

**RWE**  
Aktiengesellschaft  
**Essen**

Counter motions by German Umbrella Association of Critical Shareholders, Cologne,  
1 April 2014

**“Counter motions by the German Umbrella Association of Critical Shareholders  
in respect of the Annual General Meeting of RWE AG on 16 April 2014**

**Counter motion in respect of Item 2 on the Agenda:**

**Appropriation of distributable profit**

The distributable profit of RWE Aktiengesellschaft for fiscal 2013 should be appropriated as follows: payment of a dividend of EUR 0.50 per dividend-bearing share = EUR 307,372,749.50.

**Rationale:**

In light of the extremely bad situation in which RWE AG finds itself, the dividend of EUR 1 per dividend-bearing share proposed by the Executive and Supervisory Boards is too high. It is extremely alarming that, having generated a loss of EUR 2.76 billion, RWE has released provisions in order to be able to pay a dividend at all.

Therefore, the German Umbrella Association of Critical Shareholders proposes that the dividend be reduced to 0.50 euros per dividend-bearing share and that the resulting savings of EUR 307,372,749.50 be invested in protecting jobs and in the company's budget for renewable energy.

In view of the dependence of municipal shareholders on RWE's dividend, the Umbrella Association is refraining from making the demand (which actually should be made) to renounce a dividend payment entirely.

**Counter motion in respect of Item 3 on the Agenda:**

**Approval of the Acts of the Executive Board for fiscal 2013:**

The German Umbrella Association of Critical Shareholders hereby files a motion against approving the acts of the Executive Board.

## **Rationale:**

### **1. Prevention of necessary climate protection**

The effects of man-made climate change, which manifest themselves in extreme weather events, droughts and floods, are already noticeable and primarily affect people who bear the least responsibility for it. The most recent report by the World Climate Council clearly shows that carbon dioxide emissions must be reduced drastically in order to avoid reaching what are referred to as tipping points, which would cause the global climate system to become completely imbalanced. Lignite is the fuel that is the most damaging to the climate and nevertheless, in 2013, Germany produced more electricity from lignite than ever since reunification, thus increasing its carbon dioxide emissions as well.

The RWE Group and Vattenfall are responsible for the boom in lignite-based electricity generation. In 2012 alone, two new lignite-fired power plant units (with an installed capacity of 2,200 megawatts) went online in Neurath, which are scheduled to run at least until 2045. This means that lignite will continue to be used for decades.

However, lignite production and combustion are devastating not only for the climate, but also for RWE as a company. Lignite-fired power stations contribute to an oversupply of electricity, which causes prices to fall. In turn, this causes profits to drop in the field of electricity sales—RWE's core business. This is why the company generated a loss of 2.76 billion euros last year. RWE's business and investment policy has thus proven to be a complete disaster. The group failed to jump on the bandwagon when the energy industry began to be transformed, continues to be a major reason for the change of the climate, and is now suffering financially as a result.

For decades, residents, people affected directly and environmental associations have been protesting against the expansion of opencast mines and power plant new builds. In recent years, they have been joined especially by people who place high importance on the climate and speak out against the extremely high level of carbon dioxide emissions and in favour of a change in energy policy. RWE is reacting to this legitimate commitment by alleging that it is criminal. In the last few months, many people received a cease-and-desist declaration for trying to protect a forest from being cleared and blocking a coal train.

## **2. Local destruction and health hazard**

RWE mines 100 million metric tons of lignite a year to supply its power plants. Due to RWE's and Vattenfall's coal mining activities, Germany is the world's largest lignite producer.

Opencast lignite mining has a variety of local effects. It permanently destroys valuable agricultural land as well as village structures and cultural assets. Despite the ruling handed down by the state government on Garzweiler II, the expansions of opencast mines will result in thousands of additional people being relocated. Furthermore, one of Germany's oldest forests is being destroyed at the Hambach opencast mine. The Hambach forest is to be completely cleared to make room for the expansion. This will eliminate an important ecosystem as well as a local recreation area for the residents.

The health hazards resulting from mining lignite and using it to generate electricity are clearly affecting the local residents as well as the large neighbouring cities such as Cologne and Mönchengladbach. One of the greatest hazards is the fine dust. It is one of the most dangerous types of dust as people inhale it without being able to see it or filter it through their nose and it goes right into their lungs. It can cause asthma attacks and conditions as severe as lung cancer.

## **3. Coal imports**

RWE imports most of the hard coal needed by its power stations from Colombia, the USA and Russia. Despite its strong dependency on imported coal and the known problems, as before, RWE cannot rule out that human rights are violated when mining the coal it imports. It cannot even be ruled out that coal may be purchased from the controversial US company Drummond, although the human rights violations of which Drummond has been accused in Colombia still remain to be investigated. At the beginning of 2013, a Colombian court had ordered the district attorney's office to initiate investigations against Drummond executives regarding the murders of trade unionists. If RWE took its corporate responsibility seriously, the group would stop purchasing coal from Drummond—both directly and indirectly via middlemen—until there were no further doubts concerning the accusations and the victims had received adequate compensation.

Furthermore, RWE is not reacting to the serious environmental problems caused, for example, by blasting entire mountain peaks in order to mine coal in the USA, which jeopardise the supply of water and cause severe health problems.

**Countermotion in respect of Item 4 on the Agenda:**

**Approval of the Acts of the Supervisory Board for fiscal 2013:**

The German Umbrella Association of Critical Shareholders hereby files a motion against approving the acts of the Supervisory Board.

**Rationale:**

As in earlier financial years, the Supervisory Board of RWE AG failed to fulfil its main duty in 2013 as well, namely to monitor the business activities of the Executive Board. The Supervisory Board should have realised that the group's one-sided focus on generating electricity from fossil energy sources has no future prospects. In so doing, the Supervisory Board played a role in putting RWE AG into financial difficulty.

The Supervisory Board of RWE AG convened at four meetings in the year under review. According to the Chairman of the Supervisory Board, Dr. Manfred Schneider, the main issues of debate included "the difficult situation in the conventional electricity generation sector and its effects on RWE as well as on measures required to increase the company's earning and financial power, including efficiency enhancements, capex cuts and an adjustment of the dividend policy."

In light of the group's precarious situation, which is characterised by a high level of debt and uncertain prospects regarding the future, the Supervisory Board should have objected to the Executive Board's proposed appropriation of distributable profit to pay a dividend of €1 per share. The shareholders must ask themselves whether their lofty expectations concerning the dividend caused management to invest too little and too late in renewable energy.

Cologne, 1 April 2014

Markus Dufner

Managing Director

German Umbrella Association of Critical Shareholders"