

1.3 Supervisory Board report



Dr. Werner Brandt, Chairman of the Supervisory Board of RWE AG

*Dear Shareholders,
Ladies and Gentlemen,*

When I last spoke to you about the Supervisory Board's work about a year ago, we were all grappling with Russia's war against Ukraine and the resulting humanitarian crisis. So far, despite all hope, peace has not returned. Quite to the contrary, with the Israel Gaza war we are seeing another terrible conflict unfold. Despite this global turmoil, energy markets normalised after the turbulent times in 2022. This also holds true for companies like RWE, which back in 2022 put in a huge effort to help avert a gas and power supply crisis. And there has barely been time to catch one's breath ever since. RWE is charting an ambitious course for growth and seeks to accomplish a great deal in the current decade. I am, of

course, referring to our 'Growing Green' investment programme. By building renewable plants, battery storage systems, hydrogen-capable gas-fired power stations and electrolysers, RWE will play a pivotal role in fostering a sustainable and environmentally friendly energy supply. The programme was launched back in 2021. And after only two years, management already raised its ambitious targets, which it announced at a Capital Markets Day in November 2023. It now aims to almost double RWE's green generation capacities to over 65 GW by 2030. Adjusted EBITDA is expected to exceed €9 billion, surpassing the previous target which was set at €5 billion. The company wants to grow and be profitable. It has already proven that it is capable of doing just that – not least in light of the high operating result for the past financial year, to which new solar and wind farms made a notable contribution. I would like to single out the acquisition of Con Edison Clean Energy Businesses, which was completed as of 1 March 2023 and turned RWE into one of the largest green electricity producers in the USA. We fully support the Executive Board's roadmap and have repeatedly passed the necessary resolutions – with 2023 proving to be no exception, as illustrated in the following.

Supervisory Board activity in the past year. As you have come to expect from us, we conscientiously fulfilled our duties in the fiscal year that just ended. The main function of the Supervisory Board is to advise the Executive Board on running the company and monitor its actions, which we did with great care. We were involved in all fundamental decision-making. Management informed us verbally and in writing of all material developments pertaining to the Group's business performance, financial position, net worth, strategy as well as risks and management thereof. These updates were regular, comprehensive and timely. We passed all the necessary resolutions as required by German law and the Articles of Incorporation based on detailed reports and draft resolutions provided by the Executive Board. Some decisions were taken by circular. The Executive Board kept us abreast of projects and processes of particular importance or urgency e.g. during extraordinary meetings and outside our sessions. I was regularly in touch with the Chief Executive Officer,

allowing us to resolve urgent matters without delay. The Chair of the Audit Committee – initially Erhard Schipporeit who was succeeded by Monika Kircher in mid-March – also collaborated closely with the Chief Financial Officer.

In 2023, I again conversed with investors and proxy advisors ahead of the Annual General Meeting in my role as the Chairman of the Supervisory Board. We touched on matters such as the Supervisory Board's involvement in discussions relating to RWE's strategic alignment. The Audit Committee's activities as well as RWE's financial and sustainability reporting, which the Audit Committee oversees, were also debated. Other topics of conversation included the agenda and the online format of the 2023 Annual General Meeting and the expedited lignite phaseout in the Rhenish region. Furthermore, we considered the succession planning for the Supervisory Board at length. As I will go on to explain in detail, we are expecting a number of new appointments to the Board in 2024. The topic therefore also played an important part in my conversations with investors this year.

Main points of debate of the Supervisory Board meetings. Last year, the Supervisory Board convened for nine meetings, including five ordinary and four extraordinary sessions. At times, it met without the Executive Board, particularly to discuss matters that concerned Executive Board members. The shareholder and employee representatives met separately before the Supervisory Board meetings, in order to consult on matters in a smaller circle and establish joint positions where necessary. Our sessions mainly focused on developments on commodity markets as well as geopolitical crises and their potential impact on European energy supply. We also held discussions on the growth strategy and current investment projects.

I will now elaborate on the main points of each meeting:

- Our first meeting last year took place on **27 February**. This was an extraordinary meeting on the Executive Board's planned acquisition of British project developer JBM Solar.

- In our meeting on **15 March**, we discussed RWE AG's 2022 financial statements, the combined review of operations, the proposal for profit distribution, the combined non-financial statement, the Supervisory Board report and the Remuneration Report. The independent auditors were present during the session. We approved the financial statements and endorsed the Supervisory Board report and Remuneration Report. We also approved the Agenda for RWE's Annual General Meeting, which was held on 4 May 2023. Following the advice of the Audit Committee, we decided to enlist the services of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) for the audit of the financial statements for fiscal 2023.
- Our second ordinary session took place on **4 May**. It served as preparation for the Annual General Meeting, which was held online that same day.
- On **20 June**, we met for an ordinary session in Maidstone to the south-east of London, where we concerned ourselves with financing matters and RWE's planned growth investments as well as our regular review of the CEO's remuneration. After the meeting, we visited the London Array North Sea wind farm in the North Sea and were given a comprehensive update on the offshore wind business.
- At an extraordinary session on **11 August** we discussed the impending sale of the Czech gas storage business to local grid operator ČEPS.
- Our next ordinary session took place on **12 September**, when the Executive Board informed us of the results of German offshore wind site auctions. It also presented its schedule of responsibilities, which had been amended since Katja van Doren had joined the Board. Following the advice of the Audit Committee, we decided to enlist the services of PwC for the audit of the combined non-financial statement and the Remuneration Report for fiscal 2023.

- On **20 November**, we convened for an extraordinary session. The conversation largely centred on plans for a collaboration with Abu Dhabi-based company Masdar on two offshore wind power projects planned for the southern section of Dogger Bank in the British North Sea. We endorsed the proposal and, shortly thereafter, Masdar acquired a 49% share of the project.
- At an ordinary session on **12 December**, we reviewed and approved the business plan for fiscal 2024, the outlook on fiscal 2025 and 2026 as well as the risk report. Moreover, we fulfilled our corporate governance reporting duties: together with the Executive Board, we approved both the statement of compliance in accordance with Section 161 of the German Stock Corporation Act and the parts of the Corporate Governance Declaration relating to the Supervisory Board pursuant to Section 289a of the German Commercial Code. The documents are available at www.rwe.com/corporate-governance-declaration. Furthermore, we discussed RWE's sustainability strategy in great detail, paying particular attention to the company's ambitious emission reduction plans. We are confident that RWE rightly claims to be acting in accordance with the 1.5-degree target of the Paris climate protection agreement. The meeting agenda also touched on German energy policy. We dealt with the necessary regulatory requirements for the urgent new construction of hydrogen-capable gas-fired power plants and advised on various other matters of strategic importance to RWE. We also determined the Executive Board remuneration targets for 2024.
- Just a few days later, on **21 December**, we met for another extraordinary session, occasioned by the planned purchase of three British offshore wind power projects from Swedish energy group Vattenfall. The three initiatives Norfolk Vanguard West, Norfolk Vanguard East and Norfolk Boreas could create generation capacities of up to 4.2 GW. Soon after we approved the move, RWE and Vattenfall agreed on the transaction which is expected to be completed in spring 2024.

Work of the Supervisory Board committees. The Supervisory Board has six committees, the members of which are listed on page 298 of this Annual Report. The committees are charged with preparing topics discussed by the Supervisory Board in order to establish a basis for the corporate body to pass resolutions. In certain cases, they themselves exercise decision-making powers if they have been conferred on them by the Supervisory Board. You can find more information on the work and composition of the committees in the Corporate Governance Declaration and the Rules of Procedure for the Supervisory Board. These documents are available at www.rwe.com/corporate-governance-declaration and www.rwe.com/en/investor-relations/corporate-governance/articles-of-association. The Supervisory Board is informed of the work of the committees by their chairs at every ordinary meeting. In the year under review, a total of 17 committee meetings were held, on which I would like to report in more detail.

- The **Executive Committee** held one ordinary meeting. As usual, it dedicated itself to the company's planning for fiscal 2024 together with the outlook on the two subsequent years and recommended both be approved.
- The **Audit Committee** met five times, including one extraordinary session. PwC, the auditor, was present during four meetings and was in contact with the Chairman of the Audit Committee outside the sessions. Experts from the Group were invited to the meetings as needed. Deloitte, which has been tasked with auditing the Annual Report as of 2024, took part in two sessions for the purposes of onboarding. When appropriate, the Committee liaised without input from the Executive Board or the auditor. It carefully reviewed the financial statements of RWE AG and the Group, the combined review of operations, the report on the first half of the year, the quarterly statements, and the combined non-financial statement. It discussed the financial statements with the Executive Board before they were published and received reports on the outcome of the audits and audit-like reviews from the independent auditors.

Furthermore, the Audit Committee submitted a recommendation to the Supervisory Board regarding the election of the independent auditors for fiscal 2023, prepared the grant of the audit award to the independent auditors including the fee agreement and set the priorities of the audit. It also verified the independence of the auditors along with the quality of the audit. The Committee also concerned itself with the appointment of an external auditor for the 2023 Remuneration Report and the 2023 combined non-financial statement. At its meetings, it dealt with a number of other topics, such as RWE's risk situation, liquidity management, protecting IT systems against cyber-attacks, making arrangements for the internal audit and subsequent findings, and legal and fiscal issues. The Audit Committee also verified the efficacy of the accounting-related internal control system (ICS), the compliance management system, the risk management system and the internal audit system. Related party transactions were also on the agenda. Transactions were analysed to assess whether they were carried out in the ordinary course of business and subject to normal market conditions, as required by the law for implementing the second Shareholders' Rights Directive (ARUG II).

- The **Personnel Affairs Committee** held four ordinary meetings. Executive Board remuneration matters and long-term succession planning for the Executive Board were key items on the agenda.
- The **Nomination Committee** convened two ordinary and three extraordinary sessions, at which it discussed the succession planning of the Supervisory Board as Ute Gerbaulet, Hans-Peter Keitel, Erhard Schipporeit and Ullrich Sierau will come to the end of their term after the Annual General Meeting on 3 May 2024. The Committee chose candidates based on the expertise needing to be replaced. The Supervisory Board's skills matrix, which determines the goals regarding the Board's composition, was used as a reference. The recommendations of the German Corporate Governance Code were also taken into account. At the meetings, the Committee members fed back on their discussions with potential successor candidates. After careful consideration, they made a recommendation on the Supervisory Board's proposed candidates for the 2024 Annual General Meeting.

- The **Strategy and Sustainability Committee** held one ordinary and two extraordinary meetings. Issues discussed included the new growth targets that management presented to the public in November 2023, as well as energy policy developments and their impact on the Group. Furthermore, it discussed the Executive Board's plans to solidify RWE's position in the USA, which the acquisition of Con Edison Clean Energy Businesses significantly contributed to. The Committee also extensively debated the sustainability strategy. It was informed by the Executive Board of the company's new ambitious climate protection targets, corporate social responsibility at RWE sites and the Group-wide implementation of the German Whistleblower Protection Act and the Supply Chain Due Diligence Act. It also presented the sustainability agenda for 2024, a key element of which is the creation of a biodiversity strategy.
- The **Mediation Committee** did not convene in the 2023 reporting year.

Attendance and meeting formats. The table on the following page shows the attendance at each Supervisory Board and committee meeting. As the Mediation Committee did not convene in 2023, it has not been listed in the summary. The dual figures are to be interpreted as follows: If the table states '7/9', then the respective individual attended seven out of nine meetings. The numbers show that absences were the absolute exception. The participation rate was 98.5%.

The table on page 14 shows the individual format of each Supervisory Board and committee meeting. Ordinary meetings were generally attended in person, although at times some participants dialled into the sessions via a video feed. Most extraordinary meetings were held as purely virtual events.

Attendance at meetings in fiscal 2023 by Supervisory Board member	Supervisory Board	Executive Committee	Audit Committee	Personnel Affairs Committee	Nomination Committee	Strategy and Sustainability Committee
Dr. Werner Brandt, Chairman	9/9	1/1	5/5 ¹	4/4	5/5	2/2
Ralf Sikorski, Deputy Chairman	9/9	1/1		4/4		2/2
Michael Bochinsky	9/9		5/5			2/2
Sandra Bossemeyer	9/9			4/4		
Dr. Hans Friedrich Bunting	9/9			4/4		2/2
Matthias Dürbaum	9/9		5/5			
Ute Gerbaulet	9/9	1/1				
Prof. Dr.-Ing. Dr.-Ing. h.c. Hans-Peter Keitel	9/9	1/1			5/5	2/2
Mag. Dr. h. c. Monika Kircher	9/9		5/5			
Thomas Kufen	7/9					
Reiner van Limbeck	9/9	1/1				
Harald Louis	9/9			4/4		2/2
Dagmar Paasch	9/9		5/5			2/2
Dr. Erhard Schipporeit	9/9		5/5			
Dirk Schumacher	9/9	1/1				
Ullrich Sierau	9/9		5/5			
Hauke Stars	7/9			4/4	5/5	
Helle Valentin	9/9					2/2
Dr. Andreas Wagner	9/9					
Marion Weckes	9/9					

1. Werner Brandt attended meetings of the Audit Committee as a guest.

Meeting formats in fiscal 2023	Supervisory Board	Executive Committee	Audit Committee	Personnel Affairs Committee	Nomination Committee	Strategy and Sustainability Committee
On-site meeting	4	1	2			
On-site meeting with video participation (hybrid)	1		3	1	1	2
Virtual meeting	4			3	4	

Parent company and consolidated financial statements for 2023. The 2023 financial statements of RWE AG, the financial statements of the Group, as well as the combined review of operations for RWE AG and the Group have been audited and issued an unqualified auditor's opinion by PwC in consideration of the accounts. Markus Dittmann and Aissata Touré were responsible for the audit. In addition, PwC subjected the combined non-financial statement in the combined review of operations to a limited assurance audit. Reasonable assurance checks were even carried out on individual indicators and information pertaining to EU taxonomy. It found that the Executive Board had established an appropriate early risk detection system. PwC had been elected as the independent auditor by the 2023 Annual General Meeting. Thereafter, the Supervisory Board had commissioned them to audit the aforementioned financial statements and reports.

The Executive Board commented on the documents supporting the parent company financial statements, the Annual Report and the audit reports at the Supervisory Board's balance-sheet meeting on 13 March 2024. The documents were made available to the members of the Supervisory Board in good time. During the session, the independent auditors reported on the material findings of the audit and were available to furnish supplementary information. The Audit Committee had concerned itself in depth with the financial statements of RWE AG, the consolidated financial statements and the audit reports with the auditors present the day before. The Committee recommended that the Supervisory Board approve the financial statements and endorse the appropriation of distributable profit proposed by the Executive Board.

The financial statements of RWE AG, the consolidated financial statements, the combined review of operations, the Executive Board's proposal regarding the appropriation of distributable profit, and the combined non-financial statement were reviewed by the Supervisory Board. We did not raise any objections as a result of this review. As recommended by the Audit Committee, the Supervisory Board endorsed the findings of the audits of the financial statements of RWE AG and the consolidated financial statements and approved both financial statements. The 2023 annual financial statements are therefore adopted. The Supervisory Board concurs with the Executive Board's proposal regarding the appropriation of profits, which envisages paying a dividend of €1.00 per share.

Training programme for Supervisory Board members. One of our duties as members of the Supervisory Board is to take responsibility for the training and professional development necessary for our work. We do so, and are supported by RWE AG in these efforts, e.g. by organising information forums. As mentioned above, we visited the British offshore wind farm London Array in June 2023 within the context of such an event. On site, the company gave us a comprehensive overview of the economic, technical and environmental considerations of offshore wind power and updated us as to its current construction projects. At another information forum in September 2023, we gained insights into technology scouting at RWE, i.e. the ways in which new technologies are analysed and evaluated. Managing opportunities and risks was also explained in detail. RWE bears the cost of this training.

Changes in personnel on the Executive and Supervisory Boards. As explained on page 39, Katja van Doren took office as a member of the Executive Board and Labour Director of RWE AG on 1 August 2023. She succeeds Zvezdana Seeger, who left the Executive Board for personal reasons at the end of July 2023. The Supervisory Board also saw a change in personnel: after seven dedicated years in office, Erhard Schipporeit passed the baton of Chair of the Audit Committee to Monika Kircher in the middle of March. On behalf of the Supervisory Board, I would like to thank Zvezdana Seeger and Erhard Schipporeit for their hard work and commitment to our company.

Thanks to our employees. Having delved into the work of the Supervisory Board, I would now like to turn to RWE's employees. It is thanks to their dedication that our company can once again look back on a successful financial year. And I am by no means only referring to the excellent operating result. What has impressed me more than anything is how the Group has managed to expedite its growth trajectory, despite the challenging environment. This will pay off both in economic and ecological terms. To the Executive Board and all employees, that give their all to keeping RWE on track, despite the recent headwinds, I extend my heartfelt thanks on behalf of the Supervisory Board.



Werner Brandt

Chairman of the Supervisory Board

Essen, 13 March 2024