

RWE

Corporate Governance Declaration

**pursuant to Sections 289f and 315d of the
German Commercial Code with integrated
Corporate Governance Report 2019**



Contents

BASICS OF CORPORATE GOVERNANCE	3
General remarks	
Company/Group structure	
Statement regarding the GCGC	
EXECUTIVE BOARD	4
Executive Board and Executive Board members	
Executive Board activity	
Corporate governance practices and tools	
Cooperation with the Supervisory Board	
Executive Board member remuneration and emoluments	
SUPERVISORY BOARD	7
Members and chairmanship	
Composition and diversity	
Supervisory Board procedures	
Supervisory Board activity in the reporting year	
Committees and their procedures	
Supervisory Board member remuneration	
ACCOUNTING AND FINANCIAL STATEMENT AUDITS	10
Disclosure on committees and reviews of operations as well as further reports	
Audit of the consolidated financial statements	
SHAREHOLDER/ANNUAL GENERAL MEETING	11
Disclosure on treasury stock and changes thereof	
Shareholder rights at the Annual General Meeting	
Handling of share price-sensitive information	
Related party disclosures	

Corporate governance declaration and report 2019

BASICS OF CORPORATE GOVERNANCE

General remarks

RWE Aktiengesellschaft ("RWE") is a German energy utility headquartered in Essen. The governance of RWE and its subsidiary Group companies ('RWE Group') is primarily determined by applicable statutory regulations, the Articles of Incorporation of RWE, which are available online at www.rwe.com/articles-of-association, and the provisions of the German Corporate Governance Code (GCGC).

As a German stock corporation, RWE has a two-tier governance system. This system features an executive board as managing body and a supervisory board as monitoring body and prohibits individuals from holding offices on both boards. At RWE, these two boards cooperate constructively and trustingly in the interests of the company and the Group.

Company/Group structure

RWE is a holding company. It performs central tasks for its subsidiaries, which are responsible for operating activities, e.g. in relation to taxes and finance. Operational responsibility lies with RWE Power AG and the company it manages, RWE Nuclear GmbH, in the Lignite & Nuclear segment, with RWE Generation SE in the European Power segment, and with RWE Supply & Trading GmbH in the Supply & Trading segment. The renewable energy activities acquired as of 1 October 2019 are managed by RWE Renewables GmbH. These activities have been reported as an independent segment called 'Renewables' since 1 January 2020. The aforementioned subsidiaries are associated with the holding company via control and profit- and loss-pooling agreements and are subject to the instructions of the Executive Board of RWE AG. The situation of innogy SE, which specialises in renewable energy, grids and retail and in which RWE held a 76.8% stake, was different. As RWE held innogy SE as a purely financial investment, the company operated as an independent business entity until the stake was transferred to E.ON SE on 18 September 2019.

Statement regarding the GCGC

RWE management believes that responsible and transparent corporate governance is the basis for long-term economic success. Our guiding principles are the recommendations of the most up-to-date version of the German Corporate Governance Code (GCGC). On 18 December 2019, following a mandatory review, the Executive Board and the Supervisory Board of RWE made the following comprehensive statement of compliance, which is available online at www.rwe.com/statement-of-compliance pursuant to Section 161 of the German Stock Corporation Act based on the 7 February 2017 version of the GCGC in force at the time:

"Since the last statement of compliance dated 12 December 2018, RWE Aktiengesellschaft has fully complied with the recommendations of the Government Commission of the German Corporate Governance Code published by the German Federal Ministry of Justice in the official section of the German Federal Gazette (Bundesanzeiger) on 24 April 2017 and will also comply with them in the future."

Earlier statements of compliance by RWE, which are no longer valid, can be found online at www.rwe.com/statement-of-compliance.

On 9 May 2019, the German Corporate Governance Code Government Commission issued a fundamentally revised version of the Code. The Commission stream-lined and restructured the Code while making it easier to read with a view to increasing the GCGC's acceptance among companies and investors. The Code largely renounces reciting laws. Instead, the Commission prefaces the recommendations and suggestions with mandatory principles which concisely reflect the main statutory regulations and standards for good and responsible corporate governance. In addition to these fundamental changes, the Code contains new recommendations, for instance regarding executive board remuneration and the independence of supervisory board members. Companies must continue to report on compliance with the Code's recommendations by taking the 'comply or explain' approach.

The new GCGC stipulates that companies report on corporate governance only in the corporate governance statement; the Corporate Governance Report has been abolished. Executive and supervisory boards make this statement jointly and are only responsible for the parts of the report that relate to them. The new GCGC had not yet been published in the German Federal Gazette when this statement was adopted.

We will discuss the changes introduced by the new GCGC and the necessary implementation measures in the current fiscal year. The next statement of compliance, which must be made in December 2020, will address compliance with the new Code's recommendations for the first time.

EXECUTIVE BOARD

Executive Board and Executive Board members

The Executive Board of RWE currently consists of two members, Rolf Martin Schmitz (CEO) and Markus Krebber (CFO). We have published further information on them (e.g. CVs) at www.rwe.com/executive-board-and-supervisory-board and in our latest annual report. These sources also contain disclosure on the offices held by Executive Board members on other corporate bodies. They may only accept such offices with the approval of the Supervisory Board of RWE.

The tenures of Rolf Martin Schmitz and Markus Krebber on the Executive Board of RWE end on 30 June 2021 and 30 September 2024, respectively. Rolf Martin Schmitz has additionally held the office of Labour Director since 1 May 2017. The GCGC stipulates that the initial appointment of executive board members be limited to three years. RWE has complied with this provision in the past.

As RWE is a holding company, it is involved in operating activities only to a limited extent and therefore only needs a two-member executive board. Although it only has two members, this corporate body unites a wide range of expertise and possesses the qualifications needed to fulfil its tasks: Rolf Martin Schmitz holds a doctorate in mechanical engineering and Markus Krebber is a qualified banker and holds a doctorate in economics. As a result of the current staffing of the Executive Board and the tenure of its two members, the female quota of this corporate body will be zero until further notice. This was taken into account by the Supervisory Board of RWE when establishing a target quota: At its meeting on 23 June 2017, the corporate body set the quota at zero for the five-year period ending in mid-2022, in accordance with the German law on the equal representation of women and men in managerial positions in the private and public sectors (Teilhabegesetz). Nevertheless, this quota may be exceeded if the Executive Board is enlarged or one of its two members retires from the corporate body early.

The number of women in executive positions has increased significantly in recent years. We want this trend to continue. The Executive Board of RWE has set the minimum target female quota for the first management level at the Group's holding company by 30 June 2022 at 30%. A target of 20% was established for the second management level. The first management level includes employees who bear responsibility for other employees and have a direct reporting line to the Executive Board. The second management level comprises employees who bear responsibility for other employees and have a direct reporting line to the first management level. The aforementioned diversity goals only apply to the parent company, RWE. The subordinate Group companies have established their own goals, on which they report independently.

Based on the recommendations of the GCGC and in line with statutory regulations, the Supervisory Board adopted a skills matrix for Executive Board members which takes account of the diversity requirements for this corporate body. The main criteria when selecting candidates for long-term succession planning are thus the professional qualifications for the office in question, leadership skills, track record and knowledge of the sector. In this context, diversity is primarily to be achieved by selecting individuals with varying, mutually complementary profiles, in particular with respect to their professional and life experiences. Appropriate gender representation is another objective.

When appointing individuals to the Executive Board, the Supervisory Board also takes the following goals into account:

- The Supervisory Board aims to achieve an appropriate female quota in the medium term by restaffing vacancies resulting from natural attrition.
- The Executive Board should have profound knowledge of the public sector – in particular of politics (to the extent relevant to the energy sector) in Germany at both the municipal, state and federal levels. An equal level of expertise should also be present at the EU level and in relation to other countries which are of special significance to the development of RWE's business.
- In view of RWE's international operations, the Executive Board of RWE should also have an appropriate number of members with international experience in the energy sector.
- On the whole, the Executive Board should have years-long leadership experience in industry, in particular in running companies.
- Accordingly, the Executive Board should be capable of further developing the company's strategic orientation and ensuring that it is implemented as well as setting up a suitable risk management and risk controlling system within the company and maintaining it.
- In addition, taking account of the situation specific to the company, the members of the Executive Board should possess the most company-specific knowledge and leadership experience possible of significance to the operating activities. When candidates are selected, it should be seen to it that the Executive Board's composition is balanced in order to ensure that the desired expertise is spread throughout the Executive Board as widely as possible.
- The desired expertise that is missing or should be expanded on the Executive Board should be identified before restaffing a position. Candidates possessing this expertise should be identified. Succession planning should be conducted taking account of the age limit established for Executive Board members. Executive Board members reach the age limit when they turn 63. They can be reappointed for a year at a time thereafter, with the maximum duration of such reappointments being reached when they turn 65.

The Supervisory Board regularly determines the degree to which the Executive Board members fulfil the aforementioned requirements, the appropriateness of the composition of the Executive Board, and whether the performance targets of the skills matrix are expedient.

Safeguarding the interests of the company and considering the specifics of the case in question, the Supervisory Board chooses from among the suitable candidates the individual who takes the vacant seat on the Executive Board.

Executive Board activity

The Rules of Procedure for the Executive Board, which are available online at www.rwe.com/articles-of-association, establish the special tasks performed by the Chairman of the Executive Board, the matters entrusted to the Executive Board as a whole, the procedure for passing resolutions, and the majorities required to pass resolutions on a case-by-case basis. Responsibilities for the Executive Board offices are established in the schedule of responsibilities.

The Executive Board normally convenes for a meeting requiring physical attendance once every two weeks. It is informed of the impending issues by the relevant departments. The Executive Board's lean structure with just two members makes it easier to coordinate its activity in between meetings requiring physical attendance and by circular.

Corporate governance practices and tools

Information on the activity and decisions of the Executive Board is published in the annual reports, half-year reports and quarterly statements, all of which are issued at regular intervals. The dates on which these documents are published can be found in the Financial Calendar at www.rwe.com/financial-calendar. In addition, RWE publishes information on events within the Group that are of relevance to the capital market when they occur.

As one of Europe's largest power producers, RWE shoulders substantial responsibility for the environment and society. We fulfil the resulting duties conscientiously. In this context, centre stage is taken by environmental, employee and social matters as well as adherence to human rights. What we do to discharge our responsibility to society and the varied expectations of our stakeholder groups is documented in our Corporate Responsibility Report (CR Report), which appears annually and meets the substantive requirements for sustainability reports and non-financial declarations in accordance with Sections 315 b and 315 c of the German Commercial Code. The 2019 CR Report will be published in April 2020 and is available on the Internet at www.rwe.com/CR-report.

Compliance is another topic that is taken very seriously at RWE. It is important to us that the work done in our company is in order. Of course, first and foremost this means that all entrepreneurial activity must be in accordance with statutory regulations. However, to us compliance also involves observing ethical standards and principles to which the company has subjected itself voluntarily. The decisive factors in this respect are the rules contained in our groupwide Code of Conduct, which is available online at www.rwe.com/code-of-conduct. The principles of this Code lean heavily on those of the United Nations Global Compact and thus also help ensure responsible and legally compliant action within the RWE Group.

RWE has established a comprehensive compliance management system, the fundamentals of which we disclose at www.rwe.com/compliance and in our CR Report. Suspected and actual legal violations can be reported to superiors or compliance officers via various channels. An independent external contact can also be involved. This contact is not only at the disposal of employees, but also accepts leads from individuals outside the company, e.g. business partners.

Another fundamental prerequisite for good corporate governance is the systematic identification, assessment and management of risks. In line with statutory regulations, the Executive Board has established a professional risk management system at RWE. We report on the design of this system as well as on our current material risks and opportunities in our annual reports.

Cooperation with the Supervisory Board

The Executive Board and the Supervisory Board of RWE work closely together for the benefit of the company and communicate with each other regularly. The Executive Board informs the Supervisory Board in a regular, timely and comprehensive manner of all the material aspects of the company's strategic orientation, business trend, compliance and risk management. Furthermore, it keeps the Supervisory Board updated on the company's earnings, risk exposure and material transactions. Deviations from the forecast business trend are discussed and reasoned in the process.

Executive Board member remuneration and emoluments

Our Executive Board remuneration system is in line with the GCGC. The same applies to the manner in which we report on it. Details on the design of the remuneration system and the level of Executive Board member emoluments can be found in the Remuneration Report which we publish in the Annual Report.

Article 19 of the EU Market Abuse Regulation requires Executive Board members to publish their purchases and sales of RWE shares. There were no such transactions during the fiscal year.

SUPERVISORY BOARD

Members and chairmanship

RWE's Supervisory Board consists of 20 members and is equally staffed by shareholder and employee representatives, in line with the German Co-determination Act. We will provide information on the members of the Supervisory Board and their CVs in the 2019 Annual Report, which will be published on 12 March 2020, and on our website at www.rwe.com/executive-board-and-supervisory-board where we also disclose when the members were appointed and the additional offices they exercise on other supervisory and management boards.

Composition and diversity

RWE's Supervisory Board has given itself a skills matrix to ensure that new members are selected based on objective suitability criteria. This corporate body must be staffed so that it can perform the monitoring and advisory functions entrusted to it by the German Stock Corporation Act and the GCGC in a qualified and orderly manner at all times. The Supervisory Board should have at least one competent contact for each aspect of its activity so that all the necessary expertise and experience is provided by the Supervisory Board members collectively. However, each Supervisory Board member is required to possess indispensable general knowledge and experience on top of that. The Supervisory Board gave itself a skills matrix at its meeting on 12 December 2011 in light of a recommendation of the GCGC to do so and has constantly refined it since then. The skills matrix is to be adapted in the run-up to the 2021 Supervisory Board elections in view of the major asset swap with E.ON and the resulting transformation of the RWE Group. This will happen in fiscal 2020.

The competency and skills matrix includes a binding concept of diversity on the Supervisory Board. The Supervisory Board set itself the goal of raising the women quota on the corporate body to 30% before the German Equal Participation Act came into force. The minimum female quota of 30% mandated by the law was achieved for the first time in the 2016 Supervisory Board elections. The Supervisory Board does not currently aim for a target quota exceeding the target established by law.

Moreover, the current **competency and skills matrix** includes the following provisions:

- A sufficient number of candidates may not have a tenure on the Supervisory Board in excess of 15 years without having a legal impact on the possibility of employee representatives to be elected.
- At least twelve of the 20 Supervisory Board members should be independent, with at least six of them being independent shareholder representatives.
- In addition to the general requirements in terms of education, reliability, professional experience and expertise, Supervisory Board members should satisfy the following prerequisites or – if they exceed the minimum standard mandated by the German Stock Corporation Act – acquire them:
 - General understanding of the RWE Group's business fields, market environment, customer needs and strategic orientation
 - Ability to understand and evaluate reports submitted to the Supervisory Board and to draw their own conclusions from them
 - Ability to assess the correctness, economic viability, usefulness and legality of business decisions up for assessment
- The following points are extremely relevant when it comes to the specific knowledge of the individual Supervisory Board members, which also has to be possessed by the corporate body as a whole:
 - Appropriate expertise and personal experience in the energy sector, knowledge of its political importance and interdependencies of various stakeholder interests in relation to the sector

- Leadership experience
- Profound knowledge of the public sector
- International experience in the energy sector, knowledge of its political importance and of domestic and international interests in relation to the sector
- Appropriate expertise in co-determination matters
- Expertise in accounting and financial statement audits possessed by at least one independent Supervisory Board member
- Special knowledge and experience in applying accounting principles and internal monitoring methods possessed by the Chairman of the Audit Committee. Moreover, this Chairman must be independent and should not be a former member of the company's Executive Board whose appointment ended less than two years prior
- Appropriate expertise in digitisation

Besides the competency and skills matrix, the Rules of Procedure for the Supervisory Board, which are available online at www.rwe.com/articles-of-association, also contain provisions governing the composition of the corporate body. They stipulate that members may not remain in office past the end of the Annual General Meeting following their 72nd birthday.

With its current staffing, the Supervisory Board of RWE meets all of the aforementioned requirements. Collectively, its members possess all of the material knowledge, skills and experience required to fulfil their tasks in an orderly fashion. Based on the prevailing definition, the independence criterion is met at least by the following shareholder representatives: Werner Brandt, Ute Gerbaulet, Hans-Peter Keitel, Monika Kircher, Erhard Schipporeit and Wolfgang Schüssel.

New Supervisory Board members receive a comprehensive package of material including the Articles of Incorporation, the Rules of Procedure for the Supervisory Board, the Audit Committee and the Executive Board as well as information on requirements that must be met by the Supervisory Board members to comply with capital market law and on liability insurance (D&O insurance policy). In addition, personal appointments can be made with the Board Office, which belongs to the Legal Department of RWE, to obtain assistance in the familiarisation phase. In these meetings, the board members are explained how to use the online portal for the Supervisory Board, among other things. Furthermore, RWE supports Supervisory Board members in fulfilling their tasks through basic and advanced training which, as a rule, is completed at the discretion of each Supervisory Board member.

Supervisory Board procedures

The Supervisory Board appoints the Executive Board, advises it in running the company, and monitors its activity. It also has the power to dismiss Executive Board members. Furthermore, it decides on the Executive Board remuneration system and the level of Executive Board member remuneration. The corporate body is involved in all of RWE's major business decisions. The Articles of Incorporation of RWE (§ 7) and the Rules of Procedure for the Supervisory Board (§ 8), which are available at www.rwe.com/articles-of-association, define a list of transactions which the Executive Board may conduct with the approval of the Supervisory Board. This condition also applies pursuant to the Rules of Procedure for the Supervisory Board (Article 8, Paragraph 3) if the Executive Board of RWE is involved in such a transaction of an affiliated company, e.g. by following instructions or with approval.

The principles of the cooperation of the Supervisory Board of RWE are set forth in the Rules of Procedure for the Supervisory Board, which are available online at www.rwe.com/articles-of-association. The members of this corporate body are obliged to take the basic and advanced training measures required to perform their tasks. This obligation has always been fulfilled. They receive RWE's assistance in doing so: For instance, RWE regularly holds information forums at which Supervisory Board members can be trained on topics of importance to them.

Moreover, the Supervisory Board regularly reviews the efficiency of its work. The last such review was conducted in the autumn of 2019. After two reviews without third-party support, a service provider, Russel Reynolds LLP, was involved. The focal points of the efficiency review were the Supervisory Board's work, broken down into strategy, structure and processes. The composition of the corporate body as well as culture and leadership were also reviewed. The results of the analysis are to be taken into account in refining the skills matrix.

Detailed information on the work of the Supervisory Board and its committees can be found in the latest Supervisory Board Report at www.rwe.com/executive-board-and-supervisory-board.

Supervisory Board activity in the reporting year

In 2019, the Supervisory Board again performed all of the tasks imposed on it by German law and the Articles of Incorporation. It advised the Executive Board on running the company and monitored its activities attentively. In addition, it was consulted on all fundamental decisions. The Executive Board informed it of material aspects of the business trend, earnings and risks regularly, extensively and in a timely fashion.

The Supervisory Board took its decisions based on detailed reports and draft resolutions submitted by the Executive Board. It had ample opportunity to discuss the Executive Board's reports and draft resolutions in its plenary sessions and in its committees. It was also informed extensively by the Executive Board of projects and transactions of special importance or urgency at extraordinary meetings and in between meetings. The Supervisory Board passed the resolutions required of it by law or the Articles of Incorporation. Where necessary, it also did so by circular. The Chairman of the corporate body was constantly in touch with the Executive Board in order to discuss as soon as possible events of material importance to the Group's situation and development.

Last year, the Supervisory Board convened five ordinary and three extraordinary meetings. The shareholder and employee representatives on the Supervisory Board discussed the items on the agenda of the plenary meetings in separate preliminary talks. Further information on the meetings, e.g. Supervisory Board member attendance, and on the topics addressed can be found in the Supervisory Board Report at www.rwe.com/executive-board-and-supervisory-board.

In fiscal 2019, certain members of the Executive Board and Supervisory Board of RWE were also members of the Supervisory Board of innogy SE. This led to conflicts of interest in the run-up to the sale of our investment in innogy to E.ON. Monika Krebber and Erhard Schipporeit, who sat on the Supervisory Board of RWE, thus refrained from participating in the discussions and passage of resolutions of the Supervisory Board of RWE regarding the transaction and did not receive any documents concerning these topics in preparation of the meetings. The Executive Board member Markus Krebber acted likewise whenever the Supervisory Board of innogy, on which he sat, concerned itself with the transaction. On 18 September 2019, the day on which the investment in innogy was transferred to E.ON, Monika Krebber and Reiner Böhle retired as innogy's employee representatives from the Supervisory Board of RWE. Anja Dubbert and Matthias Dürbaum were appointed their successors by the Essen District Court on 27 September 2019. Moreover, on 4 October 2019, Markus Krebber and Erhard Schipporeit resigned their offices on the Supervisory Board of innogy.

Committees and their procedures

At present, there are six standing Supervisory Board committees: the Executive Committee, the Mediation Committee in accordance with Section 27, Paragraph 3 of the German Codetermination Act, the Personnel Affairs Committee, the Strategy Committee and the Nomination Committee. More detailed information on their tasks and composition can be found in Articles 10 et seqq. of the Rules of Procedure for the Supervisory Board at www.rwe.com/articles-of-association. Information on the members and chairmen of the committees can be found at www.rwe.com/executive-board-and-supervisory-board. The Supervisory Board is regularly informed of the work of the committees by their chairmen. More detailed information on this can be found in the latest Supervisory Board Report. It also contains an overview of Supervisory Board member attendance at the meetings of this corporate body and of its committees, broken down by individual.

Supervisory Board member remuneration

The remuneration of the Supervisory Board is governed by the provisions of the Articles of Incorporation of RWE, which are available at www.rwe.com/articles-of-association and stipulate that the Chairman of the Supervisory Board receives €300,000 in fixed remuneration per fiscal year. His or her deputy receives €200,000. The other Supervisory Board members receive €100,000 in addition to remuneration for committee mandates as follows: The members of the Audit Committee receive an additional remuneration of €40,000. This additional payment is increased to €80,000 for the Chair of this committee. With the exception of the Nomination Committee, the members and the Chairs of all the other Supervisory Board committees receive an additional €20,000 and €40,000 in compensation, respectively. Supervisory Board members who hold several offices in this corporate body concurrently only receive compensation for the highest-paid position.

The members of the Supervisory Board have imposed on themselves the obligation, subject to any obligations to relinquish any portion of their pay, to spend 25% of the total compensation paid (before taxes) to buy RWE shares and to hold them for the duration of their membership of the RWE Supervisory Board.

Article 19 of the EU Market Abuse Regulation requires Supervisory Board members to publish their purchases and sales of RWE shares. In 2019, Supervisory Board members only reported purchase transactions; there were no sale notifications. The share purchases served the purpose of fulfilling the aforementioned self-imposed obligation. All of the share transactions concluded by Supervisory Board members that were reported to us were published Europe-wide in notifications pursuant to Article 19 of the EU Market Abuse Regulation.

Details on the remuneration of the Supervisory Board and on the level of Supervisory Board member emoluments can be found in the Remuneration Report which we publish in the Annual Report.

ACCOUNTING AND FINANCIAL STATEMENT AUDITS

Disclosure on committees and reviews of operations as well as further reports

In addition to the annual financial statements, RWE prepares half-year financial statements in compliance with Section 115 of the German Securities Trading Act as well as quarterly statements pursuant to Section 53 of the Frankfurt Stock Exchange Regulations. RWE's separate financial statements, the yardstick for determining the dividend payment, are prepared in accordance with the German Commercial Code. The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). Besides its annual and half-year financial statements, RWE publishes reviews of operations in accordance with Section 289 of the German Commercial Code, which report on the development of the company's business and its situation.

Moreover, RWE provides information on major environmental and social issues in the CR Report, which is issued once a year. This publication also meets the statutory requirements imposed on the non-financial declaration and the sustainability report and is published on our website.

The dates on which the aforementioned documents are published are listed in our Financial Calendar, which is available at www.rwe.com/financial-calendar.

Audit of the consolidated financial statements

The Supervisory Board's Audit Committee oversees the audit of the financial statements and ensures that it meets applicable quality standards. It verifies that the auditors are independent and reviews the additional services rendered by the auditors of the financial statements. Furthermore, it prepares the proposal regarding the election of the auditor of the financial statements that is made to the Annual General Meeting and submits a corresponding recommendation. The Audit Committee is also in charge of granting the audit award, determining supplementary focal points of the audit, and reaching a fee agreement with the auditors of the financial statements. During the audit, the Chairman of the Audit

Committee maintains constant contact with the auditors of the financial statements and discusses the contents of the audit of the financial statements with them. The auditors of the financial statements are elected by the Annual General Meeting for a year at a time in compliance with statutory regulations. Last year, the Annual General Meeting of RWE appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) auditors for the financial statements for fiscal 2019, acting on the proposal by the Supervisory Board. The legal provisions governing the rotation of financial statement auditors mandate that we enlist the services of PwC for the audit for the last time for fiscal 2023. Moreover, PwC has internal rotation mechanisms in place to ensure that audit actions are performed with the due distance to the company.

Before the Audit Committee recommends financial statement auditors to the Supervisory Board, it requests and receives from the auditing firm a statement of whether and the extent to which business, financial, personal or other relations exist between the auditing firm, its committees, boards, and its audit directors on the one hand and the audited RWE companies and their committees and boards on the other that could substantiate doubts regarding the independence of the auditors of the financial statements. The auditor is obliged to inform the Chairman of the Audit Committee immediately of any issues arising during the audit that substantiate the bias of the auditors or their removal from the audit and cannot be resolved immediately. Likewise, they must inform the Supervisory Board of all of the issues material to its tasks, of which they gain knowledge during the audit of the financial statements. Furthermore, they must inform the Supervisory Board of or state in the audit report any facts they identify that contradict the company's statement of compliance.

Our annual reports contain information on the fees paid to PwC. In 2019, the consultancy fees for non-audit related services were exceptionally high owing to the complexity of the asset swap with E.ON: they accounted for more than 30% of the total fees.

SHAREHOLDERS/ANNUAL GENERAL MEETING

Disclosure on treasury stock and changes thereof

On 3 May 2019, RWE's Annual General Meeting and Preferred Shareholders' Meeting passed a resolution to convert all preferred shares to voting bearer common shares. The matching amendment to the Articles of Incorporation was entered into the Commercial Register before the Essen District Court (HRB 14525) on 28 June 2019, thus becoming effective on that day. As a result of the amendment to the Articles of Incorporation, a total of 39,000,000 non-voting preferred shares were converted to voting bearer common shares while abolishing the preferred right to dividends. By reducing the number of share classes to one, the number of RWE common shares rose to 614,745,499. RWE's capital stock remains €1,573,748,477.44.

Shareholder rights at the Annual General Meeting

RWE shareholders primarily exercise their rights by participating in the passage of resolutions and asking questions at the Annual General Meeting. Each share entitles its holder to one vote. Our shareholders have the right to file reasoned motions relating to Executive or Supervisory Board proposals regarding agenda items at the Annual General Meeting. Shareholders who collectively account for one-twentieth of the capital stock or hold a prorated share of €500,000 can request additional items to be placed on the agenda and published as such. The Chairman of the Annual General Meeting shall endeavour to limit the event to six hours. However, this goal was not achieved in the last few years, because a large number of attendees usually wish to take the floor. RWE posts the Invitation to the Annual General Meeting along with the required documents and report on the Internet at www.rwe.com/annualgeneralmeeting. RWE shareholders can also exercise their voting rights by transferring them to proxies appointed by the company who are bound to their instructions.

The Annual General Meeting passes a resolution on the Executive Board's remuneration system at regular intervals ('say on pay'). The last such resolution was passed on 27 April 2017. This involved the retrospective approval of adjustments to the remuneration system made in the preceding year. In compliance with the Act on the implementation of the Second Shareholder Rights Directive (ARUG II), we will call for a shareholder vote on the remuneration system for the first time at the 2021 Annual General Meeting.

RWE fulfils the legal requirements concerning the convocation of a General Meeting in the event of structural measures. Decisions on the convocation of a General Meeting in the event of a takeover of the company are made on a case-by-case basis.

Handling of share price-sensitive information

RWE publishes all material information relating to the company's situation on the RWE website at www.rwe.com. This includes the annual and interim financial statements, annual reports, half-year reports and quarterly statements, press and ad-hoc releases as well as voting right notifications. We hold conference calls with financial analysts and investors that are simulcast on the Internet whenever earnings are published.

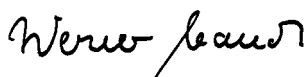
RWE maintains an extensive dialogue with financial analysts, investors and other capital market participants between these publication dates as well. An essential tool of our investor relations are on-site talks conducted during roadshows and conferences. Following the recommendations of the GCGC, at RWE, the Chairman of the Supervisory Board is involved in these activities. In fiscal 2019, two roadshows were held at both the London and Frankfurt (Main) financial hubs, at which Werner Brandt spoke with institutional investors about issues relating to the Supervisory Board.

Related party disclosures

No contracts were concluded between members of the Supervisory Board and RWE AG in fiscal 2019. Memberships of Executive and Supervisory Board members of corporate bodies of other companies and transactions with related parties are disclosed in the most current annual report.


RWE Aktiengesellschaft

On behalf of the Supervisory Board



Dr. Werner Brandt

On behalf of the Executive Board



Dr. Rolf Martin Schmitz



Dr. Markus Krebber

Essen, 14 February 2020