

CORPORATE GOVERNANCE REPORT

Effective, responsible corporate governance is the foundation for business success and the long-term existence of a company. This is why we ascribe it great importance. Our guiding principles are set out in the most recent version of the German Corporate Governance Code. We comply with all of the current recommendations of the Code and could thus issue an unlimited statement of compliance pursuant to Sec. 161 of the German Stock Corporation Act (AktG).

The German Corporate Governance Code. Corporate governance is the term used to designate the framework of rules applied to manage and monitor companies. It is generally understood that the Code sets out a framework within which executive and supervisory boards can ensure a company's subsistence and long-term value creation in line with the principles of the social market economy. Recommendations and suggestions for achieving this goal in managing and monitoring companies are included in the German Corporate Governance Code (GCGC). The object of the Code, which we observe, is to strengthen the trust of investors, customers, employees and the public in German listed companies. It is prepared by the Government Commission of the German Corporate Governance Code, which published the first version of the Code in February 2002. Since then, the Commission has reviewed the Code every year against the backdrop of national and international developments, adapting it where necessary. This Report is based on the version of the German Corporate Governance Code adopted on 5 May 2015, which was published in the Federal Gazette on 12 June 2015. We reported on our implementation of the amendments to the Code in our Corporate Governance Report published on 3 March 2016. The amendments to the Code passed by the Commission on 14 February 2017 had not yet been published in the Federal Gazette when this Report was finalised and have thus not been included in this Report.

Achieving the diversity goals. According to Item 5.4.1 of the GCGC, supervisory boards must not only define specific objectives regarding their composition, but also provide information on the goals and the degree to which they have been achieved in a corporate governance report. In December 2011, RWE AG approved a list of requirements to be met by the members of the Supervisory

Board, which has constantly been updated since then. We have provided information on the objectives formulated in respect of diversity in earlier corporate governance reports.

Elections to the Supervisory Board of RWE AG were held in 2016. In accordance with the legal regulations and Item 5.4.1 Para. 2 of GCGC, the ratio of female members is to be increased to 30%, both in relation to shareholder representatives and employee representatives. The members of the Supervisory Board bring with them a wide range of knowledge in fields which are of special importance for the company. It is still ensured that the Board has adequate international experience, as there continue to be members from foreign countries; it also has German members who have many years of international professional experience.

As explained in the last Corporate Governance Report, pursuant to the recommendation in Item 5.4.1, Para. 2 Sentence 1 of GCGC, in a resolution dated 11 December 2015, the Supervisory Board of RWE AG determined that proposals submitted to the electoral committees must ensure that the tenure of a sufficient number of candidates does not exceed a period of 15 years. The eligibility of employee representatives is not legally limited as a result of this. Furthermore, the Supervisory Board decided that when nominating candidates the 15-year limit may be exceeded in certain circumstances. In particular, this is the case when the election of the candidate in question would secure valuable experience in the Supervisory Board's work at RWE or achieve other diversity objectives. When this Report was prepared only one member from the group of employee representatives had been on the Supervisory Board longer than 15 years. This was the case

because the Supervisory Board profits to a great degree from the experience of this member.

Directors' dealings and potential conflicts of interest.

Transparency is a core element of good corporate governance. It is indispensable, especially in cases where transactions concluded by the Executive Board may lead to conflicts of interest. None of the members of the Executive or Supervisory Board notified us of such conflicts of interest. Furthermore, no Supervisory Board members concluded a contract with RWE AG.

Executive and Supervisory Board members are obliged to inform us if they buy or sell RWE shares. We were notified of purchases and sales in 2016. The members of the Supervisory Board imposed on themselves the obligation to spend 25% of the fixed compensation agreed (unless it is relinquished) to buy RWE shares and to hold these shares for the duration of their membership of the Supervisory Board. This self-imposed obligation accounts for most of the share purchases made by this group of individuals. All of the share transactions concluded by Executive and Supervisory Board members were announced throughout Europe in notifications pursuant to Section 15a of the former version of the German Securities Trading Act or pursuant to the subsequent regulation in Article 19 of the EU's Market Abuse Regulation, which has been applied since 3 July 2016.

The RWE shares and related financial instruments directly or indirectly held by members of the Executive and Super-

visory Boards account for less than 1% of the share capital of RWE AG.

Further information. We publish further information on our corporate governance practices on the internet at www.rwe.com/corporate-governance. This web page also provides access to our Articles of Incorporation, the bylaws of the Supervisory Board and the Executive Board, RWE's Code of Conduct, all of the corporate governance reports and statements of compliance as well as the corporate governance declarations in accordance with Sec. 289a and Sec. 315, Para. 5 of the German Commercial Code.

Our Group company innogy SE has been listed on the stock market since October 2016 and also applies the GCGC. innogy provides information on any deviations from the recommendations of the Code in its statement of compliance.

Statement of compliance in accordance with Section 161 of the German Stock Corporation Act. After an orderly audit, the Executive Board and the Supervisory Board of RWE Aktiengesellschaft issued the following declaration of compliance on 15 December 2016:

Since the submission of the last statement of compliance on 3 March 2016, RWE Aktiengesellschaft has fully complied with the recommendations of the Government Commission of the German Corporate Governance Code in the 12 June 2015 version of the Code published by the German Federal Ministry of Justice in the official section of the German Federal Gazette, and will continue to do so in the future.

RWE Aktiengesellschaft

On behalf of the Supervisory Board

On behalf of the Executive Board

Dr. Werner Brandt

Dr. Rolf Martin Schmitz

Dr. Markus Krebber

Essen, 8 March 2017