

RWE Corporate Governance

As of December 2020

Disclaimer

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

Our purpose

Our energy for a sustainable life

We all need electricity – children as well as adults, small companies as well as large ones. Wherever there is electricity, there is light, warmth and communication, production, medical care and mobility. Electricity is life.



RWE at a glance

Key highlights and outlook

RWE at a glance

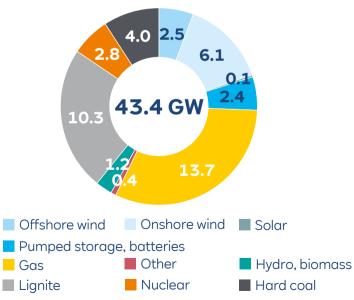
Driving force behind the energy transition – with a powerful position

Well-established robust company with strong financial performance	120 years track record	~20,000 employees	~€22bn market cap¹	157% total shareholder return 2017-2019	€1.8bn dividend payments 2017-2019
Experienced operator of flexible assets and strong commercial platform	~43 GW generation portfolio	~153 TWh generated power	2.4 GW pumped storage/ batteries	35 bcma³ total gas sales portfolio	Top 500 blue chip customers rely on RWE's commodity solutions
A global leading renewables player with strong growth ambitions	#2 in offshore worldwide	~ 9.2 GW wind & solar capacity	3.3 GW under construction	>22 GW development pipeline	~€1.5-2.0bn net investment per annum

¹As of 30 Sep 2020. |² Billion cubic metres per annum.

Unique renewables and conventional generation portfolio combined with leading commercial platform

RWE's net generation capacity¹ (pro rata)



Global leader in renewables
 No 2 in offshore wind



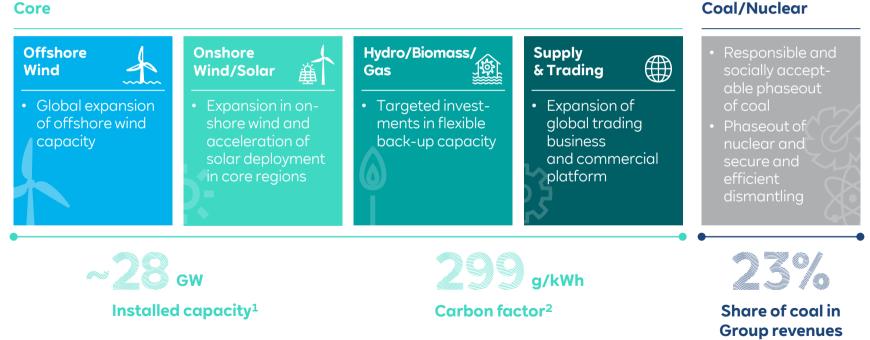
- No. Z gas fleet in Europe
- Significant gas portfolio player

4.3 bcm³ of gas storage

- Strong commercial platform
 - $\sim\!\!1,\!045 \, \text{twh} \, \text{electricity} \, \& \, \sim\!\!550 \, \text{bcm} \, \text{gas traded p.a.}$

Note: Figures may not add up due to rounding differences. | ¹ As of 31 Dec 2019. | ² Includes 1.6 GW hard coal generation in the Netherlands which co-fires biomass. | ³ Billion cubic metres.

Business model fully aligned with our strategic focus on the energy transition



¹ Pro rata installed capacity of core business. | ² Calculated for pro forma generation portfolio of core business. | Note: Figures for FY 2019.

RWE to achieve CO₂ neutrality by 2040 #RWEGoesClimateNeutral

RWE fully supports global climate goals for a sustainable life



Target to achieve CO₂ neutrality for its global generation portfolio by 2040



Focus on renewables expansion and innovative technologies to support the energy transition

Moving to net zero emissions and a sustainable energy system

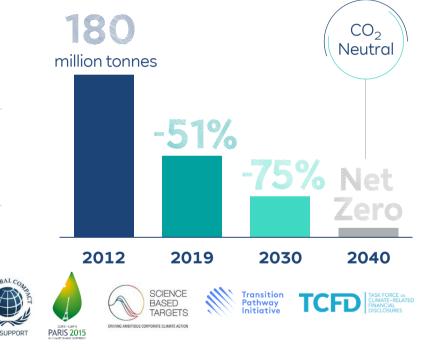


Target to achieve **CO₂ neutrality** for our global generation portfolio by **2040**



A

Proven **track record** of carbon emission reductions





RWE engaged in leading sustainability initiatives:

¹ Validated and confirmed by the investor initiative Transition Pathway Initiative (TPI), <u>https://www.transitionpathwayinitiative.org/companies/rwe</u> as well as by the Science Based Initiative (SBTi), <u>https://sciencebasedtargets.org/companies-taking-action</u>

RWE strengthens commitment to climate action with approved Science-based Target

RWE commits..



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

... to reduce **Scope 1 and 2** GHG emissions per kWh by **50% by 2030**¹ (from a 2019 base year) and...

... to reduce absolute **Scope 3** GHG emissions by **30% by 2030** (from a 2019 base year).

Measures taken along the entire value chain:

Acceleration of RWE's **decarbonization** roadmap with further closures of coal activities, ongoing expansion of our **renewables** portfolio, driving forward green **hydrogen** and improving **efficiency**.

¹The targets covering GHG emissions from company operations (Scopes 1 and 2) are consistent with reductions required to keep warming to Well-below 2 °C.

On track: more than 300 MW commissioned in Q3. Further investment decisions taken mainly for onshore & solar projects

Wind/Solar installed capacity increases to 9.2 GW and further 3.1 GW under construction/FID 9M 2020



- Good 300 MW of onshore and solar capacity commissioned in Q3 2020
- FIDs on ~500 MW taken for onshore/solar/battery projects mainly in the US
- Lease agreements of ~900 MW for UK extension projects secured. Expected CODs in late 20s
- Additional 400 MW seabed option at existing Rampion offshore windfarm under development

Note: Additional 30 MW installed capacity from batteries as well as battery projects of 189 MW under construction/FID. | Excluding capacity addition from the Nordex development pipeline. | Information is in pro rata. | Rounding differences may occur.

Responsible phaseout of coal by 2038 at latest according to German coal phase out law



¹ Includes pro forma combined renewables portfolio. | Note: Based on full load hours under normal weather conditions and achievement of government renewables targets. Excluding plants in security reserve. Production in 2038 refers to first year post closure. Figures do not yet include the results of the German hard coal auctions.

Governance at RWE

Experienced management team passionate about driving performance to the next level

Introducing the management team at RWE AG





Dr. Rolf Martin Schmitz

Born 1957, with RWE since 2009, Member of board of RWE AG since 2009, CEO since 2016.

Group departments

- Group Communications & Public
 Affairs
- Legal
- Corporate Business Development
- Internal Audit & Compliance
- Corporate Transformation

Chief Financial Officer (CFO)



Dr. Markus Krebber

Born 1973, with RWE since 2012, Member of board of RWE AG since 2016.

Group departments

- Accounting
- Controlling & Risk Mgmt.
- Investor Relations
- Portfolio Management
- Corporate Strategy

Taking over the CEO position of RWE AG as of 1 July 2021.

Board Member



Dr. Michael Müller

Born 1971, with RWE since 2005, Member of board of RWE Supply & Trading GmbH as CFO since 2016.

Member of the Executive board of RWE AG since 1 November 2020, with Group departments

- Business Services
- Finance
- Tax
 Taking over the CFO position of

RWE AG as of 1 July 2021

Chief Human Resources Officer (CHO) & Labour Director



Zvezdana Seeger

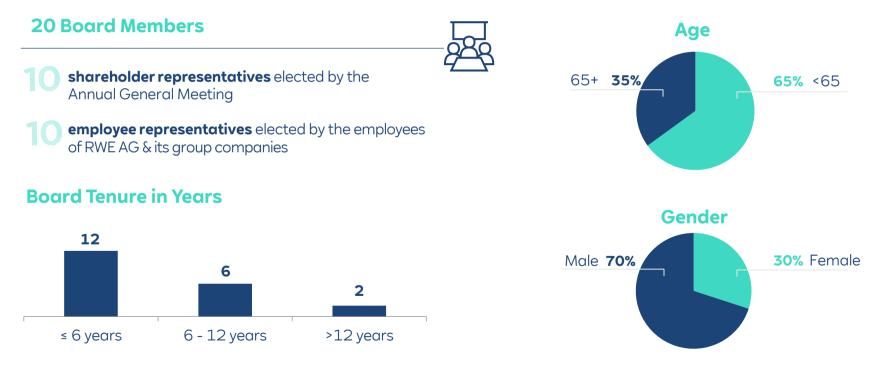
Born 1964, from 2018 to 2020 Member of the Executive Board DB Privat- und Firmenkundenbank AG and COO of Private and Corporate Business, Deutsche Bank AG. With RWE since 2020.

Member of the Executive board of RWE AG since 1 November 2020, with Group departments

• HR

• IT

Current composition of the Supervisory Board as of November 2020. New elections will take place in April 2021



Shareholder representatives of the Supervisory Board



Dr. Werner Brandt Chairman of the Supervisory Board Born 1954, German Member since 18 April 2013

Chairman of the Supervisory Board of ProSiebenSat.1 Media SE and Former Executive Board Member and CFO of SAP AG



Ute Gerbaulet Born 1968, German Member since 27 April 2017

General Partner, Bankhaus Lampe KG



Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel Born 1947, German Member since 18 April 2013

Former Chairman of the Executive Board of HOCHTIEF AG



Mag. Dr. h.c. Monika Kircher Born 1957, Austrian Member since 15 October 2016

Consultant and former CEO of Infineon Technologies Austria AG



Dagmar Mühlenfeld Born 1951, German Member since 4 January 2005

Former Mayor of the City of Mülheim an der Ruhr



Peter Ottmann Born 1951, German Member since 20 April 2016

Managing Director of Verband der kommunalen RWE-Aktionäre GmbH, Attorney-at-Law, Former Administrator of the district of Viersen



Günther Schartz Born 1962, German Member since 20 April 2016

Administrator of the District of Trier-Saarburg



Dr. Erhard Schipporeit Born 1949, German Member since 20 April 2016

Independent Corporate Consultant and former member of the Executive Board and CFO of E.ON AG



Dr. Wolfgang Schüssel Born 1945, Austrian Member since 1 March 2010

Former Federal Chancellor of the Republic of Austria



Ullrich Sierau Born 1956, German Member since 20 April 2011

Former Mayor of the City of Dortmund

Allocation of core competencies in selected focus areas

Skills matrix before review of competencies in 2020

	Managerial Experience	Public Sector	Utility Sector	International Utility Sector	Accounting	Financial Audit ¹	Co- determination	Digital
Werner Brandt								
Ute Gerbaulet								
Hans-Peter Keitel								
Monika Kircher								
Dagmar Mühlenfeld								
Peter Ottmann								
Günther Schartz								
Erhard Schipporeit								
Wolfgang Schüssel								
Ullrich Sierau								

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

Way of working of the Supervisory Board



Five ordinary meetings of the Board planned per year



Extraordinary meetings in special situations are called at short notice; two such meetings took place in 2020 as of November (**acquisition of Nordex pipeline** and **capital increase**)



The Supervisory Board **runs six standing Committees** with specific tasks



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



Ongoing dialogue between Chairman of the Supervisory Board and the Executive Board



Supervisory Board was fully executable/operational during the corona crisis and met virtually

Efficiency audit evaluated work of the Supervisory Board

The Supervisory Board of RWE AG conducted an **efficiency audit** in order to evaluate its activities; the supervisory board was assisted by **Russell Reynolds Associates** to provide advisory support in carrying out the efficiency audit.

- The audit came to the **following conclusions**:
- On the whole, the **work procedures of the Supervisory Board are goal-oriented and effective**; the **same applies to the cooperation with the Executive Board**
- Moreover, the Supervisory Board **adopted certain further improving the quality of its workchanges to the requirement matrix** (applicable for new candidates) to help the Supervisory Board in, in particular by:
 - Adhering to new skill requirements, in particular relating to new technologies, e. g. power-to-x or hydrogen, and digitisation, as well as international experience and
 - Placing greater emphasis on **know-how in the energy business**, in particular with regard to **renewable energy**

Employee representatives of the Supervisory Board



Frank Bsirske Deputy Chairman of the Supervisory Board Born 1952, German Member since 9 January 2001

Former Chairman of ver.di Vereinte Dienstleistungsgewerkschaft (German United Services Trade Union)



Michael Bochinsky Born 1967, German Member since 1 August 2018

Deputy Chairman of the General Works Council of RWE Power AG



Born 1965, German Member since 20 April 2016

Sandra Bossemeyer

Chairwoman of the Works Council of RWE AG



Martin Bröker Born 1966, German Member since 1 September 2018

Head of HR & Business Functions IT at RWE Generation SE



Anja Dubbert Born 1979, German Member since 27 September 2019

Business Development Manager at RWE Supply & Trading GmbH and Member of the Works Council of RWE Supply & Trading GmbH



Matthias Dürbaum Born 1987, German Member since 27 September 2019

Chairman of the Works Council of Hambach mine



Harald Louis Born 1967, German Member since 20 April 2016

Chairman of the General Works Council of RWE Power AG



Ralf Sikorski Born 1961, German Member since 1 July 2014

Member of the Main Executive Board of IG Bergbau, Chemie, Energie (trade union)



Marion Weckes Born 1975, German Member since 20 April 2016

Head of Unit, Institute for Codetermination and corporate governance at Hans-Böckler-Stiftung



Leonhard Zubrowski Born 1961, German Member since 1 July 2014

Chairman of the Group Works Council of RWE AG

Supervisory Board is supported by six standing Committees

Executive Committee

- Werner Brandt
- Frank Bsirske
- Sandra Bossemeyer
- Hans-Peter Keitel
- Dagmar Mühlenfeld
- Wolfgang Schüssel
- Anja Dubbert
- Matthias Dürbaum

Nomination Committee

Werner Brandt

- Hans-Peter Keitel
- Peter Ottmann

Shareholder Representatives Employee Representatives

¹The Mediation Committee did not meet in 2020.

Audit Committee

- **Erhard Schipporeit**
- Michael Bochinsky
- Monika Kircher
- Ullrich Sierau
- Ralf Sikorski
- Marion Weckes

Personnel Affairs Committee

- Werner Brandt
- Frank Bsirske
- Harald Louis
- Peter Ottmann
- Wolfgang Schüssel
- Leonhard Zubrowski

Strategy & Sustainability Committee

- Werner Brandt
- Frank Bsirske
- Hans-Peter Keitel
- Günther Schartz
- Ralf Sikorski
- Leonhard Zubrowski

Mediation Committee¹

- Werner Brandt
- Frank Bsirske
- Wolfgang Schüssel
- Ralf Sikorski

Supervisory Board meeting attendance in FY 2020

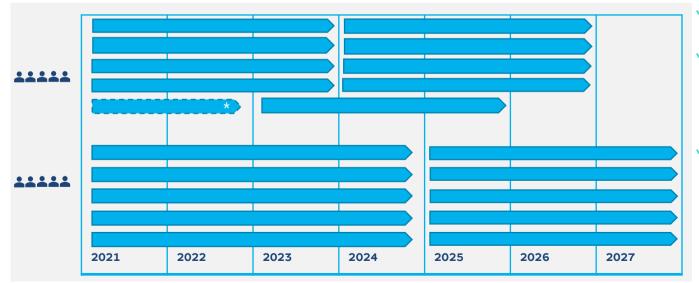
	Supervisory Board	Extraordinary Supervisory Board	Executive Committee	Audit Committee	Personnel Affairs Committee	Nomination Committee	Strategy & Sustainability Committee
Werner Brandt ¹	5/5	2/2	4/4	4/4	5/5	3/3	2/2
Frank Bsirske	5/5	2/2	4/4		5/5		2/2
Michael Bochinsky	5/5	2/2		3/4			
Sandra Bossemeyer	5/5	2/2	4/4				
Martin Bröker	5/5	2/2					attendance YTD
Anja Dubbert	5/5	2/2	4/4			~ 98 %	' (+2% vs. FY19)
Matthias Dürbaum	5/5	2/2	4/4				
Ute Gerbaulet	4/5	2/2					
Hans-Peter Keitel	5/5	2/2	4/4			3/3	2/2
Monika Kircher	5/5	1/2		4/4			
Harald Louis	5/5	2/2			5/5		
Dagmar Mühlenfeld	5/5	2/2	4/4				
Peter Ottmann	5/5	2/2			5/5	3/3	
Günther Schartz	5/5	2/2					2/2
Erhard Schipporeit	5/5	2/2		4/4			
Wolfgang Schüssel	5/5	2/2	4/4		5/5		
Ullrich Sierau	5/5	2/2		4/4			
Ralf Sikorski	5/5	2/2		4/4			2/2
Marion Weckes	5/5	2/2		4/4			
Leonhard Zubrowski	4/5	2/2			5/5		1/2

¹Mr. Brandt attends the meetings of the Audit Committee as a guest. Note: The Mediation Committee did not meet in 2020.

Virtual Annual General Meeting 2021

Envisaged key changes to the Supervisory Board electoral procedure

- Introduction of a staggered board system with differently clustered tenures for shareholder representatives
- To implement that, one half of the candidates up for election in 2021 will be standing for a three-year period, the other half for a four-year period
- In subsequent elections, all shareholder representatives will be elected in staggered elections for three years



In 2021 two initial periods of three and four years.

- ✓ Subsequently, staggered election periods of three years (→ amendment of the statutory term of office required)
 - Also in the **event of early resignation** (see *), successor candidates will be elected for three years (→ further amendment of the articles of association required)

Based on the efficiency audit the Supervisory Board revised its skills profile. New candidates are selected on that basis

The following competencies and knowledge must be represented in the RWE Supervisory Board:

- Managerial experience including corporate strategy development and its implementation
- National / international experience in the energy sector, e.g. in renewables and energy trading
- National / international experience in the public sector
- Digitisation / new technologies, e.g. power-to-x, hydrogen and other alternative energy sources
- Expertise in accounting and / or financial audit
- Expertise in questions of **co-determination**

Supervisory Board remuneration

- As regards the **structure of remuneration**, Supervisory Board members receive **fixed remuneration**, thus it is not influenced by the company's profit or the dividend. Compensation components are added to the fixed remuneration for committee mandates.
- As regards the **amount of the remuneration**, we consider it crucial that it is appropriate also in comparison with other major listed companies in order to **ensure that the company will remain able to attract outstandingly qualified candidates** for its Supervisory Board.
- Given the upcoming elections of the Supervisory Board and as per ARUG II, we will propose an adjustment to the AGM 2021.

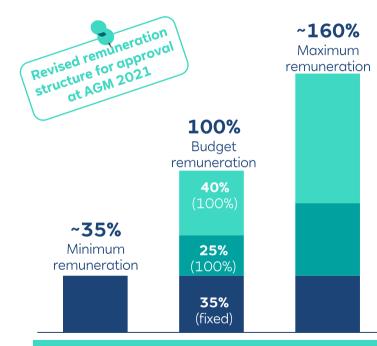


Members imposed on themselves the obligation, subject to any commitment to relinquish their pay, to **use 25% of the compensation to buy RWE shares** and to hold them for the duration of their membership

¹ The Chairman of the Board and his/her deputy shall not receive any additional remuneration for their membership in the Executive Committee.

Management Board remuneration: structure aligned with strategic goals and shareholder interests

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Strategic Performance Plan

- Share-based compensation scheme with four year vesting period linked to three KPIs (Adjusted net income, relative Total Shareholder Return and CO2-emissions factor)
- Is limited to a maximum of 200% of the contractual LTI budget

Bonus

- Based on economic performance of company and collective and individually achieved goals including corporate responsibility criteria
- Paid after end of fiscal year; no retention
- Is limited to a maximum of 180% of the contractual STI budget

Fixed compensation

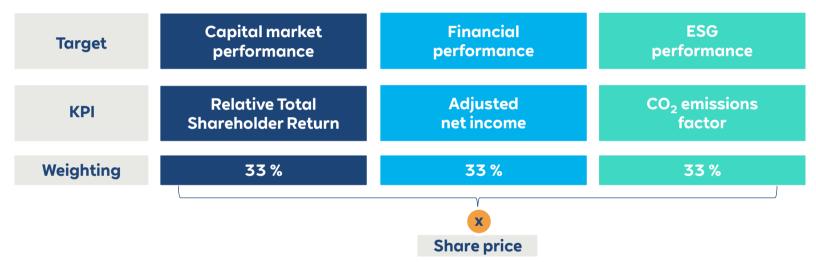
- Consists of annual base salary (25%) and pension instalments (10%).
- Fringe benefits, e.g. use of company car, averaging around 2-3% of the fixed remuneration
- In addition to maximum limits on the amount of the individual variable remuneration elements, the remuneration system provides for a limit on the total remuneration for each individual member of the Executive Board.
- This maximum remuneration is set at €9.3m for the CEO and at €4.8m for ordinary members of the Executive Board

Short-term incentive scheme is based on earnings target and individual performance



- Reflects common market practice
- Multiplier ensures flexibility to adjust pay-outs according to individual performance

Long term incentive scheme share-based with four year vesting period linked to three KPIs



- Long-term incentive (LTI) scheme closely linked to strategic goals
- Future LTI scheme linked to more than one KPI
- Introduction of relative share performance and CO₂ reduction target
- Targets measured over a 3 year performance period with 1 year additional holding period (4 year vesting period)

New remuneration includes share ownership guideline, clawback and severance payment cap

Share ownership guideline (SOG)

- In order to further align the interests of the Executive Board and shareholders, board members are obliged to make a personal investment in RWE shares
- The CEO is obliged to invest an amount of 200% of its annual gross base salary, while ordinary board members have to invest 100%
- They are obliged to **hold the shares** while they are on the board of management and **for two more years** after their contract have ended
- An annual amount of at least 25% of the gross variable remuneration (STI and LTI) paid is invested until the SOG-target is achieved

Malus / clawback

- In case of incorrect consolidated financial statements or major intentional corporate violations the **Supervisory Board can claim back some or all of the variable remuneration already paid** ('clawback')
- If a member of the Executive Board violates the code of conduct, the compliance guideline or an essential contractual obligation the SB can furthermore reduce the unpaid variable remuneration for the financial year to which the breach of duty is attributable to partially or completely to zero ('malus')
- In the event that variable remuneration has already been paid out, the SB can claim back some of all it paid ('clawback')

Premature termination cap

- In the event of premature termination, payments to a member of the Executive Board do not exceed the value of two years' compensation and do not pay more than the remaining term of the contract
- The remuneration relevant for the purposes of the severance payment cap is the total of the basic remuneration incl. pension and fringe benefits at the time of termination as well as the bonus for the previous year

Change of Control

In case of Change of Control, the members of the Executive Board have **no exceptional right of termination or contractual entitlement to a severance payment**

Note: The new management incentive system was approved by the Supervisory Board in June 2020 but it also requires the approval of the Annual General Meeting. The agenda item is scheduled for the next AGM in April 2021.

Current capital authorizations and planned renewals at the Annual General Meeting 2021

- The existing **authorized capital of RWE AG** resolved by the AGM 2018 **was partially used for the capital increase in August 2020**, leaving only an amount of about 9,1% of the current share capital
- We consider a **complete financial instruments box to be a measure of good governance**. This ensures that the company remains in a position to react to future developments and to cover its financial needs quickly and flexibly
- Thus a **renewal of the authorized capital (up to 20 %) and creation of a conditional capital (up to 10 %) will be proposed to the AGM 2021** which is based on current market standards. In particular, shares and/or convertibles issued without subscription rights should not cumulatively exceed 10 %.

Appendix

Your contacts in Investor Relations

Important Links

- Annual and interim reports & statements
 <u>http://www.rwe.com/ir/reports</u>
- Investor and analyst conferences http://www.rwe.com/ir/investor-and-analyst-conferences
- IR presentations & further factbooks
 <u>http://www.rwe.com/ir/presentations</u>
- IR videos
 <u>http://www.rwe.com/ir/videos</u>
- Consensus of analysts' estimates
 http://www.rwe.com/ir/consensus-estimates



Further information on our homepage

RWE shares/ADR

Contact for ADR-holders at BNY Mellon shrrelations@cpushareownerservices.com +1 201 680-6255 (outside from the US) 1-888-269-2377 (within the US)

Financial Calendar

- **16 March 2021** Annual Report for fiscal 2020
- 28 April 2021
 Annual General Meeting
- O3 May 2021
 Dividend payment
- **12 May 2021** Interim statement on the first quarter of 2021
- **12 August 2021** Interim report on the first half of 2021

Contacts for Institutional Investors & Analysts



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Our energy for a sustainable life