

Report of the Executive Board on Item 10 of the Agenda of the Annual General Meeting on 28 April 2021 (Authorisation to issue convertible and/or option bonds, formation of conditional capital and corresponding amendment to the Articles of Incorporation)

The authorisation proposed under Item 10 on the Agenda envisages that Bonds being issued with a total nominal amount of up to EUR 5,000,000,000 with conversion/option rights or obligations regarding shares in RWE Aktiengesellschaft accounting for a prorated share of the capital stock of up to EUR 173,112,330.24. Therefore, if this authorisation is fully exercised, conversion or option bonds (collectively referred to as "Bonds" including all possible features envisaged by this authorisation) could be issued, which would confer the entitlement or impose the obligation to subscribe shares corresponding to a pro rata amount of 10% of the current Company's capital stock. In line with statutory regulations, the authorisation shall have a term of five years ending on 27 April 2026.

Advantages of the financing instrument

An appropriate equity base is a key basis for the Company's business development and appearance on the market. The Company can issue Bonds depending on the situation prevailing on the market to take advantage of attractive financing options and conditions in order to raise capital for the Company at low interest rates. The achieved conversion and/or option premiums benefit the Company. Furthermore, new investor groups can be attracted through the issuance of convertible/option bonds, if necessary in combination with other instruments such as a capital increase.

For reasons of flexibility, the Company is to be put in a position to issue Bonds also via companies affiliated with the Company within the meaning of Sections 15 et seqq. of the German Stock Corporation Act, in which the Company has a direct or indirect stake of at least 90%, to take advantage of the situation on the German or international capital markets whenever possible, and to issue the Bonds both in euros as well as in the legal currency of an OECD country.

The Bond Conditions shall also envisage a conversion or option obligation at the end of the maturity or at another point in time; furthermore, they may envisage the issuing company or RWE Aktiengesellschaft having rights of exchange, in particular rights to replace the consideration originally due with shares of RWE Aktiengesellschaft (also as a right to tender, a replacement authorisation or a discretionary redemption right). This

provides the Company with more room to manoeuvre in determining the features of such financing instruments. It is also envisaged to allow for Bonds to be issued, subsequent to which the issuing company or RWE Aktiengesellschaft can make a declaration to the Bond creditors that it will exercise a right of exchange, pursuant to which shares of the Company ("RWE Shares") are provided in partial or full replacement of the performance originally securitised by the Bond. This option enables the Company to react to changes in underlying conditions between the issuance and the final maturity of such a Bond both flexibly and in a manner that preserves liquidity.

Conversion/option price

The conversion/option price for an RWE Share may not amount to less than 80% of the average closing quotation of the RWE Shares in Xetra trading (or a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange on the ten exchange trading days leading to the day on which the Executive Board passes a resolution on the issuance of the Bonds. Alternatively, if the shareholders are entitled to a right to subscribe the Bond, there shall be the option to determine the conversion/option price for an RWE Share based on the average closing quotation of the RWE Share in Xetra trading (or a system replacing the Xetra system with comparable functionality) during the exchange trading days on which the subscription rights are traded on the Frankfurt Stock Exchange, except for the last two exchange trading days of the subscription rights, said price also amounting to at least 80% of the determined value. Alternatively, for Bonds bearing a conversion/option right or a right of exchange of the issuing company or of RWE Aktiengesellschaft, the conversion/option price may also be determined based on the quotation of the RWE Share coinciding with the determination of the conversion/option price in accordance with the Bond Conditions, even if said quotation is below the aforementioned minimum price (80%). However, this shall not prejudice Section 9, Paragraph 1 or Section 199, Paragraph 2 of the German Stock Corporation Act.

Without prejudice to Section 9, Paragraph 1 and Section 199, Paragraph 2 of the German Stock Corporation Act, if a dilution protection or adjustment clause is in force, subject to the applicable Bond Conditions, the conversion/option price may be adjusted, in particular in the event of changes in the Company's capital during the maturity of the Bonds, e.g. a capital increase, a capital reduction or a stock split. Protection from dilution and adjustments are possible in connection with dividend payments, the issuance of further conversion/option bonds, conversion measures, and further events affecting the value of the conversion/option rights or conversion/option obligations or rights of exchange

occurring during the maturity of the Bonds (such as a takeover of control by a third party). Protection from dilution and adjustments can be effected in particular by granting subscription rights, changing the conversion/option price, and changing or providing for cash components.

Authorised capital, treasury stock, cash settlement, variable conditions

The Bond Conditions may stipulate or allow that shares from authorised capital or the Company's treasury stock also be provided if conversion or option rights are exercised or the corresponding obligations are fulfilled. To further increase flexibility, if conversion or option rights are exercised or the corresponding obligations are fulfilled, the Bond Conditions may stipulate or allow that the Company pay an individual entitled to conversion or option rights or subject to conversion or option obligations the equivalent in cash instead of paying them in RWE Shares. Such conditions enable the Company to obtain financing at conditions similar to those on the capital market without actually having to undertake a rights issue under company law. This is useful in situations where it may not be opportune to increase the capital stock on a future date on which the conversion/option rights are exercised or conversion or option obligations are fulfilled. Apart from that, the option to provide cash compensation protects the shareholders from reductions in their shareholdings and the dilution of the value of their shares as no new shares are issued. The equivalent payable in cash shall correspond to the average closing quotation of the RWE Share in Xetra trading (or a system replacing the Xetra system with comparable functionality) on the Frankfurt Stock Exchange during the ten to twenty exchange trading days following the announcement of the cash settlement.

The Bond Conditions may also envisage that, on exercise of the conversion or option rights or on fulfilment of the conversion or option obligations, the number of shares granted or the related exchange ratio is variable and can be rounded up or down to the next integer. Furthermore, to facilitate processing, it may be determined or envisaged that an additional payment be made in cash in order to combine fractional amounts and/or eliminate them in exchange for cash.

Shareholder subscription rights, exclusion of subscription rights

The shareholders shall generally be entitled to subscription rights when convertible and/or option bonds are issued. However, subject to the approval of the Supervisory Board, the Executive Board may exclude them in clearly defined cases.

The envisaged authorisation to exclude subscription rights for fractional amounts enables the requested authorisation to be exercised based on round sums. This facilitates the technical implementation of shares' subscription rights.

The Executive Board is also to be authorised to exclude subscription rights to these Bonds subject to Supervisory Board approval in order to grant rights to subscribe Bonds to holders or creditors of conversion/option rights to the Company's shares or of conversion/option obligations arising from Bonds that have been or will be issued by RWE Aktiengesellschaft or companies affiliated with the Company within the meaning of Sections 15 et seqq. of the German Stock Corporation Act on the basis of other authorisations as compensation for dilutions of rights to subscribe Bonds of a scope to which they would be entitled after exercising these rights or fulfilling these obligations. The exclusion of the subscription rights of the holders/creditors of Bonds that have already been issued has the advantage that the conversion/option price for the Bonds that have already been issued and bear protection from self-dilution does not need to be reduced. This enables the Bonds to be issued more attractively in several tranches in order to generate higher cash inflows.

Furthermore, in accordance with Section 221, Paragraph 4, Sentence 2 in conjunction with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act, the Executive Board is to be authorised to exclude subscription rights subject to Supervisory Board approval if Bonds are issued in exchange for cash and the issue price is not significantly below the theoretical market value of the Bonds calculated based on generally accepted, in particular financial, principles. This gives the Company the possibility of taking advantage of favourable situations on the stock market at short notice and place a Bond on the market quickly and flexibly at attractive conditions. By contrast, issuing bonds granting subscription rights is often less attractive in view of the increased volatility of stock markets as the issue price has to be set very early on to meet the subscription deadline, which prevents the situation on the stock market and the value of the bond from being taken advantage of optimally. This is because conditions that are favourable and as in line with the market as possible can usually only be established if the company is not bound to them for an offer period that is too long. Due to existing legal deadlines applicable to a subscription rights issue, it is usually necessary to offer a significant safety discount on the price. Section 186, Paragraph 2 of the German Stock Corporation Act allows the subscription price (and thus the Bond Conditions if convertible/option bonds are issued) to be published no later than three days prior to

expiry of the subscription deadline. However, even in such cases, there is a market risk for several days, which leads to safety discounts being included in the Bond Conditions. Irrespective of this, due to the uncertainty of utilisation, a subscription right makes it difficult to implement an alternative placement with third parties, resulting in additional efforts. Moreover, due to the length of the subscription period, the Company cannot react to changes in market conditions at short notice. This makes it difficult to raise capital.

If Bonds are issued in exchange for cash under exclusion of subscription rights in analogous application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act, the interests of the shareholders shall be safeguarded by issuing the Bonds at a price that is not substantially below their theoretical market value. In such cases, the theoretical market value shall be determined in particular by applying generally accepted financial methods. When determining the price, the Executive Board and the Supervisory Board shall minimise the discount on this market value, taking account of the situation on the capital market. This will cause the imputed value of a right to subscribe the Bonds to drop to close to zero, meaning that the shareholders will not suffer a major financial disadvantage as a result of the exclusion of subscription rights. However, the conditions can be put in line with the market and thus avoid a significant dilution in value also by implementing a book building procedure. This involves asking investors to submit purchase requests on the basis of preliminary Bond Conditions and to specify, e.g., the interest rate they deem to be in line with the market and/or other economic components. This ensures that the entire value of the Bond can be determined such that it is in line with the market and that the value of the share is not significantly diluted through the exclusion of subscription rights. Shareholders who would like to maintain their portion of the Company's capital stock can do so at conditions that are almost identical to those applicable to a purchase on the capital market. This provides an appropriate safeguard for their financial interests.

The imputed share of the capital stock attributable to shares that are issued or granted on the basis of Bonds that are issued under exclusion of subscription rights under this authorisation in analogous application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act may not exceed 10% of the capital stock when this authorisation comes into force or – if this figure is lower – when it is exercised. Shares, which (i) are issued or sold under exclusion of subscription rights during the term of this authorisation in direct or analogous application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act or (ii) are or must be issued to exercise rights granted

under exclusion of subscription rights in accordance with Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act during the term of this authorisation that confer the entitlement or impose the obligation to subscribe shares, shall count towards the 10% limit. This relates to the issuance of new shares from authorised capital, the sale of treasury stock and capital increases under exclusion of subscription rights in direct or analogous application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act.

Moreover, there shall be a possibility of excluding subscription rights if Bonds with option or conversion rights or obligations are issued in exchange for consideration in kind. This allows the Executive Board to use Bonds as acquisition currency in suitable individual cases, in particular within the scope of mergers or acquisitions of companies, parts of companies, operations, or of stakes in companies or other economic assets. In negotiations, the need may arise to offer Bonds as consideration instead of cash. Being able to offer Bonds as consideration thus primarily constitutes an advantage when competing for interesting acquisition targets. Granting Bonds as consideration can also be expedient in terms of maintaining an optimal financing structure. The Executive Board shall determine with due diligence on a case-by-case basis whether to exercise the authorisation to issue Bonds with conversion or option rights in exchange for consideration in kind under exclusion of subscription rights. It shall only exercise the authorisation if this is in the interests of the Company and, in turn, its shareholders. There are no current acquisition projects for which it is planned to use Bonds as consideration.

The Executive Board may only make use of the possibilities to exclude subscription rights if the shares to be issued to exercise option or conversion rights or fulfil option or conversion obligations do not account for a prorated share of the capital stock exceeding 10% when the resolution is passed or – if this figure is lower – when these authorisations are exercised. Shares, which (i) are issued under exclusion of subscription rights during the term of this authorisation on the basis of other authorisations or (ii) are or must be issued to fulfil rights granted under exclusion of subscription rights during the term of this authorisation on the basis of other authorisations that confer the entitlement or impose the obligation to subscribe shares, shall count towards the upper limit of 10%. This limit of the overall scope of an issuance of shares from Conditional Capital, to which other equity instruments without subscription rights shall count, shall afford the shareholders additional protection from a potential dilution of their shareholdings.

Conditional Capital

The Conditional Capital is required to exercise the conversion/option rights or fulfil the conversion/option obligations attached to the Bonds unless other forms of fulfilment are used to settle the aforementioned. The issue price shall correspond to the conversion/option price.

At present, no specific plans exist to exercise the authorisation to issue Bonds. The Executive Board shall weigh carefully on a case-by-case basis whether exercising the authorisation is in the interests of the Company and its shareholders.

The Executive Board shall report on the exercise of the authorisation under exclusion of subscription rights at the Annual General Meeting following such exercise.

Essen, March 2021

RWE Aktiengesellschaft

The Executive Board

(Dr. Rolf Martin Schmitz)

(Dr. Markus Krebber)

(Dr. Michael Müller)

(Zvezdana Seeger)