

## Counter motions submitted to the Annual General Meeting of RWE AG on 3 May 2019 by the Association of Ethical Shareholders Germany

### Agenda item 2: Appropriation of distributable profit

Appropriate RWE AG's distributable profit for fiscal 2018 of EUR 430,381,241.84 as follows: payment of a dividend of EUR 0.35 per dividend-bearing share = EUR 215,160,924.65, with the remainder of EUR 215,160,924.65 to be used to increase provisions for the elimination of the external costs of damage to health.

#### **Reasoning:**

RWE must increase its provisions to cover the clean-up cost of damages from its lignite opencast mines and personal health costs caused by the coal industry. In 2016, a study published by Climate Alliance Germany and the German Federation for Environment and Nature Conservation (BUND) showed that the financial resources set aside by RWE to remedy the damage from its lignite opencast mines were inadequate.

The German Federal Environment Agency estimates that the price per kilowatt-hour of electricity produced from lignite would be at least 10 cents higher if all the consequent socio-economic costs, e.g. health costs, were priced in. The European Environment Agency (EEA) has calculated that the external costs of air pollution - not borne by RWE - from the Neurath and Frimmersdorf power plants, which are both supplied by the Garzweiler mine, are up to EUR 1.051 and EUR 1.095 billion p/a respectively. The external costs caused by RWE's plants in Niederaußem (up to EUR 1.56 bn p/a) and Weisweiler (up to EUR 1.135 bn p/a) are even higher (source: <https://www.bund-nrw.de/themen/mensch-umwelt/braunkohle/hintergruende-und-publikationen/braunkohlenkraftwerke/dreckschleuder-braunkohlenkraftwerk/>).

As well as huge quantities of climate-damaging carbon dioxide, the cooling towers of the power plants in Niederaußem, Neurath, Weisweiler and Frimmersdorf also pump tonnes of pollutants into the atmosphere along with water vapour. Every year, RWE's four major lignite-fired power plants emit some 1,473 tonnes of harmful particulate matter. On top of this, despite supposedly using the best in filtering technology, they also emit 1,500 kg of mercury, which is a neurotoxin, and a mix of cadmium, arsenic, lead, zinc, sulphur dioxide, nitrogen oxides and other harmful substances (source: <http://www.onlinezeitung.co/news/datum/2017/12/01/leben-ohne-braunkohle/>).

The city of Cologne provides a clear illustration of the health hazard posed by RWE. In a city with a population of around 1 million, there are 425 new cases of child asthma due to the adverse effects of nitrogen dioxide every year. RWE emits several times the amount of nitrogen oxide produced by Cologne's road traffic – despite the plants being 22 km from Cologne cathedral and 10 km from the city limits (source: [https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196\(19\)30046-4/fulltext](https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(19)30046-4/fulltext), Fig.4).

And by emitting other substances which are toxic when breathed in, such as dioxin-laden particulate matter, RWE has contributed to rank Cologne the eighth out of the world's 125 deadliest major cities for pollution-attributable premature deaths - worse than Mumbai! (Source: <https://www.theicct.org/publications/health-impacts-transport-emissions-2010-2015>).

Dioxins are some of the worst environmental pollutants (polycyclic aromatic hydrocarbons or PAH), and are absorbed into the bloodstream by breathing in microscopic particulate matter, by pregnant women amongst others. Via the placenta, they then find their way into the DNA of unborn babies, e.g. into the ovaries of unborn baby girls. The DNA of ovarian cells thus contaminated by PAH is a source of increased health risks in children.

As a matter of medical urgency emissions must be stopped when the prevailing winds blow from the west, inter alia because health insurers are not allowed to shift these health costs onto premiums.

RWE must therefore increase its provisions to cover the clean-up cost of damage from its lignite opencast mines and personal health costs caused by the coal industry. Paying a smaller dividend will make available a remainder of EUR 215,160,924.65, which it is proposed be used to start a fund to compensate individuals for the health costs sustained due to the lignite mine and the power plants.

### **Agenda item 3: Approval of the Acts of the Executive Board for fiscal 2018**

The Dachverband der Kritischen Aktionäre requests that the AGM not approve the acts of the Executive Board.

#### **Reasoning:**

The RWE AG Executive Board is not adequately fulfilling its responsibility of adopting more effective climate-protection measures and exercising its duty of care in upholding human rights. The measures taken to date do not go far enough in making a meaningful contribution to achieving the aims of the Paris Climate Agreement, the UN Sustainability Agenda 2030 and the UN Global Compact, all of which RWE AG has pledged to uphold.

#### **RWE and the Coal Commission – no sense of responsibility or urgency**

RWE AG Executive Board Chairman and CEO Rolf Martin Schmitz considers the recommendation made by the German governmental Commission on Growth, Structural Change and Employment (or Coal Commission) to phase out coal use by 2038 as “much too soon”. He also describes climate-protection measures taken at the national level as “total nonsense”. Such statements are indicative of RWE's lack of any sense of responsibility or urgency as Europe's biggest coal producer. On top of that, RWE continues to flip-flop with regard to innogy (first hived off, then broken up). This raises serious doubts as to the Board's ability to guide the company.

RWE forecasts that the share of renewables in its business will grow to 15.7% in 2019, yet this is still less than half the capacity it draws from fossil fuels. RWE plants continue to have the highest CO<sub>2</sub> emissions in Europe, and in some cases are actually becoming worse for the environment: in 2018, for example, the Neurath plant's CO<sub>2</sub> emissions grew by 8 percent. And even the Niederaußem plant, which has reduced its carbon dioxide emissions to 25.93 million tonnes, still emits more than the whole of BASF.

If RWE is serious about driving the energy transition, it is not enough to just increase the share of renewables slightly. The time has come to say goodbye to old power stations and take them off line or have them disconnected, without asking government for yet another handout.

The EUR 40 billion of structural funds for the next 20 years recommended by the Coal Commission and endorsed by the federal government must therefore be assigned to a specific decommissioning plan for coal-fired power stations. RWE should not assume it will receive compensation at taxpayers' expense for plants which are already over 25 years old at the time of decommissioning and probably on their way to being unprofitable.

### **Rising carbon dioxide prices jeopardise RWE's profitability**

Phasing out coal quickly is not only in the interests of people and the environment - it will also benefit RWE. With emissions trading in Europe intensifying, stranded assets could soon become a problem for RWE. The current price of a metric ton of carbon dioxide is EUR 24. Buying CO<sub>2</sub> emission allowances for its current emissions of 115.6 million metric tons would cost RWE over EUR 2.77 bn.

It is likely that RWE's carbon certificates will be enough to cover it for the next two years, but by 2022 at the latest the situation will get tougher: rising emissions prices and the possibility of carbon pricing will make fossil energies significantly dearer. In the Netherlands, for example, the carbon price is set to rise to EUR 40/metric ton by 2030. During this same period, a number of nuclear power stations are set to be decommissioned. Even with the planned addition of 2-3 gigawatts of renewables per year, this will jeopardise RWE's profit forecasts.

Without a concerted drive to shutter its coal-fired power plants, RWE's profitability will suffer. The company needs to publish a clear roadmap for its plants setting out the path to the exit from coal; this will also attract (re)investment from progressive investors.

## **RWE and Urenco – hazardous uranium enrichment**

Uranium enrichment company Urenco has announced that it will expand capacity at its enrichment facility in New Mexico (USA) to quadruple the existing enrichment level for nuclear fuel. The US Department of Defense is interested in this uranium, which is much more heavily enriched, for the specific purpose of building miniature mobile reactors for what it calls “rapid response scenarios”. The new product, known as HALEU, also comes very close to the critical 20 percent enrichment limit beyond which the uranium is considered highly-enriched and weapons-grade.

As a co-shareholder in Urenco, RWE is responsible for this dangerous expansion in the nuclear industry. Whilst in public RWE states its intention to divest from nuclear energy, it is simultaneously embarking on an entirely new type of civil-military uranium enrichment.

## **For agenda item 4: Approval of the Acts of the Supervisory Board for fiscal 2018**

The Association of Ethical Shareholders Germany requests the AGM not to approve the acts of the Supervisory Board.

### **Reasoning:**

The RWE Supervisory Board is inadequately performing its duty of overseeing the Executive Board. These include reminding the Executive Board of its responsibility to take meaningful action on climate protection and to exercise its duty of care in upholding human rights, and checking that it fulfils this responsibility.

## **RWE and homeland – no understanding**

Since the Coal Commission presented its recommendations to parliamentarians in January 2019, RWE AG has stepped up the demolition of villages around the opencast mines in Garzweiler and Hambach. RWE also reserves the right to clear Hambach Forest once the moratorium expires in 2020. In so doing, RWE’s actions run counter to the spirit of the coal phase-out plan. Rather than wait for an implementation plan for the “compromise on coal” to be agreed at the political level, RWE is obviously trying to create facts on the ground before the recommendations take legal effect, thus forcing thousands more people from their homes. RWE AG must now finally pledge to preserve the villages and the ecologically valuable Hambach Forest. For more information on the villages threatened by demolition, see the website of the “Alle Dörfer bleiben” (All villages shall remain) initiative (<https://www.alle-doerfer-bleiben.de/>) and the countermotions submitted by Markus Dufner.

## **RWE and hard coal – profit trumps human rights**

On imported hard coal, the RWE Supervisory Board is still neglecting to compel the Executive Board to observe its duty of care in upholding human rights. This failure by the Supervisory Board is particularly serious given that RWE's cheap hard coal imports continue unabated to destroy the lives and livelihoods of many people, for instance in Columbia and Russia.

In Columbia, 35 communities have been cleared, some forcibly, since production began at the El Cerrejón mine, from which RWE extracts coal; to date none have been adequately compensated. As well as forcing local farmers off the land, mining has also led to extreme water shortages and air pollution. According to the indigenous authorities, this led to 90 child deaths in 2016 alone. In César, several men with paramilitary links were found guilty of murdering trade unionists.

At the 2018 AGM, RWE Executive Board Chairman Schmitz confirmed that RWE purchases coal from Kuzbass in south-eastern Siberia. The indigenous Shor people living in the region oppose mining in the area, since it strips them of their land and livelihood. Similar to the Columbian towns of La Guajira and César, local communities are exposed to expulsions and the contamination of land, air, and water.

Despite there being no discernible improvement in the local situation, RWE continues to use the "Better Coal" initiative as a fig-leaf. "Better Coal" aims to bring transparency to the coal value chain through mine ratings and stakeholder dialogue, but is in fact opaque and deaf to the voices of the Columbians affected. For this reason, several energy suppliers have already taken independent action vis-à-vis their local suppliers in Columbia, with various companies developing criteria which local coal suppliers must meet to continue doing business with them. RWE continues to take no action of its own to enforce compliance by its business partners with human rights and environmental protection.