

Explanatory Report
of the Executive Board
of RWE Aktiengesellschaft

**in accordance with Section 315a and Section 289a of the German Commercial Code
(HGB) and Section 176, Paragraph 1 Sentence 1
of the German Stock Corporation Act (AktG)
on Disclosure relating to German takeover law
as of the Balance Sheet Date, December 31, 2023**

The combined review of operations for RWE Aktiengesellschaft and the group contains so-called disclosure relating to German takeover law in accordance with Sections 289a and 315a of the Commercial Code. For this purpose, an explanatory report from the board of directors must be made available to the general meeting.

RWE AG's capital stock amounts to €1,904,233,515.52. It is divided among 743,841,217 no-par-value bearer shares. This includes 67,621,169 new shares that were issued in March 2023 following the conversion of a mandatory convertible bond provided to Qatar Holding in October 2022.

One share grants one vote at the Annual General Meeting and determines the proportion of the company's profit to which the shareholder is entitled. This does not apply to RWE AG's treasury stock which does not confer any rights to the company. Voting rights are excluded by law in cases where Section 136 of the German Stock Corporation Act applies.

Shares that the company issues within the scope of an employee share plan are generally subject to a restriction on disposal. Usually, the shares may only be sold after a set period. RWE shares that are acquired by Executive Board members as part of their contractual investment obligation are also subject to minimum holding periods.

As of 31 December 2023, no holding in RWE AG exceeded 10 % of the voting rights. There are no RWE shares with special rights that confer control powers. Executive Board members are appointed and dismissed in accordance with Section 84 et seq. of the German Stock Corporation Act in conjunction with Section 31 of the German Co-Determination Act. Amendments to the Articles of incorporation are made pursuant to Section 179 et seqq. of the German Stock Corporation Act in conjunction with Article 16 Paragraph 5 of the Articles of Incorporation of RWE AG. According to the aforementioned provision in the Articles of Incorporation, unless otherwise required by law or the Articles of Incorporation, the Annual General Meeting shall adopt all resolutions by a simple majority of the votes cast or – if a capital majority is required – by the simple majority of the capital stock represented when the resolution is passed. Pursuant to Article 10, Paragraph 9 of the Articles of Incorporation, the Supervisory Board is authorised to pass resolutions in favour of amendments to the Articles of

Incorporation that only concern formal matters, without having a material impact on the content.

The mandatory convertible bond issued to Qatar Holding was supported by an authorisation passed by the Annual General Meeting on 28 April 2021 concerning the issuance of bearer convertible and / or option bonds. This authorisation was largely exhausted with the issuance of the mandatory convertible bond. The Annual General Meeting on 4 May 2023 cancelled the remaining authorisation. It simultaneously authorised the Executive Board, with Supervisory Board approval, to issue bearer or registered convertible and/or option bonds with a total nominal amount of up to €5,500,000,000 with or without a limited maturity and to grant the creditors or holders of such bonds convertible or option rights to shares in the company until 3 May 2028. The Annual General Meeting conditionally increased the capital stock by up to €190,423,349.76 (conditional capital), divided into up to 74,384,121 bearer shares, in order for the holders of convertible or option rights to be issued shares in the company.

The issuance of the mandatory convertible bond to Qatar Holding also used nearly all the ability to issue shares without subscription rights from authorised capital. On 4 May 2023, the Annual General Meeting therefore renewed this authorisation granted by the Annual General Meeting on 28 April 2021. The new authorisation enables the Executive Board to increase the company's capital stock, subject to the approval of the Supervisory Board, by up to €380,846,702.08 through the issuance of up to 148,768,243 shares (authorized capital). The authorisation shall remain effective until 3 May 2028.

New shares from authorised capital and the aforementioned bonds may be issued in exchange for contributions in cash or in kind. These shares must generally be tendered to the shareholders for subscription. However, the Executive Board is authorised, subject to Supervisory Board approval, to waive subscription rights in the following cases:

- to avoid fractions of shares resulting from the subscription rate;
- if the issuance of shares is conducted in exchange for contributions in kind;

- to provide protection from dilution in connection with convertible and / or option bonds that have already been issued;
- if the issue price of the new shares or bonds is not significantly below their quotation or their theoretical fair value calculated by generally accepted methods of quantitative finance and if waived subscription rights are limited to no more than 10 % of the capital stock.

In sum, shares issued with a waiver of subscription rights from authorised capital or in connection with convertible or option bonds may not exceed 10 % of the capital stock. The aforementioned upper limit is defined by the amount of capital stock at the time the Resolution providing the authorisation was adopted or when the authorisation is exercised, if the capital stock is lower at that time. Other measures taken waiving subscription rights count towards the upper limit.

The Annual General Meeting of 4 May 2023 also authorised the Executive Board of RWE AG, subject to Supervisory Board approval, to purchase shares in the company accounting for up to 10 % of the capital stock when the resolution was passed or when the authorisation is exercised, if the latter is lower at that time, by 3 May 2025. At the Executive Board's discretion, the purchase can be made on the stock exchange or via a public offer. Shares acquired in this manner may be used for all purposes described in the authorisation. Shareholder subscription rights may be waived depending on the purpose for which the shares are used.

Our debt financing instruments often contain clauses that take effect in the event of a change of control. Such provisions are in place e. g. in respect of our €10 billion in syndicated credit lines, requiring drawings to be suspended until further notice. The lenders shall enter into negotiations with us on a continuation of the respective credit line. The time limit for doing this is 30 days from the notification of the change of control. On expiry of the time limit, lenders who are not satisfied with the outcome of the negotiations may revoke their loan commitment or cancel the loan if it has already been paid out, and request immediate repayment.

The RWE bonds that we have placed publicly since 2021 are also subject to change-of-control clauses. In the event that a change of control is announced or implemented, investors may request that their bonds be redeemed by a certain deadline, if RWE's longterm credit rating falls below investment grade due to the change of control or if the rating agencies stop issuing us a credit rating. A similar rule applies to the senior bond that matures in 2037, a small portion of which remains on our books as it could not be fully transferred to innogy, an RWE subsidiary we have since sold, in 2016.

In the event of a change of control, we can redeem our two subordinated hybrid bonds with volumes of €282 million and US\$317 million within the determined change-of-control period. If they are not redeemed and our long-term credit rating falls below investment grade or credit ratings are no longer issued, their annual yield rises by 500 basis points.

The current version of the German Corporate Governance Code dated 28 April 2022 recommends that no commitments to additional benefits be made in the event that Executive Board members terminate their employment contract early due to a change of control. We fully adhere to this principle, meaning that we have not included clauses envisaging a special right of termination or rights to severance subject to a change of control in any of the current employment contracts of the members of the Executive Board of RWE AG.

Share-based compensation for Executive Board members and executives is subject to the following provisions: in the event of a change of control, RWE will pay out all the performance shares that have been finally granted, but have not been paid out yet on expiry of the holding period. Performance shares granted on a preliminary basis on the date of a change of control are valued based on the degree to which the targets have been achieved up to that point in time. Performance shares granted on a preliminary basis in the year of the change of control lapse. They are replaced by a new plan of equal value for the Executive Board members and executives for the fiscal year in which the change of control occurs and the following years.

Essen, March 2024

RWE Aktiengesellschaft

The Executive Board

(Dr. Markus Krebber)

(Dr. Michael Müller)

(Katja van Doren)