

**RWE**

**Rules of Procedure  
for the  
Supervisory Board**

**Version of 6 March 2020**



# I. Supervisory Board and Supervisory Board Members

## § 1 Tasks of the Supervisory Board

- (1) The Supervisory Board shall advise the Executive Board in managing the Company and monitor its management of the Company.
- (2) The Supervisory Board shall work closely together with the Executive Board for the benefit of the Company.
- (3) The Supervisory Board shall review the efficiency of its activity regularly, at least once after its members have completed half of their regular tenure.

## § 2 Membership in the Supervisory Board

- (1) All members of the Supervisory Board must possess the knowledge, skills and professional experience required to perform their duties in an orderly fashion and be sufficiently independent. All members of the Supervisory Board shall see to it that they have enough time to exercise their mandates.
- (2) Any Supervisory Board member who also sits on the executive board of a listed company shall not exercise more than a total of three supervisory board mandates in listed companies that are not part of the group of the company in which the executive board activity takes place.
- (3) The Supervisory Board may not include more than two former members of the Company's Executive Board. Supervisory Board members may not be involved in committee work or act as advisors for a major competitor of the Company or of a Group company.
- (4) The aforementioned rules shall be taken into account when proposals are made to elect Supervisory Board members.

## § 3 Rights and Duties of the Supervisory Board Members

- (1) Supervisory Board members shall have equal rights and duties. They shall not be bound to assignments or instructions.
- (2) Even after their resignation from office, the members of the Supervisory Board shall be obligated to maintain strict silence on confidential information and secrets of the Company of which they gain knowledge through their activity on the Supervisory Board. This shall apply above all to confidential reports and confidential consultations.
  - (2a) The obligation to maintain secrecy according to the law and Article 3, Paragraph (2) shall be constituted by the following:
    - a) Confidential information as defined by Article 3, Paragraph (2) shall be constituted by all information which is either explicitly classified as being confidential or for which, if disclosed, based on sound commercial reasoning, it cannot be ruled out that the interests of the Company may be jeopardized. A secret as defined by Article 3, Paragraph (2) shall be constituted by any fact directly or indirectly related to entrepreneurial and Company-internal activity which is only known to a limited number of people, the confidentiality by Company officials of which, based on sound commercial reasoning, can be assumed to be desired and the confidentiality of which is required to serve the interests of the Company.
    - b) The Chairman of the Supervisory Board shall be informed in advance if a member of the Supervisory Board intends to pass on to third parties information, the communication of which is not obviously permissible. If the Chairman does not approve the release of the information, (s)he shall inform the other Supervisory Board members of this and see to it that the Supervisory Board establishes a position on the matter immediately. The Supervisory Board member in question shall maintain strict silence on the information until said position has been established.

- (3) Every Supervisory Board member shall undertake to serve the Company's interests. When making decisions, no member may pursue personal interests or take personal advantage of business opportunities to which the Company is entitled. Every Supervisory Board member shall disclose to the Supervisory Board conflicts of interest – especially those conflicts of interest that may result from consulting activity or committee work for customers, suppliers, lenders, or other business partners.
- (4) Every Supervisory Board member shall inform the Company and the German Federal Financial Services Regulator (Bundesanstalt für Finanzdienstleistungsaufsicht) without undue delay and within three working days after the date of the transaction, at the latest, of any personal transactions involving shares or bonds in the Company or related financial instruments – especially those concerning derivatives (e.g. stock options). These obligations to provide information shall also apply in the event that the aforementioned transactions are made by individuals which are closely related to a member of the Supervisory Board. Such individuals shall be spouses, partners considered to be equivalent to a spouse, dependent children and a relative who has shared the same household for at least one year on the date of the transaction concerned as well as a legal person, trust or partnership, the managerial responsibilities of which are discharged by a Supervisory Board member or which are subject to Article 3 para. 1 no. 26 lit. d) of the Regulation (EU) No 596/2014 of the European Parliament and of the council of 16 April 2014. The notification obligation shall only apply to any subsequent transaction once a total amount of EUR 5,000 or a higher threshold<sup>1</sup> as determined by the German Federal Financial Services Regulator has been reached within a calendar year. The threshold shall be calculated by adding all transactions of a Supervisory Board member without netting.

<sup>1</sup> As of 1.1.2020 the German Federal Financial Services Regulator has increased the threshold from EUR 5,000 to EUR 20,000.

#### § 4 Chairman and Deputy

- (1) The Supervisory Board shall elect the Chairman and his or her Deputy from among its members in compliance with Article 27, Paragraphs 1 and 2 of the German Co-Determination Act (MitbestG). The election shall be held following the Annual General Meeting at which the Supervisory Board members representing the shareholders have been elected at a Supervisory Board meeting that does not require a special convocation. The election process shall be overseen by the eldest member of the Supervisory Board.
- (2) If the Chairman or his or her Deputy leaves the Supervisory Board before the end of his or her tenure, upon request of a Supervisory Board member, a new Chairman or Deputy shall be elected at a Supervisory Board meeting that shall be convened immediately, prior to any other resolutions being passed by the Supervisory Board.
- (3) The Deputy shall only be conferred the rights and duties of the Chairman if the Chairman is unable to exercise them and the law or the Articles of Association do not stipulate otherwise.
- (4) Statements made by the Supervisory Board and its committees shall be made by the Chairman in the name of the Supervisory Board. The Chairman of the Supervisory Board may discuss Supervisory Board-related issues – within reasonable limits – with investors. He shall subsequently inform the Supervisory Board on such discussions.

#### § 5 Meetings

- (1) The Chairman of the Supervisory Board shall convene the Supervisory Board for a meeting at least twice within a calendar half year. Furthermore, the Supervisory Board shall be convened if this is requested by a member of the Supervisory Board or by the Executive Board, stating the purpose and the grounds therefor. Such meetings shall take place within two weeks from their convocation.

If this request is not complied with, the Supervisory Board member or the Executive Board may convene the Supervisory Board themselves, communicating the subject matter and an agenda.

- (2) Supervisory Board meetings shall be convened in writing, via facsimile, or via electronic media at least fourteen days prior to the day of the meeting. The agenda items shall be communicated together with the invitation. Draft resolutions on agenda items shall be communicated prior to the meeting early enough to allow for absent Supervisory Board members to cast votes in writing.
- (3) The Chairman may cancel or reschedule a convened meeting after a due assessment of the circumstances. The Chairman shall appoint the minute taker and decide on the involvement of experts and people furnishing information on individual agenda items.
- (4) The members of the Executive Board shall attend the meetings unless otherwise determined by the Chairman of the Supervisory Board.

## § 6 Passage of Resolutions

- (1) As a rule, Supervisory Board resolutions shall be passed at meetings. Absent Supervisory Board members may participate in the passage of resolutions at a meeting by submitting written votes through another Supervisory Board member. A vote cast via facsimile or electronic media shall also be considered a vote cast in writing. An absent member may cast a vote retrospectively only with the consent of all present members.
- (2) The Chairman shall head the meeting. The Chairman shall determine the order in which the agenda items are discussed as well as the method and order of the voting. The Chairman may adjourn the discussion and passage of resolutions on individual agenda items after a due assessment of the circumstances.
- (3) Resolutions on agenda items that have not been communicated in good time may only be passed as long as none of the members objects to the procedure.

In such cases, absent members shall be afforded the opportunity to object to the passage of the resolution within an appropriate time limit set by the Chairman; the resolution shall only become effective if none of the absent members has objected within the time limit.

- (4) A Supervisory Board resolution may also be passed outside of meetings through votes cast orally, via the telephone, in writing, via facsimile, or via electronic media upon the Chairman's request.
- (5) The Supervisory Board shall be considered to have a quorum if at least one-half of the members of whom it is to consist participate in the passage of resolutions. A member shall be deemed to participate in the passage of resolutions also if he or she abstains from casting a vote. The resolutions require a majority of the votes cast unless a different majority is compellingly prescribed by the law. In the event of a tie vote, and when a new vote is taken on the same matter which results in a second tie vote, the Chairman shall have two votes. The second vote may also be cast in writing in accordance with Paragraph (1), Sentences 2 and 3. The Deputy Chairman shall not be entitled to the second vote.
- (6) If an unequal number of shareholder and employee representatives on the Supervisory Board participate in the passage of resolutions, or if the Chairman of the Supervisory Board does not participate, the passage of resolutions shall be adjourned if so requested by two Supervisory Board members. In the event of an adjournment, unless an extraordinary Supervisory Board meeting is convened, the renewed passage of the resolutions shall take place at the next regularly scheduled meeting. The next passage of the same resolutions may not be adjourned by a minority.
- (7) The Chairman shall prepare and implement the Supervisory Board's resolutions.

## § 7 Minutes of Meetings and Resolutions

- (1) Minutes shall be taken of the Supervisory Board's meetings, and these shall be signed by the Chairman. The minutes shall include the location and day of the meeting, the participants, the agenda items, the material subject matter of the deliberations, and the resolutions of the Supervisory Board. A copy of the minutes shall immediately be sent to every Supervisory Board member.
- (2) Resolutions that are not passed at meetings shall be recorded in minutes by the Chairman of the Supervisory Board. A copy of the minutes shall immediately be sent to every Supervisory Board member. Furthermore, such resolutions shall be included in the minutes of the next meeting.
- (3) The minutes according to Paragraph (1) or Paragraph (2) shall be deemed approved if none of the Supervisory Board members who participated in the passage of resolutions files a written objection with the Chairman within a month from the date on which the minutes were sent.
- (4) Resolutions passed by the Supervisory Board may be taken to the minutes verbatim at the meetings and signed by the Chairman immediately thereafter. Whenever resolutions are taken to the minutes separately in this manner, they may only be objected to at the meeting.

## § 8 Transactions Requiring Approval

- (1) The Executive Board requires Supervisory Board approval for:
  - a) the acquisition, sale and encumbrance of real estate and hereditary building rights;
  - b) the acquisition and sale of companies or parts of companies or shares therein;
  - c) the assumption of warranties, guarantees or similar liabilities outside the ordinary course of business;

provided that in transactions according to Items a) through c) the value exceeds 8% of the Company's capital stock in each individual case,

- d) the issuance of bonds;
- e) the passing of the Company planning (Article 16, Paragraph (1), Sentence 5);
- f) changes in the Group's organization/the Group's structure;
- g) the establishment of a new or abolition of an existing intermediate holding company with management function, the change of its legal form, especially when using a European or foreign corporate form, as well as the transfer of its domicile beyond the national borders of the Federal Republic of Germany; provided that the transactions stated in Items f) and g) are either linked to a transfer of assets disclosed at more than EUR 500 million in the Company's balance sheet or, provided that the transactions result in a reduction of the Company's direct influence ("Gelatine" effect)<sup>1</sup> on a subordinate company level the book value of which amounts to at least EUR 500 million;
- h) the abandonment of an existing business segment provided that this business segment accounted for external revenue of more than EUR 500 million in the fiscal year preceding the resolution; likewise, for the addition of a new business segment provided that external revenue of at least a corresponding amount is to be expected according to the Company planning in the year of addition or in one of the three subsequent fiscal years.

- (2) Approval in accordance with Paragraph (1), Items a) through c) shall not be required for transactions with affiliated companies.
- (3) Furthermore, the Executive Board requires Supervisory Board approval if it becomes involved in transactions at affiliated companies in accordance with Paragraph (1), Items a) through h) (with the exception of the transactions stated in Paragraph (2)) through instructions, approvals, votes or in any other manner.

<sup>1</sup> Named after the so-called "Gelatine" decisions of the German Federal Court of Justice dated 26 April 2004 (BGH II ZR 155/02).

- (4) Irrespective of the provisions of Article 112 of the German Stock Corporation Act (AktG), transactions between the Company and a company affiliated with it or between the Company and an Executive Board member or individuals or undertakings with which an Executive Board member is associated, which have an underlying value exceeding EUR 50,000, shall require Supervisory Board approval.
- (5) Other activities undertaken by an Executive Board member as defined in Article 88 of the German Stock Corporation Act (AktG) require Supervisory Board approval, as does other sideline employment of Executive Board members with due regard to the exercise of supervisory board mandates and mandates in comparable supervisory bodies of commercial enterprises that do not belong to the Group.

## II. Committees

### § 9 General Rules

- (1) The Supervisory Board shall establish from amongst its members an Executive Committee (Article 10), a Personnel Affairs Committee (Article 11), an Audit Committee (Article 12), a Strategy Committee (Article 13), a committee in accordance with Article 27, Paragraph 3 of the German Co-Determination Act (MitbestG) (Article 14), and a Nomination Committee (Article 15). Their members shall be elected at the Supervisory Board meeting mentioned in Article 4, Paragraph (1), Sentence 2. Further committees shall be established if necessary.
- (2) The Supervisory Board shall appoint a chairman for each committee from amongst the members of the respective committee as long as these Rules of Procedure do not contain different rules.
- (3) Committee meetings shall be convened by their respective chairmen. Every member shall have the right to request the convocation of a meeting as long as grounds are stated therefor. As a rule, notices of convocation shall not be sent less than a week prior to the date of the meeting.
- (4) Committees which make decisions instead of the Supervisory Board shall only have a quorum if half, or at least three, of its members participate in the passage of the resolution(s). The chairmen of such committees shall be entitled to a second voting right in accordance with Article 6, Paragraph (5), Sentences 4 and 5, in cases where the committee is composed of equal numbers of Supervisory Board members representing the shareholders on the one hand and the employees on the other.
- (5) Committee chairmen shall regularly report to the Supervisory Board on the work of their respective committees.
- (6) Article 5, Paragraph (2), Sentences 2 and 3, Paragraphs (3) and (4), and Articles 6 and 7 shall apply to internal committee rules accordingly, unless stipulated otherwise in Section II.

### § 10 Executive Committee of the Supervisory Board

- (1) The Executive Committee shall consist of the Chairman of the Supervisory Board, his or her Deputy, three Supervisory Board members elected by the shareholders, and three Supervisory Board members elected by the employees. The Chairman of the Supervisory Board shall be the Chairman of the Executive Committee.
- (2) Upon the initiative of its Chairman, the Executive Committee shall debate on focal issues and prepare the resolutions of the Supervisory Board. In special or urgent cases, the Executive Committee may pass resolutions instead of the Supervisory Board on the approval of Executive Board measures required pursuant to Article 8, Paragraphs (1) through (3), and on the exercise of participation rights pursuant to Article 32 MitbestG (German Co-Determination Act).
- (3) The Executive Committee shall debate on the Company planning prepared by the Executive Board (Article 16, Paragraph (1), Sentence 5).

### § 11 Personnel Affairs Committee

- (1) The Personnel Affairs Committee shall consist of the Chairman of the Supervisory Board, two further Supervisory Board members elected by the shareholders, and three Supervisory Board members elected by the employees. The Chairman of the Supervisory Board shall be the Chairman of the Personnel Affairs Committee.
- (2) The Personnel Affairs Committee shall prepare the personnel-related decisions of the Supervisory Board. The Personnel Affairs Committee shall pass resolutions concerning the following issues in the Supervisory Board's place:
  - a) the conclusion, amendments to, and termination of employment contracts with members of the Executive Board, with the exception of the decisions which are at the discretion of the Supervisory Board in accordance with Article 87, Paragraphs 1 and 2 of the German Stock Corporation Act (AktG), which however, are prepared by the Personnel Affairs Committee;

- b) other legal transactions involving Executive Board members in accordance with Article 112 of the German Stock Corporation Act (AktG), as well as the approval of transactions between the Company and a company affiliated with it or between the Company and an Executive Board member or individuals or undertakings with which an Executive Board member is associated, which have an underlying value exceeding EUR 50,000;
  - c) the approval of other activities undertaken by an Executive Board member as defined in Article 88 of the German Stock Corporation Act (AktG) as well as of other sideline employment of Executive Board members with due regard to the exercise of supervisory board mandates and mandates at comparable supervisory bodies of commercial enterprises that do not belong to the Group;
  - d) the award of loans to individuals stated in Articles 89 and 115 of the German Stock Corporation Act (AktG); and
  - e) the approval of contracts with Supervisory Board members in accordance with Article 114 of the German Stock Corporation Act (AktG).
- (3) The Personnel Affairs Committee shall regularly debate the long-term succession planning for the Executive Board. In so doing, it shall take the Company's executive resource planning and diversity into account.
  - (4) Members of the Executive Board or Supervisory Board shall disclose conflicts of interests to the Personnel Affairs Committee instead of to the Supervisory Board. Such declarations shall be addressed to the Chairman of the Personnel Affairs Committee.

### § 12 Audit Committee

- (1) The Audit Committee shall consist of six members, i.e. three Supervisory Board members elected by the shareholders and three Supervisory Board members elected by the employees.

- (2) The Audit Committee shall deal with issues relating to the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal auditing system and compliance. It shall prepare Supervisory Board resolutions on the annual financial statements and the arrangements with the auditor of the financial statements (with due regard to the audit assignment, the determination of the audit's focal points and the agreement on fees). The same applies to resolutions concerning the nonfinancial statement and its audit by an external auditor. The Audit Committee shall take measures suited to ascertain and monitor the independence of the auditor of the financial statements.
- (3) Based on Executive Board reports, the Audit Committee shall debate major events at companies affiliated with RWE AG and the addition of new or relinquishment of existing business fields that are directly assigned to RWE AG.

### § 13 Strategy Committee

- (1) The Strategy Committee shall consist of the Chairman of the Supervisory Board, his or her Deputy, two Supervisory Board members elected by the shareholders, and two Supervisory Board members elected by the employees. The Chairman of the Supervisory Board shall be the Chairman of the Strategy Committee.
- (2) The Strategy Committee shall debate on the strategic perspective, orientation and further development of the company as well as affairs with strategic importance for the company. In particular they shall deal with fundamental issues of the strategy of the group of the company including business policy and entrepreneurial orientation of the group of the company.
- (3) The Strategy Committee shall prepare the decisions of the Supervisory Board according to Article 13, Paragraph (2).

### § 14 Committee in accordance with Article 27, Paragraph 3 of the German Co-Determination Act (MitbestG)

Immediately following the election of the Chairman of the Supervisory Board and his or her Deputy, the Supervisory Board shall establish a committee to perform the task described in Article 31, Paragraph 3, Sentence 1 of the German Co-Determination Act (MitbestG) consisting of the Chairman of the Supervisory Board, his or her Deputy, as well as two further members – one elected by the Supervisory Board members representing the shareholders and the other by the Supervisory Board members representing the employees, with both members being elected through the majority of the votes cast.

### § 15 Nomination Committee

- (1) The Nomination Committee shall consist of the Chairman of the Supervisory Board and two further Supervisory Board members elected by the shareholders. The Chairman of the Supervisory Board shall be the Chairman of the Nomination Committee.
- (2) The Nomination Committee shall convene whenever necessary and shall propose to the Supervisory Board candidates suited to be proposed as election nominees by the Supervisory Board to the Annual General Meeting. Such proposals shall take the Company's international activity, potential conflicts of interest, and diversity into account.



## III. Information Provision

### § 16 Regular Reports to the Supervisory Board in accordance with Article 90, Paragraph 1, Sentence 1, Items 1 through 3 of the German Stock Corporation Act (AktG)

- (1) The Executive Board shall report on the intended business policies and other fundamental issues of the Company's and the Group's business planning at least once a year. This report shall contain the focal points of the Executive Board's planned management activities. This shall primarily include commentary on the Group's intended development and strategic orientation, the presentation of the Group's and the divisions' finance and balance sheet policies as well as commentary on deviations between the actual development and targets reported earlier, along with reasons therefor. Furthermore, reports on these issues shall be delivered promptly whenever changes in the situation or new issues occasion prompt reports. The Company planning presented by the Executive Board before the beginning of a financial year shall primarily include an earnings plan, an investment budget, a financial budget and a personnel budget for the Group and the divisions for the upcoming financial year as well as a forecast for the following financial years.
- (2) In connection with the resolutions passed by the Supervisory Board on the financial statements of the parent company and the Group (balance sheet meeting), the Executive Board shall report on the profitability of the Company and the Group, with due regard to the return on shareholders' equity. This report shall include commentary on the earning power of the Group as a whole and of the divisions, based on key return indicators of high informational value and including comparisons to the prior year and the budget for each indicator.
- (3) The Executive Board shall submit regular (at least quarterly) reports on the business trend, with due regard to the revenue and status of the Company and the Group. These reports shall cover the current earnings, financial and assets situation, the personnel trend, and material risks of the Group and the individual

divisions as well as compliance. Deviations from the prior year and from the planning shall be commented.

- (4) Reports in accordance with this Article 16 shall be prepared in as timely a manner as possible and – as a rule – in writing.

### § 17 Special Reports to the Supervisory Board in accordance with Article 90, Paragraph 1, Sentence 1, Item 4 of the German Stock Corporation Act (AktG)

The Executive Board shall report on all transactions that may be of significant importance to the profitability or liquidity of the Company and/or Group. As a rule, these reports shall be prepared in writing and, if possible, early enough for the Supervisory Board to express its opinion on them before the transactions are concluded.

### § 18 Reports to the Chairman of the Supervisory Board in accordance with Article 90, Paragraph 1, Sentence 3 of the German Stock Corporation Act (AktG)

The Executive Board shall submit reports triggered by other major events to the Chairman of the Supervisory Board in as timely a manner as possible. A business transaction at an affiliated company which has the potential to have a major influence on the status of the Company, of which the Executive Board gains knowledge, shall also be considered a major event.

### § 19 Further Reports to the Supervisory Board

Irrespective of the reporting obligations regulated in the preceding Articles 16 through 18, the Executive Board shall submit a report to the Supervisory Board at a meeting or in writing on:

- a) the conferment of powers of attorney at RWE AG;
- b) major Group directives and other fundamental rules;
- c) transactions that have a significant public impact.

