

RWE
Aktiengesellschaft
Essen

Counter-motion by Thomas Tönshoff in relation to the Annual General Meeting of RWE AG on 28 April 2021

Regarding Item 3 on the Agenda: Approval of the acts of the members of the Executive Board for fiscal 2020

The acts of the members of the Executive Board shall not be approved.

Rationale:

The Executive Board rightly finds that RWE's prospects can only be the company's fundamental transformation. Both increasing value and the company's future will depend on RWE resolutely and rapidly withdrawing from electricity generation from fossil fuel and switching to electricity generation from renewable sources of energy.

However, RWE is far from displaying a development that does justice to this need. An ambitious climate policy in Europe and Germany can be expected to refute RWE's actual current business model.

Contrary to the claims made by the Executive Board, it is not evident how RWE intends to reduce its emissions that are detrimental to the climate in the next few years, in line with the Paris climate goals.

This will become obvious no later than when the EU establishes a greenhouse gas budget for the EU-27 countries, which is derived from these climate targets.

The German Advisory Council on the Environment (SRU) determined that the national carbon dioxide budget required to limit global warming to 1.75 degrees with a probability of 2/3 is 6,700 million metric tons.

The remaining budget for Germany is 6,700 million metric tons. According to the German Advisory Council [1], for the energy sector and coal, this results in a remaining budget of 1,340 million metric tons and, in relation to RWE's installed coal-fired capacity (29%), a remaining carbon dioxide budget of approximately 387 million metric tons for RWE.

The German Institute for Economic Research DIW, which calculated the maximum carbon dioxide budget for phasing out the operation of the Hambach and Garzweiler opencast mines to be 280 million metric tons of CO₂ (relative to the 1.75 degree goal/67%) last year, reached a similar conclusion [2].

RWE plans to extract 763 million metric tons of coal from the Garzweiler and Hambach opencast mines alone until they are shut down. Combustion of this coal would produce carbon dioxide exceeding the remaining carbon dioxide budget several times over.

This is confirmed by the expert opinion prepared by DIW [2]: *"To phase out coal by 2030 in line with international climate protection goals, operation would have to be ramped down considerably as early as 2020 or stopped completely in 2025. Conversely, a budget compatible with 1.5 degrees could only be complied with if mining stopped immediately."*

Contrary to the claims made by the Executive Board, it is not clear how RWE actually intends to become carbon neutral by 2040.

RWE wants to be carbon neutral by 2040. The group wants to offset residual emissions e.g. from gas-fired power stations by taking measures such as reforestation. From a current perspective, it seems extremely unlikely that this will succeed. After all, RWE reports a very high level of emission intensity of 299g CO₂/kWh for 2019 for what is referred to as 'core electricity production,' i.e. excluding coal-fired and nuclear energy. This is primarily due to the gas-fired power plants. Emissions upstream of this stage of the value chain are not even considered.

The goal of achieving carbon neutrality by 2040 thus appears to be attainable only if RWE also exits the gas-fired electricity generation business or if RWE used CCS technology (underground storage of carbon dioxide) for gas-fired power plants on a large scale.

However, no such programme can be identified at RWE. On the contrary, although RWE is already the third-largest operator of gas power plants in Europe, these capacities continue to be expanded.

Furthermore, the possibilities to make use of CCS are not a serious approach to crafting a plan. The Council of Experts of the German government makes the following assessment on this point: *"Scientific research into methods to achieve negative emissions and their technological development are definitely worthwhile. However, for environmental, technological, political and ethical reasons, they represent an option in the debate on the emissions budget that must be viewed critically and, from a present perspective, is often speculative."* [1]

In sum, it is evident that, contrary to the announcement of the Executive Board, fossil fuels remain the backbone of the business model. RWE is and continues to be the company most harmful to the environment in the DAX and the largest emitter of carbon dioxide in Europe. The Executive Board is thus jeopardising the company's future. It is about time that RWE got ahead of the game and stopped using all types of fossil fuel to generate electricity as quickly as possible.

[1]

https://www.umweltrat.de/SharedDocs/Downloads/DE/01_Umweltgutachten/2016_2020/2020_Umweltgutachten_Kap_02_Pariser_Klimaziele.pdf?__blob=publicationFile&v=22

[2]

https://www.diw.de/documents/publikationen/73/diw_01.c.790055.de/diwkompakt_2020-150.pdf