is either paid out or retained in part or in full in exchange for a pension commitment of equal value through a gross compensation conversion. The Company has taken out a reinsurance policy to finance the pension commitment.

The accrued capital may be drawn upon on retirement, but not before the Executive Board member turns 62. Early payment may be agreed in the event of invalidity. In the event of death, the accrued capital is paid out to surviving dependants. On retirement, the Executive Board members may choose between drawing upon the accrued capital in the form of a one-off payment or in a maximum of nine instalments.

3.1.3 Fringe benefits

The members of the Executive Board receive fringe benefits in the form of non-cash remuneration and other emoluments. These essentially consist of the private use of a Company car, expenses for security measures, and accident insurance premiums.

Furthermore, the Supervisory Board may exercise its due discretion to allow one-off payments and fringe benefits to be granted to an individual joining the Executive Board for the first time if this is indispensable to recruiting the new Executive Board member.

3.2 Variable remuneration components

Performance-linked variable remuneration comprises a short-term component in the form of the STI and a long-term component in the form of the LTI. Variable remuneration is determined primarily based on the RWE Group's economic development and the Company's progress in the field of sustainability. In selecting the performance targets, the Supervisory Board ensured that they could be measured accurately and were part of the Company's strategy. All financial performance targets are key figures that are integral components of RWE's management system.

Performance target overview

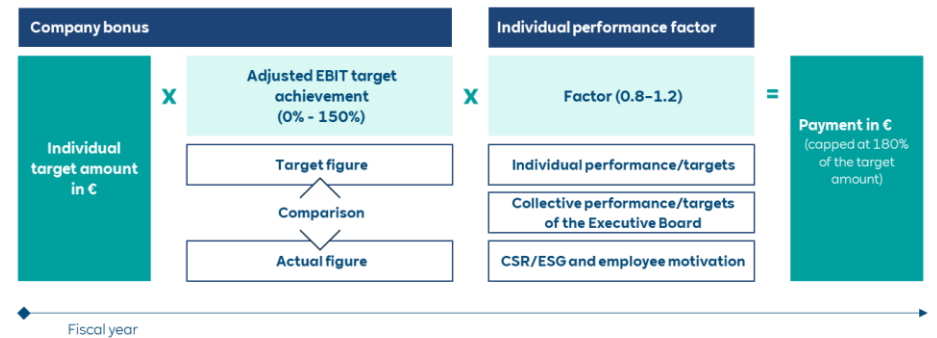
STI		LTI	
Adjusted EBIT	Individual goals	Adjusted EPS	Relative TSR
Element of RWE's management system and incentive to grow the operating business profitably	Goals of strategic relevance, which differ depending on the fiscal year and Executive Board member	Element of RWE's management system and incentive to increase the company's financial value sustainably	Relative value growth for the owners compared to the competition
Collective goals	Corporate responsibility and employee motivation	Carbon intensity	Absolute share price development
Goals of strategic relevance, which differ depending on the fiscal year	CSR/ESG and employee motivation as mainstays of success	Sustainability criterion for measuring the degree to which the goal of making electricity generation carbon neutral by 2040 is achieved	Absolute value increase for the owners and alignment of remuneration with owner interests

EBIT: earnings before interest and taxes – ESG: environmental, social, governance – TSR: total shareholder return – EPS: earnings per share

3.2.1 Short-term incentive (STI)

Executive Board members receive an STI determined on the basis of a Company bonus and an individual performance factor. The Company bonus reflects the economic development of the Company during a fiscal year, whereas the individual performance factor considers the individual goals of each Executive Board member and the collective goals of the Executive Board as a whole as well as CSR and ESG goals along with employee motivation. Multiplying the Company bonus by the individual performance factor results in the STI for the Executive Board member in question. This is paid in cash after the end of the fiscal year. The payment amount can range between zero and 180% of the target amount.

STI overview

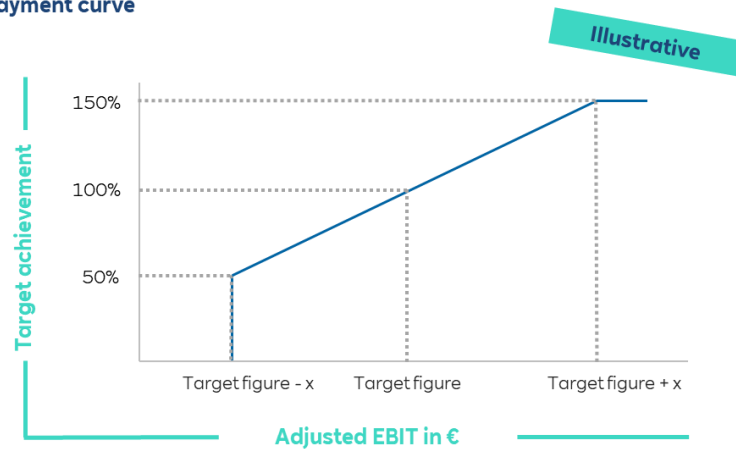


Company bonus

The basis for measuring the performance of Executive Board members – and in turn the actual level of the STI – is the Company bonus, which depends on the adjusted EBIT achieved in the relevant fiscal year. EBIT is defined as earnings before interest and taxes. This key figure is adjusted to exclude non-operating and aperiodic effects, which are recognised in the non-operating result. EBIT is thus even better suited to serve as an indicator of operating performance. At the beginning of every fiscal year, the Supervisory Board provides the basis for determining the Company bonus by setting a

target as well as a floor and ceiling for adjusted EBIT, taking account of the budget planned for the fiscal year.

Adjusted EBIT payment curve



After the end of the fiscal year, the actual adjusted EBIT achieved is compared to the target. If the two match, the target achievement is 100%. If adjusted EBIT matches the predefined floor exactly (target figure - x), the target achievement is 50%. If adjusted EBIT matches the ceiling exactly (target figure + x), the degree of target achievement is 150%. For adjusted EBIT between the floor and ceiling, the relevant figure is calculated by linear interpolation. If adjusted EBIT is below the floor, there is no right to a payment. If adjusted EBIT exceeds the ceiling, the maximum target achievement of 150% is used to calculate the Company bonus.

The Supervisory Board reserves the right to modify actual adjusted EBIT retrospectively in a very limited number of cases in order to account for extraordinary developments appropriately if certain exceptional situations have not been considered sufficiently in the established target figures and threshold values. Such modifications of actual figures may be made to reflect the effects of acquisitions or sales of shareholdings deviating from the Company's planning, changes in the regulatory or political framework, and the effects of impairments recognised for power plants that were unknown or unpredictable

when the target figures were established and were not factored into the target figures to a sufficient degree.

Individual performance factor

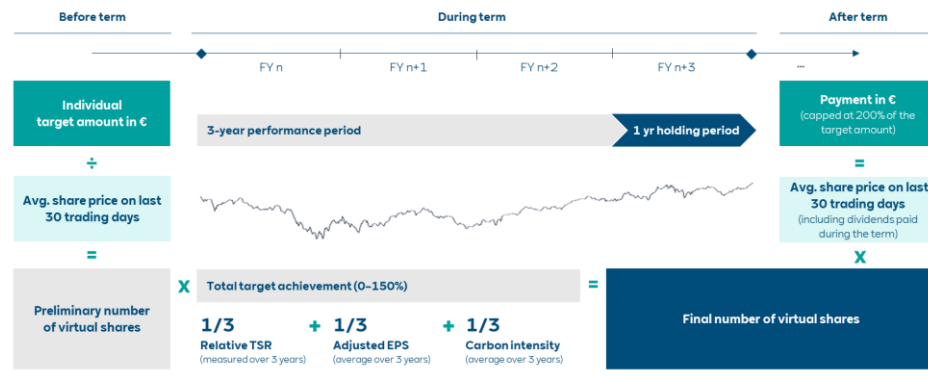
The Company bonus is multiplied by an individual performance factor in order to take account of the performance of each individual Executive Board member and the collective performance of the Executive Board as a whole as well as CSR/ESG goals and employee motivation in remuneration in addition to the Company's financial performance. This factor can vary between 0.8 and 1.2 and depends on the degree to which the targets of the following components are achieved: (1) individual performance, (2) collective performance of the Executive Board as a whole, and (3) performance in terms of CSR/ESG and employee motivation. Each of these three components has a weighting of at least 25%. The remaining 25% weighting is distributed among the components at the Supervisory Board's discretion at the beginning of the fiscal year. The Supervisory Board establishes binding goals and target figures for each of the performance factor elements at the beginning of the fiscal year. CSR/ESG targets comprise, for example, goals in the areas of occupational safety as well as compliance, environmental and social standards. Employee motivation is measured using a motivation index or a similar tool based on anonymous surveys on staff willingness to perform and employee satisfaction.

After the end of the fiscal year, the Supervisory Board assesses the performance of each Executive Board member in each of the three areas, thereby determining the individual performance factor for each Executive Board member, which is presented transparently for every fiscal year in the Remuneration Report and, as regards the CSR/ESG targets, is documented in our sustainability reporting.

3.2.2 Long-term incentive (LTI)

The remuneration system for the Executive Board is aligned with the Company's business strategy and provides incentives for the Executive Board which benefit the Company's sustainable and long-term development. A significant portion of total remuneration is thus linked to the Company's long-term and sustainable development with respect to the absolute share price development, the total shareholder return relative to the competition, and the development of adjusted EPS. Moreover, the Company strives to contribute to achieving national and international climate protection goals through continued emission reductions. RWE aims to become carbon neutral by 2040. RWE's carbon dioxide emissions have dropped steadily in the last few years. This progress in reducing carbon intensity is also reflected in the long-term goals.

LTI overview



The members of the Executive Board are granted a share-based payment (LTI) based on virtual shares. At the beginning of every fiscal year, Executive Board members are granted a new tranche of virtual shares under the LTI. The individual target figure is divided by the RWE share's average closing quotation on Xetra in the 30 trading days leading to the grant, in order to determine the preliminary number of virtual shares.

After the end of a three-year performance period, the final number of virtual shares is determined based on the average target achievement for the three equally weighted

performance targets, which are linked and added to each other: (1) relative TSR, (2) adjusted EPS, and (3) carbon intensity. To this end, the degree of total target achievement is multiplied by the preliminary number of virtual shares in order to calculate their final number. After the end of a one-year holding period following the three-year performance period, the final number of virtual shares is multiplied by the sum of the RWE share's average quotation on Xetra on the 30 trading days leading to the end of the four-year term and the dividends paid during the term. Taking into account the paid dividends simulates the mechanism of real shares and makes the Executive Board members independent of the dividend (absolute TSR approach). However, no guaranteed or early dividend payment is made.

The payment amount is paid to the Executive Board members in cash. It is limited to 200% of the initially determined target amount. Therefore, the payment amount can range between zero and 200% of the target amount. In accordance with Section 87, Paragraph 1 of the German Stock Corporation Act, the Supervisory Board may limit remuneration from the LTI in the event of extraordinary developments.

The procedure used to measure the degree to which the aforementioned performance targets are reached is described in the following passages. Upfront, the Supervisory Board determines a target, a floor and a ceiling for each of the aforementioned key figures.

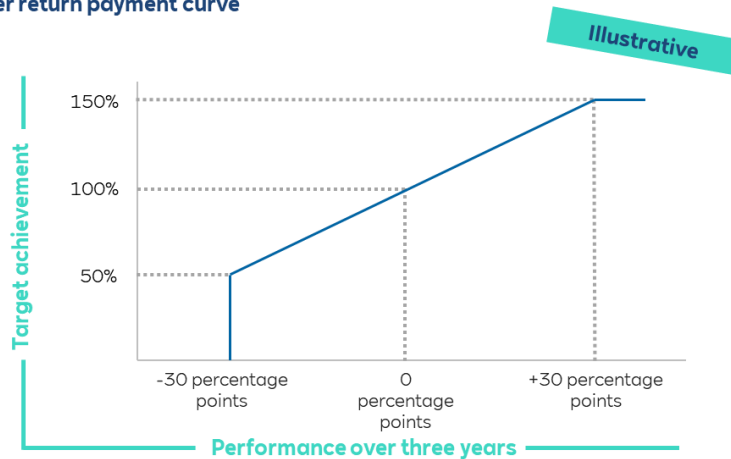
Relative total shareholder return (TSR)

One-third of the final number of virtual shares depends on the development of the total shareholder return (TSR) of RWE AG compared to that of the competition. The relevant peer group is formed by the companies represented in the STOXX® Europe 600 Utilities. The TSR reflects the development of the share price plus the gross dividends fictitiously reinvested during the performance period. This takes account of the development of RWE on the capital market relative to the competition while largely disregarding general market trends.

The relative performance of RWE AG is the difference in percentage points between the TSR of RWE AG and the TSR of the STOXX® Europe 600 Utilities. If the TSR of RWE AG matches that of the Index exactly (identical performance), the degree of target achievement is 100%. If the TSR is 30 percentage points or more below or above the

TSR of the Index, the degree of target achievement is 0% in the event of an underachievement and 150% in the event of an overachievement. A performance of more than 30 percentage points does not result in a further increase in target achievement. Figures for values between the end points are calculated by linear interpolation. The Supervisory Board is convinced that the payment curve, which has a well-balanced risk and opportunity profile, is suitable for setting the right incentives for a successful performance on the capital market without tempting the Executive Board members to develop an inappropriate appetite for risk.

Total shareholder return payment curve



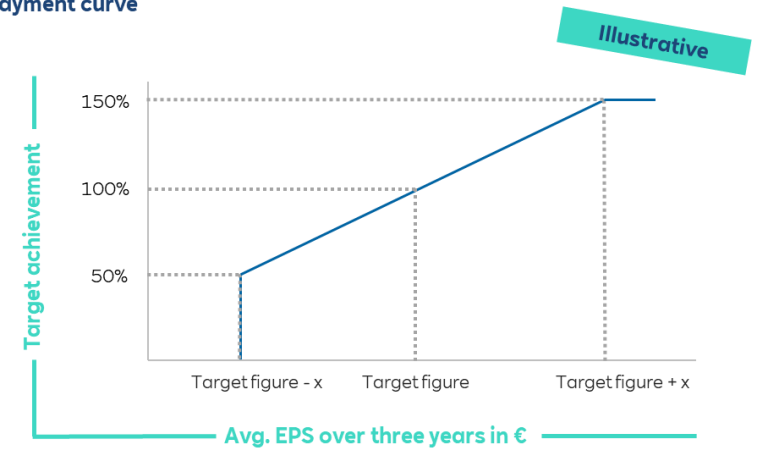
Adjusted earnings per share (EPS)

Another third of the final number of virtual shares depends on adjusted earnings per share (EPS). Adjusted EPS are calculated by putting adjusted net income into relation with the number of shares outstanding. Adjusted net income is calculated by modifying net income to exclude the non-operating result. Unlike EBIT and the STI, the financial result and the taxes on income of the RWE Group are considered in the LTI.

If the actual figure is identical to the target derived from the medium-term plan, the target achievement is 100%. If adjusted EPS is identical to the floor (target - x) the target achievement is 50%. If adjusted EPS is identical to the ceiling (target + x) the target

achievement is 150%. If adjusted EPS is below the floor, the target achievement is 0%. If the ceiling is exceeded, however, the degree of target achievement is not increased beyond 150%. Figures for values between the end points are calculated by linear interpolation.

Adjusted EPS payment curve

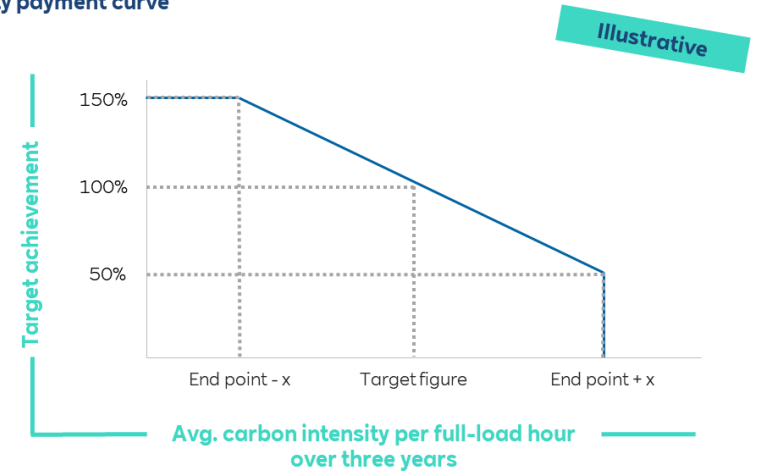


Non-operating effects are deducted from adjusted EPS to improve the informational value of the latter with respect to the ordinary course of business. The Supervisory Board reserves the right to modify actual adjusted EPS retrospectively in a very limited number of cases in order to account for extraordinary developments appropriately if certain exceptional situations have not been considered sufficiently in the established target figures and threshold values. Such modifications of actual figures may be made to reflect the effects of capital measures, acquisitions or sales of shareholdings deviating from the Company's planning, changes in the regulatory or political framework, and the effects of impairments recognised for power plants that were unknown or unpredictable when the target figures were established and were not factored into the target figures to a sufficient degree.

Carbon intensity

The last third of the final number of virtual shares is determined based on the average carbon intensity of the Group's power plant fleet. Average carbon intensity is measured in metric tons of carbon dioxide per megawatt of installed capacity (mt/MW) for every full-load hour of RWE's power plant fleet, in order to enable an assessment independent of weather- or market-induced load fluctuations. Milestones derived from the medium-term plan are set for every LTI tranche on the basis of the long-term goal of achieving carbon neutrality. If carbon intensity is identical to the predetermined target figure, the target achievement is 100%. If carbon intensity is identical to the benchmark 'target figure + x CO₂/MW', the target achievement is 50%. Further increases in carbon intensity result in a degree of target achievement of 0%. If carbon intensity is identical to the benchmark 'target figure - x CO₂/MW', the target achievement is 150%. Further reductions in carbon intensity do not result in a further increase in the degree of target achievement beyond 150%. Figures for values between the end points are calculated by linear interpolation.

Carbon intensity payment curve



To improve the informational value of carbon intensity with respect to the ordinary course of business, the Supervisory Board reserves the right to modify actual carbon intensity retrospectively in a very limited number of cases in order to account for extraordinary developments appropriately if certain exceptional situations have not been considered sufficiently in the established target figures and threshold values. Such modifications of actual figures may be made to reflect the effects of acquisitions or sales of generation assets and changes in the regulatory or political framework deviating from the Company's planning that could lead to changes in the renewable energy expansion or coal power plant closure roadmap and were unknown or unpredictable when the target figures were established and not factored into the target figures to a sufficient degree.

3.2.3 Publication of the target figures and target achievement for variable remuneration

Payment curves supported by concrete target figures and threshold values as well as the determined achievement of all financial and non-financial targets of the STI and LTI of every fiscal year are published in the Remuneration Report for the fiscal year just ended. Likewise, any adjustments to the performance targets are commented upon and

reasoned ex-post in the Remuneration Report. This gives shareholders a view of the manner in which variable remuneration payment amounts are determined.

3.3 Maximum remuneration

Besides ceilings for the individual variable remuneration components, in accordance with Section 87a, Paragraph 1, Item 1 of the German Stock Corporation Act, the remuneration system limits the total remuneration of each Executive Board member. This remuneration is capped at €11,000,000.00 for the Chairman of the Executive Board and at €5,500,000.00 for each ordinary member of the Executive Board.

The maximum remuneration limits the total payment Executive Board members can receive for any given fiscal year and includes all remuneration components.

When an Executive Board member is appointed for the first time, the Supervisory Board may increase the aforementioned maximum remuneration for the fiscal year of appointment once by up to 30% in order to offset any loss of remuneration commitments by the previous employer.

3.4 Malus and clawback provision

As a further measure to ensure the Company's successful development over the long term, the STI and LTI are subject to malus and clawback provisions.

If the consolidated financial statements prove to contain errors after the performance-linked variable remuneration (STI and LTI) has been paid, the Supervisory Board may demand that the variable remuneration that has already been paid be repaid in part or in full.

In the event that an Executive Board member commits a premeditated violation of the Code of Conduct, the Compliance Policy or a duty set forth in their employment contract or commits a serious breach of their duties of care as defined in Section 93 of the German Stock Corporation Act, the Supervisory Board may additionally exercise its discretion to reduce the variable remuneration for the fiscal year with which the breach of duty is associated or cancel it entirely (malus) and, if variable remuneration has already been paid for a fiscal year with which the breach of duty is associated, to demand that it be repaid in part or in full (clawback).

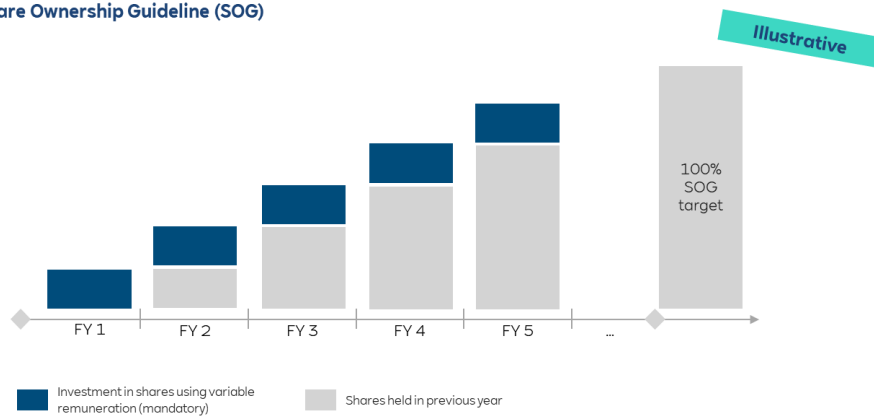
The malus and clawback provisions shall not prejudice the obligation of the Executive Board member to pay damages to the Company in the event of a negligent breach of duty as defined by Section 93, Paragraph 2, Sentence 1 of the German Stock Corporation Act.

3.5 Share Ownership Guideline (SOG)

To bring the interests of the Executive Board and shareholders more in line with each other, the members of the Executive Board are obligated to make a personal investment in RWE shares. This involves the Executive Board members investing a sum equal to 200% (Chairman of the Executive Board) and 100% (all other members) of their gross base pay (referred to as the 'SOG Target' hereinafter) in RWE shares and holding the shares for the duration of their term on the Executive Board and two years thereafter.

To comply with the Share Ownership Guidelines, an annual amount of at least 25% of the paid gross variable remuneration (STI and LTI) is invested to amass shares until the SOG Target is achieved. Executive Board members may purchase additional shares to help achieve the SOG Target.

Share Ownership Guideline (SOG)



4 Remuneration-related transactions

4.1 Term of contract

The term of the contracts of Executive Board members appointed for the first time is generally three years. If an Executive Board member is reappointed, the contract for the relevant period is concluded anew or extended accordingly. In accordance with Section 84, Paragraph 1 of the German Stock Corporation Act, the appointment, and in turn the Executive Board member's contract, both have a maximum term of five years. Upon reaching the age limit of 63 years, an Executive Board member may be reappointed for a year at a time, but not after turning 65.

4.2 Early contract termination

In the event of an early termination, Executive Board contracts impose a severance cap equalling two annual remunerations, with the amount of severance not exceeding the amount due over the remaining term of the contract. The annual remuneration of relevance to determining the severance cap is the sum of base pay including the pension instalment and fringe benefits on the termination date plus the STI for the preceding fiscal year. If the expected remuneration for the fiscal year during which the Executive Board member's contract is terminated early is likely to exceed the corresponding amount for the preceding year, the higher amount for the fiscal year underway shall be the basis for calculating the severance cap.

There shall be no special rights of termination or severance arrangements in the event of a change of control. Furthermore, no commitments shall be made in relation to compensation for dismissal or non-competition.

4.3 Compensation for exercising supervisory board offices

Compensation received by Executive Board members for exercising offices on supervisory boards of companies affiliated with the Group fully counts towards fixed remuneration and thus does not lead to an increase in total remuneration. Companies affiliated with the Group are all companies in which RWE holds a stake.

Compensation paid for exercising an office on a supervisory board of a non-Group Company does not count towards the remuneration of a member of the Executive Board of RWE. Offices on supervisory boards of non-Group companies are such offices in all companies in which RWE does not hold a stake of any kind.

5 Establishment, implementation and review of the remuneration system

5.1 Processes for determining remuneration in general

Pursuant to Section 87, Paragraph 1 of the German Stock Corporation Act, the Supervisory Board of RWE AG determines the remuneration of the members of the Executive Board. It receives the assistance of the Personnel Affairs Committee in doing so. The Personnel Affairs Committee develops recommendations regarding the Executive Board remuneration system, on which the Supervisory Board holds consultations and passes resolutions. On the basis of the remuneration system and leaning on the recommendation of the Personnel Affairs Committee, the Supervisory Board determines the remuneration components as well as the target and maximum remuneration for each Executive Board member. Furthermore, it establishes the performance targets used to measure performance and the variable remuneration of the Executive Board members.

When establishing the remuneration system, special attention was paid to ensuring its consistency within RWE AG in order to promote the best possible cooperation with a view to implementing the Company's business strategy and harmonising the incentivisation of the Executive Board, executives and further employee groups. This applies above all to the financial performance targets established for variable remuneration. Employee motivation is also considered when assessing the performance of the Executive Board and is a performance target of the Executive Board's variable remuneration.

The appropriateness of Executive Board remuneration is regularly reviewed by the Supervisory Board. This review is prepared by the Personnel Affairs Committee. If necessary, it recommends that the Supervisory Board make certain amendments.

The criteria for assessing the appropriateness of the level of remuneration are the tasks of the Executive Board member in question, their personal performance and their experience as well as the economic situation, the performance, and the strategic and economic prospects of the Company. Other factors considered are the level, structure

and details of management board compensation in similar companies. The customariness of remuneration is generally assessed by drawing comparisons to companies listed in the DAX and – with regard to revenue, headcount and market capitalisation – to the peer group consisting of similar companies listed in the STOXX® Europe 600 Utilities. The DAX companies cover the country and scale criteria, while the similar companies in the STOXX® Europe 600 Utilities take account of the industry and size of RWE AG. The precise composition of the peer group used is disclosed in a transparent manner in the annual Remuneration Report. The Supervisory Board sees to it that the remuneration of the Executive Board members does not exceed the customary level of remuneration.

The remuneration and employment conditions of the rest of RWE AG's workforce are considered as well. For instance, account is taken of the ratio of top executive pay and the compensation of the workforce as a whole as well as the development of these figures over time. For this purpose, a vertical comparison is drawn between the management level of RWE AG reporting directly to the Executive Board, constituting the top executive level, the Group's executives in Germany reporting to the top executive level, constituting the executive level, and the Group's employees in Germany, constituting the workforce as a whole.

The Supervisory Board may be assisted by an external remuneration expert in conducting the appropriateness check. It is always ensured that the remuneration advisor is independent of the Executive Board and the Company. The Supervisory Board commissioned an external remuneration advisor to assist in developing the present Executive Board remuneration system.

5.2 Measures to avoid and handle conflicts of interest

Conflicts of interests of members of the Supervisory Board and its Personnel Affairs Committee can prejudice the conduct of independent discussions and monitoring also when determining the remuneration of the Executive Board. Due to their legal duties and to comply with the German Corporate Governance Code (GCGC), the members of the Supervisory Board and the Personnel Affairs Committee are obliged to immediately

disclose any conflicts of interest they may have. In such cases, the Supervisory Board takes measures suited to handle the conflict of interest. For example, the members affected may be forbidden from participating in discussions and passing resolutions.

5.3 Temporary deviations

Section 87a, Paragraph 2 of the German Stock Corporation Act allows the Supervisory Board to decide in exceptional situations to temporarily deviate from the remuneration system described above if this benefits the Company in the long run. Exceptional developments include unusually far-reaching changes in the economic environment (for instance as a result of a severe economic or financial crisis), natural disasters, terrorist attacks, political crises, epidemics/pandemics, disruptive market decisions taken by customers, and a Company crisis. Generally unfavourable market developments are expressly not considered to be exceptional developments. The parts of the remuneration system which can be deviated from in exceptional cases – and if so, only per a resolution passed by the Supervisory Board – are the remuneration structure, the terms and the dates on which the variable remuneration payments are scheduled to be made as well as the performance targets of the variable remuneration including their weighting.

This does not prejudice the legal option of reducing remuneration pursuant to Section 87, Paragraph 2 of the German Stock Corporation Act in the event of a deterioration of the Company's situation.

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