

RWE

Aktiengesellschaft

Essen

Counter motions by the German Umbrella Association of Critical Shareholders in respect of the Annual General Meeting of RWE AG on 23 April 2015

“Counter motion in respect of Item 2 on the Agenda: Appropriation of distributable profit”

The distributable profit of RWE Aktiengesellschaft for fiscal 2014 should be appropriated as follows: payment of a dividend of EUR 0.30 per dividend-bearing share = EUR 184,423,649.70.

Rationale:

The Umbrella Association of Critical Shareholders recommends that the dividend of 1 euro proposed by the RWE Executive Board be reduced to 0.30 euros per dividend-bearing share. The difference of EUR 430,321,849.30 should be invested in the Renewables Division (RWE Innogy).

In sum, the Umbrella Association proposes that the RWE Innogy Division be strengthened considerably instead of “investing up to 1 billion euros from 2015 to 2017 in the Renewables Division,” as planned by the RWE Executive Board.

It is particularly sensible to expand the “green partnership for RE,” the Green GECCO GmbH & Co. KG joint venture of RWE Innogy with 29 municipal utilities, through forward-looking investments. RWE plans to spend a total of between 2.5 and 3 billion in capital in 2015 and about 2 billion from 2016 onwards. In our opinion, capital expenditure on renewable energy should be at least tripled, namely to about 1 billion a year. This would back the announcements of the Executive Board, according to which it intends to focus on the three growth areas, i.e. 1. renewable energy, 2. network business and 3. sales, by actions.

If RWE AG decided to renounce its current ‘fossilised’ business model, the company would prevent significant losses in value in the future. Financial experts at Bloomberg and the London School of Economics are speaking of a financial bubble, which is at risk of bursting: the carbon bubble. They believe that fossil investments will decrease in value by between 40 and 60%, referring to them as stranded assets.

Counter motion in respect of Item 3 on the Agenda: Approval of the Acts of the Executive Board for fiscal 2013:”

The Umbrella Association of Critical Shareholders hereby files a motion against approving the acts of the Executive Board.

Rationale:

RWE is against the climate protection measures proposed by the German government in the Electricity Market White Paper. The group is fuelling the fear of the demise of lignite, the absence of security of supply and a reduction of jobs. RWE claims that reducing carbon dioxide in Germany would merely shift emissions abroad—a mockery in view of the high level of German electricity exports.

Damage to the climate, health and economy

According to the 2014 annual report, the share of electricity generation accounted for by lignite amounts to about 37%, with hard coal accounting for about 23%, gas accounting for about 18% and nuclear accounting for about 15% of RWE's energy mix. The share accounted for by renewable energy amounts to a mere 4.9%.

“Climate protection goals can only be achieved if North Rhine-Westphalia phases out lignite as quickly as possible,” says Dr. Dierk Bauknecht of the Öko-Institut in Freiburg. He goes on to state that electricity generation has to be fully switched to renewable energy by 2050. He believes that the energy industry can accomplish this, but that this requires all of the Rhenish opencast lignite mines to be phased out early (see the expert opinion of the Öko-Institut “Phasing Out Lignite in NRW: How Much Needs to be Mined to Sustain the Energy Industry and from the Point of View of Climate Policy?” of March 2015).

In this context, RWE is neglecting the fact that, in light of climate change, the corporate policy, which has been misguided for years, is responsible for the current economic problems. Continuing to mine lignite and produce electricity from it as well as making use of hard coal is irresponsible in terms of climate policy, detrimental to health and not sustainable. Instead of using its resources to fight the transformation of the energy system, RWE must restructure the group away from coal and nuclear.

Hard coal imports and violations of human rights

In 2014, RWE imported 16.2 million metric tons of hard coal units, which was even more than in 2013 (15.1 million mt). The coal mainly stems from Colombia, the USA, Russia and South Africa. For years, RWE has ignored facts indicating that coal mining in Colombia violates human rights, causes social rifts and destroys the environment. Some of the hard coal in the USA is mined using the mountaintop removal (MTR) method. MTR has destroyed entire mountains and valleys and poisoned the air and water in the Appalachian region. Coal mining imposes a heavy burden on the environment and health in Russia as well. In South Africa, this is compounded by the alarming shortage of water. Although RWE has been faced with these facts for years, no progress can be seen in the group's procurement policy. Instead, RWE is supporting the “Better Coal” initiative, a voluntary campaign that is neglecting the problem of imported coal and is primarily designed to improve the image of coal.

Health curtailment through lignite

RWE plans to mine lignite in the Rhenish mining region and generate electricity from it until 2080. Only few are aware of the devastating consequences this has for health. During thermal inversions and westerly winds, the Cologne Bay experiences a drastic increase in fine dust pollution caused by the Garzweiler, Hambach and Inden opencast mines as well as the region's lignite-fired power stations. In Cologne, particulate fine levels are occasionally five times higher than the limits established by the World Health Organisation (WHO).

Lignite fines, which are unhealthy for adults, are even more detrimental to the health of children. Pregnant women who are exposed to fine particulate pollution are at much higher risk of giving birth to a baby that is premature, weighs too little, has lungs that are too small or is retarded in its development.

In October of 2014, the Düren Bureau of Health published information on damage caused to health in the fine dust report, documented by current research findings (e.g. see the HEAL Study at http://www.env-health.org/IMG/pdf/heal_coal_report_de.pdf as well as the ESCAPE, LANUV and other studies).

The Cologne paediatrician Christian Döring issued a word of caution: "Particulate fines inhaled by children are like an invasion of millions of 'miniature taxis' laden with toxins driving through their lungs. Besides the dust particles themselves, the loads borne by their 'sticky' dusty surface are also detrimental. This is what carcinogenic environmental toxins, i.e. furanes and polycyclic aromatic hydrocarbons (PAHs), bond to. Upon gaining ingress via the lung, these extremely fine particulates travel through the bloodstream, reaching the children's organs. On their way, they unload their toxic load and have an inflammatory, toxic, hormonal and carcinogenic effect. The genetic damage caused to infants is especially significant because of their high rate of cell division."

RWE and Amprion

RWE AG holds a 25.1% stake in the transmission system operator Amprion to date. Amprion's construction of power transmission routes is in contradiction to the transformation of the energy system, because electricity produced from coal or nuclear energy will mainly be transmitted through them. The "D corridor" (formerly known as the southeast direct current route) starts just before the border of the state of Brandenburg near the Lausitz lignite mining region (see <http://www.stromautobahn.de/um-was-geht-es>).

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