

Press release

RWE signs public-law contract with German government on lignite phase out

- **RWE consistently implements roadmap to phase out lignite: First power plant unit already taken from grid in December, three more to follow this year**
- **Clear target: RWE to be carbon-neutral by 2040**

Essen, 10 February 2021

Rolf Martin Schmitz, CEO of RWE AG: “The contract signed today with the German federal government was the remaining missing element to phase out lignite in Germany. It provides legal certainty for our company and our employees working in lignite. RWE is already implementing the coal phase out: At the end of 2020, we decommissioned a lignite unit in Niederaussem. The next three units will follow this year. This evidently shows: We are phasing out coal generation responsibly. At the same time we invest massively in renewables, storage and hydrogen. Our clear target here is to become carbon-neutral by 2040.”

The German government and RWE signed a public-law contract today in Berlin, which lays out the legal framework for the lignite phase out.

The contract, which was already passed by the German parliament “Bundestag” at the end of last year, sets down the detailed roadmap and conditions under which RWE will gradually switch off its lignite power plants. RWE will decommission around 6,000 megawatts of lignite capacity by 2030. In addition, two of the three open cast mines in the Rhenish region will be shut down earlier than planned and the Hambach forest will be preserved. According to the contract, the compensation of 2.6 billion euros, to be paid in equal instalments over a period of 15 years, will be used to cover the follow-up costs associated with the open cast mines in a timely manner. This amount, which is subject to a state aid audit by the European Union authorities, is significantly lower than the actual loss to RWE, which had been previously calculated at around 3.5 billion euros. The contract also stipulates that RWE will not take up legal proceedings against the lignite phase out being decided upon by the German government.

As a result of legal and contractual regulations, over 3,000 jobs will be lost at RWE Power by the end of 2022, and over 6,000 jobs by 2030. Arrangements regarding transitional allowance (“Anpassungsgeld”) and compensation to make up for pension disadvantages in the state pension insurance as well as the collective tariff agreement “Kohleausstieg” (coal phase out) ensure that these measures are carried out in a socially acceptable way.

RWE

Rolf Martin Schmitz: “Our colleagues deserve clarity and certainty. They contribute a secure electricity supply, even under the difficult conditions caused by the coronavirus pandemic. At the same time the focus must now be on driving forward the energy transition. RWE is doing its utmost to achieve that.”

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RWE AG

RWE is one of the world's leading companies for renewable energies. The company has a capacity of about 10 gigawatts based on renewables including hydropower and biomass as well as an efficient gas fleet and an internationally active energy trading business. RWE wants to expand its position by investing in onshore and offshore wind power, photovoltaics and storage technologies. As a driver of the energy transition, the company is also focusing on innovative projects such as floating offshore and the production and use of hydrogen. In addition to its core business, the company generates electricity from nuclear energy and coal; state-defined exit paths have been set for both energy sources. In total, the company owns a portfolio of around 44 gigawatts of generating capacity and employs around 20,000 people worldwide. RWE has a clear target: carbon neutrality by 2040.

Forward-looking statements

This press release contains forward-looking statements. These statements reflect the current views, expectations and assumptions of management, and are based on information currently available to management. Forward-looking statements do not guarantee the occurrence of future results and developments and are subject to known and unknown risks and uncertainties. Actual future results and developments may deviate materially from the expectations and assumptions expressed in this document due to various factors. These factors primarily include changes in the general economic and competitive environment. Furthermore, developments on financial markets and changes in currency exchange rates as well as changes in national and international laws, in particular in respect of fiscal regulation, and other factors influence the company's future results and developments. Neither the company nor any of its affiliates undertakes to update the statements contained in this press release.

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